



REPUBLIC OF ZAMBIA

REPORT

OF THE

COMMITTEE ON LOCAL GOVERNMENT ACCOUNTS

ON THE REPORT OF THE

AUDITOR GENERAL ON AUDIT OF ACCOUNTS OF LOCAL AUTHORITIES FOR

THE FINANCIAL

YEARS ENDED 31ST DECEMBER, 2018 AND 2019

FOR THE

FIFTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY APPOINTED ON 21ST

SEPTEMBER, 2017

Printed by the National Assembly of Zambia

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Appendix 2: Report on Outstanding Issues on previous reports of the Committee (As an attachment to the report)

REPORT OF THE COMMITTEE ON LOCAL GOVERNMENT ACCOUNTS ON THE REPORT OF THE AUDITOR GENERAL ON THE AUDIT OF ACCOUNTS OF LOCAL AUTHORITIES FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER, 2018 AND 2019 FOR THE FIFTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY, APPOINTED ON 21ST SEPTEMBER, 2017

1.0 Composition

Consisting of:

Mr E J Muchima, MP (Chairperson); Mrs P G M Jere, MP (Vice Chairperson); Mr D Chisopa, MP; Mr G G Zimba, MP; Mr K M Sampa, MP; Mr A C Mumba, MP; Mr D Mulunda, MP; Mr L M Kaziya, MP; Ms P C Kucheka, MP; and Mr L K Fungulwe, MP.

The composition of the Committee changed following the appointment of Mr A C Mumba, MP to serve on another committee,. Mr P Kalobo, MP was appointed to replace Mr A C Mumba, MP on the Committee.

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 Audit of Accounts of Local Authorities for the Financial Years Ended 31st December 2018 and 2019.

2.0 Functions of the Committee

The functions of the Committee are set out in Standing Order 157 (2) of the National Assembly Standing Orders, 2016.

In this regard, the main focus of the Committee is to:

- i. consider the reports of the Auditor General on the accounts of local authorities, and;
- ii. consider the reports of the Auditor General on the management of the Constituency Development Fund and grants to local authorities.

3.0 Meetings of the Committee

During the period under review, the Committee held thirty three meetings to consider the Report of the Auditor General on the Audit of Accounts of Local Authorities for the Financial Years Ended 31st December 2018 and 2019.

4.0 Procedure Adopted by the Committee

With technical guidance from the Auditor General, the Committee considered both oral and written submissions from local authorities that were cited in the Report of the Auditor General on the Audit of Accounts of Local Authorities for the Financial Years Ended 31st December, 2018 and 2019.

5.0 Arrangement of the Report

The Report is in three parts, as follows: Part I of the Report deals with the response from the Secretary to the Treasury; Part II captures the responses from principal officers (Sub-Warrant Holders) on the individual audit queries; and Part III highlights overall recommendations from the Auditor ; Y b Y Report and the response by the Controlling Officer. Appendix 1 is a list of officials and Appendix is 2 is an attachment containing outstanding issues arising from previous reports of the Committee.

PART 1

6.0 5 i X] h c f ; Y b Y f U` Đ g` D f Y U a V` Y`

SUBMISSIONS BY THE SECRETARY TO THE TREASURY, MINISTRY OF FINANCE

The Secretary to the Treasury submitted that the comments of the Auditor General on the Audit of Accounts of Local Authorities for the Financial Years Ended 31st December, 2018 and 2019 were appreciated. The process of engagement and communicating with the council principal officers whose accounts were audited was acknowledged as it provided an opportunity for the principal officers to clarify and take corrective action on the audit findings so that matters were resolved during the process of the audit. The following was his submission on the specific issues highlighted by the Auditor General:

6.1 Introduction

Treasury Response

The Secretary to the Treasury submitted that the facts were correctly stated by the Auditor General and that the said Report was tabled before the National Assembly in accordance with the provisions of Article 250 of the Constitution of the Republic of Zambia.

6.2 Scope of Audit

Treasury Response

The Secretary to the treasury submitted that the facts on the Audit Scope were as stated by the Auditor General.

6.3 Constraints

i) Transport

Treasury Response

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

ii) Information and Communications Technology Equipment

Treasury Response

The Secretary to the Treasury noted the audit comment and the Treasury would engage the Auditor General to see how best the Treasury could help in dealing with the ICT gap.

iii) Coronavirus Disease 2019 (COVID-19)

Treasury Response

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

6.4 Audit Methodology

Treasury Response

The Secretary to the Treasury appreciated the risk based approach methodology adopted by the Auditor General because it provided reasonable assurance on the utilisation and management of public resources by local authorities.

6.5 Reporting Process

Treasury Response

The Secretary to the Treasury responded that the facts were as stated by the Auditor General on the audit stages and timelines provided to Principal Officers and the Controlling Officer to respond to audit queries. In this regard, the Local Government Service Commission, in liaison with the Ministry of Local Government and Ministry of Finance, had commenced the disciplinary process of Principal Officers who were cited in the Auditor; Y b Y report. An update would be provided once the disciplinary process was concluded.

6.6 Establishment and Mandate of Councils

1. Governance

i. The Council

Treasury Response

The Secretary to the Treasury stated that the facts were as presented by the Auditor General.

ii. Management

City or Municipal Council and Town Council

Treasury Response

The Secretary to the Treasury stated that the facts were as presented by the Auditor General.

6.7 Sources of Funds

Treasury Response

The Secretary to the Treasury stated that the facts were as presented by the Auditor General.

6.8 Information and Communication Technology

Treasury Response

The matter was noted and the Treasury was working with the Ministry of Local Government and Smart Zambia Institute to develop standardised integrated financial management information system for local authorities. He reported that the requirements for the development of the system had already been formulated and the Treasury was sourcing for funds to implement this system starting [] h \ ' ' d] ` c h ' V Y Z 16 focal' f c ` `] authorities.

6.9 Financial Statements

Treasury Response

The Secretary to the Treasury had taken measures to address the challenges that local authorities were facing in preparing the financial statement. These included the following: In 2019, the Treasury developed the Local Authorities Accounting Policies fl @ 5 5 D g Ł ' V U g Y X ' International Public Sector Accounting Standards (IPSAS) Cash Basis Accounting in order to standardise the production of Financial Statements. The LAAPs were rolled out to all local authorities and this facilitated the preparation of the 2018 and 2019 financial statements.

- i) The Treasury was in the process of standardising integrated financial management information system for local authorities that would enhance internal controls and create efficiency in financial reporting.

The Secretary to the Treasury stated that the timelines for submission of audited financial report was not later than three months after the end of the previous financial year. However, this may not be attainable at the present time until the issues of lack of capacity in local authorities were addressed. It was, therefore, the intention of the Government to amend Section 45 (1) and (2) of the *Local Government Act No. 2 of 2019* to bring it in line with the *Public Finance Management Act of 2018* submission of audited financial report not later than six months from the end of the previous financial year.

In conclusion, the Secretary to Treasury stated that the Treasury was committed to enhancing transparency and accountability in local authorities in order to improve local service delivery, and where officers were found wanting, sanctions for financial misconduct would be applied in line with the provision of *the Public Finance Management Act*.

7. Recommendations

The Committee takes note of all the responses by the Secretary to the Treasury and seeks an update on the development of financial management information system for local authorities that would enhance internal controls and create efficiency in financial reporting..

PART II

SUBMISSIONS BY PRINCIPAL OFFICERS

Chama Town Council

Paragraph 1

1.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed the various irregularities, to which the Council Secretary submitted as set out below.

a) Budget and Income K6,739,596 Negative variance

Response by the Council Secretary

The Council Secretary submitted that the query arose due to lack of funding from central Government as the funds received were not as per budget and the Council also over budgeted on the fees and charges. The Council management had taken action to ensure that a realistic budget was prepared according to the predictable data obtained from the revenue sources in the district. Realistic budgets was prepared by the Council management and tabled before the Council for consideration and also the Government was committed to ensure that the local authorities were funded monthly as per approved budget.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee observes with concern the negative variance on various revenue types projected against what was actually collected by the Council. The Council Secretary is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the status quo. The Committee also encourages the Council Secretary to enhance efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report on the improvement of the CounW] ` Đ g ` f Y j Y b i Y ` Wc ` ` Y Wh] c b " `

b) Operational Matters

i. Failure to Prepare an Integrated Development Plan.

Response by the Council Secretary

The Council Secretary submitted that this was due to non-existence of the Integrated Development Plan (IDP) document. Management had already engaged all stakeholders and the IDP was at preparatory stage. The Council management was determined to produce the IDP in due course. The Management was currently engaging the key stakeholders such as Local Government Association of Zambia and other key stakeholders so that the Council could actualise the IDP document as demanded by the *Urban and Regional Planning Act of 2015*, Section 13 Subsection 2(b).

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee is disappointed by t\ Y ` 7 c i b W] ` Đ g ` Z U] ` i f Section 19(3) f Y d U f Y of the *Urban and Regional Planning Act, No. 3 of 2015*. The Committee strongly urges the Council Secretary to ensure that an Integrated Development Plan is prepared and operationalised without any further delay. The Committee awaits a progress report on the matter.

ii. Environmental Management

Response by the Council Secretary

The Council Secretary submitted that the Council had come up with the new dump site and had already written to ZEMA to ensure that the dumpsite was certified. Necessary steps had been taken with ZEMA and Council had submitted an Environmental Project Brief (EPB) for consideration. Further, Chama Town Council had a budget line in the year 2021 for fencing of the dump site, among others.

iii. Lack of warning signs at the dumpsite to warn the general public of the existence of the dumpsite

Response by the Council Secretary

The Council Secretary submitted that the Council management had no certified dump site, and this was the reason why the warnings signs were not displayed. The Council had come up with the new dump site and had written to ZEMA to ensure that the dumpsite was certified after meeting all requirements in the first quarter of 2021. The Council management would put the warning signs to the new dump site.

iv. The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

Response by the Council Secretary

The Council Secretary submitted that this was due to lack of equipment and resources to bury the dump site. The Council Management was considering the possibility of engaging local contractors to help the local authority address this challenge once funds became available. Measures were being taken by Council management to have the dump site secured and the waste covered with soil.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and urges the Council Secretary to ensure that action expeditiously to avoid disease outbreaks that may arise due to failure to manage refuse at the dump sites. The Committee will await a progress report on the matter.

iv. Operation of Markets-Failure to Control and Manage Markets

< **Chikwa Market**

< **Kamfutu Market**

Response by the Council Secretary

The Council Secretary submitted that this arose due to non- existence of the legalised markets. The Council had started the process of legalising the markets by allocating enough funds in the budget of the year 2021 towards construction of markets. The Council had already set aside funds in the approved budget for the year 2021 for the construction of the markets so that they could be legalised.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and urges the Council Secretary to expedite the process of constructing and legalising the markets and ensure that all services are put in place. The Committee will await a progress report on the matter.

c) Accounting for Revenue

i. Failure to provide a Valuation Roll

Response by the Council Secretary

The Council Secretary submitted that the query arose due to lack of updated Valuation Roll. The council was currently waiting for the appointment of a Valuation Officer by the Ministry of Local Government to provide the quotation. The billboards had been designed for the same activity to be stuck in the public places for the community to read and be sensitised accordingly. The Council was currently awaiting the Minister of Local Government to provide them with the quotations for updating of the Valuation Roll.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to expedite the process of putting in place a valuation roll by impressing upon the Permanent Secretary to appoint a valuation officer. The Committee will await a progress report on the matter.

ii. Failure to collect revenue from the sale of plots K400, 500

Response by the Council Secretary

The Council Secretary submitted that the query was as a result of the low turnout of people interested in buying the plots. Management reported that the council had plans to carry out more publicity for the remaining plots.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to ensure that all the remaining plots are advertised and revenue is collected without any further delay. The Committee will await a progress report on the matter.

d) Procurement of Goods and Services/Expenditure

< Inadequately Supported Payments - K140,952.94 (2018-K 70,127, 2019-K 70,825.94)

Response by the Council Secretary

The Council Secretary submitted that the query was due to lack of supporting documents such as invitation letters. Management reported that the necessary remaining supporting documents had been attached to the payment vouchers and were ready for audit verification. The Council management would continue to ensure that all the supported payment vouchers were processed.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against the officers responsible for their failure to adhere to Local Authorities Financial Regulation No. 98 (1) and to submit all relevant documents for verification. The Committee awaits a progress report on the matter.

< **Irregular Payment of Sitting Allowances - 2018**

Response by the Council Secretary

The Council Secretary submitted that the query was as a result of payment of sitting allowances to members of the council committee. The Council Secretary noted the reservations made by the Auditor General and informed the Committee that, at the time of audit, the circular used was not available. The council would henceforth follow the circular from the Local Government Service Commission regarding the payment of sitting allowances to avoid future audit queries.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee expresses concern at the failure by the Council Secretary to adhere to the circular regarding payment of sitting allowance. The Committee urges the Council to ensure that all irregularly paid allowances are recovered without any delay. The Committee resolves to await a progress report.

e) **Management of Assets-Lack of Title Deeds**

Response by the Council Secretary

The Council Secretary submitted that the query was due to lack of title deeds for some council properties. The Committee was informed that some title deeds and invitations to treat had been obtained. The Council was currently waiting for the payment of K120, 560.00 to the Ministry of Lands and Natural Resources. The Council would henceforth ensure that every new structure built was captured in the Asset Register and the title deeds processed.

7 c a a] h h Y Y Đ g s and Recommendations b

In noting the submission, the Committee urges the Council Secretary to ensure that all its properties are secured with title deeds expeditiously in order to d f c h Y Wh ' h \ Y ' 7 c i b W] ' . The Committee resolves to await a progress report.

f) **Management of Local Government Equalisation Fund - Installation of Street Lights along Lundu Road**

Response by the Council Secretary

The Council Secretary submitted that the query arose as a result of non-functional street lights.. The Council management had since engaged the contractor to replace the non-functional lights once all the materials were procured from South Africa. However, due to the COVID-19 pandemic, the materials were not yet in and the installation had been delayed. The contractor would be on site once the materials were procured.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee urges the Council Secretary to explore all available avenues in order to ensure that all outstanding works are completed expeditiously. The Committee resolves to await a progress report.

g) Management of Constituency Development Fund - Poor Project Management.

Response by the Council Secretary

The Council Secretary reported that the query arose due to the fact that at the time of audit, works were still in progress. The Council management had since attended to all the outstanding works and the maternity annex had since been commissioned by the Area Member of Parliament for Chama South. The Council management had put systems in place to ensure that projects were completed within the stipulated time frame.

7 c a a] h h Y Y Ð g s and Recommendations b

The matter is recommended for closure subject to audit verification.

h) Management of Liabilities

i Failure to Remit Statutory Contributions K2, 951,043

Response by the Council Secretary

The Council Secretary submitted that this arose as a result of lack of funds to liquidate the outstanding obligations. The Council was only able to meet the current obligations for LASF, NAPSA and to partly pay for the ZRA-PAYE. These payments were only carried out monthly as and when funds from the Equalisation Fund were received. The Committee was informed that a debt management schedule on how to liquidate the debt had since been drawn up by the Council.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee urges the Council Secretary to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay He is also encouraged to explore all available options including debt swaps to expedite the process. The Secretary to the Treasury is also urged to consider paying this debt stock to relieve councils from this burden. The Committee resolves to await a progress report.

ii Failure to settle staff obligations K2, 835,171

Response by the Council Secretary

The Council Secretary submitted that the query arose as a result of lack of funds to liquidate the outstanding obligations such as Long Service Bonus and Terminal Benefits. Management reported that a schedule on how to liquidate outstanding obligations had since been drawn up.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

In noting the submission, the Committee urges the Council Secretary to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Secretary to the Treasury is also urged to consider paying this debt stock to relieve councils from this burden. He is also encouraged to explore all available options including lobbying for funds from the Office of the Secretary to the Treasury to expedite the process. The Committee resolves to await a progress report.

Chembe Town Council

PARAGRAPH 2

2.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed various irregularities, to which the Council Secretary responded as set out below.

a) Budget and Income K7,044,668 Negative Variance

Response by the Council Secretary

The Council Secretary submitted that there was a variance of K7,044,668 when comparing 2018/19 budgets against 2018/19 actual income collection representing 23.3% overall under collection for both years. The under collection came about as a result of not receiving Local Government Equalisation Fund amounting to K1,330,798.74 for the months of November and December, 2019. Other reasons for the under collection were that the Council budgeted to collect K800,000 in 2019 on Cane-Levy and nothing was received because of the delays in the approval of the Cane Levy by-law.

The Council budgeted for K1,600,000 in 2019 under CDF but nothing was received. Under fees and charges the under collection was as a result of not having access roads to the new site ` Y U X] b [` h c ` h \ Y ` acquire and pay for the plots. Management had put in place a debt collection system where debts were monitored using age analysis and demand notices and warrants of distresses had been issued where possible. The other action undertaken by management was to ensure that budgets were prepared realistically. Management had also repaired the roads to the new site to ensure that plots were easily accessed in order for members of the public to be encouraged to pay for them. This would increase revenue collection. In addition, the Council pledged to have a realistic budget on locally generated income and also to re-enforce the debt collection mechanisms by involving the Legal Section in the collection of

aged debt. Management had also embarked on massive plot advertisements to members of the public in general and civil servants in particular.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the efforts made by the Council Secretary and urges him to ensure that realistic budgets coupled with detailed analysis of the revenue base are prepared in future to avoid such failure. The Council Secretary is also urged to ensure that turn-around strategies are devised to counter these unintended outcomes.

b) Operational Matters

i) Environmental Management

< **The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.**

The dumpsite was not certified by the ZEMA prior to its use.

Response by the Council Secretary

The Council Secretary informed the Committee that compaction was not done at the time of an audit because management was waiting for the completion of fencing the dumpsite. ZEMA had its pre-requisites in its certification of the dumpsite such as fencing off the dumpsite and mounting of warning signs for the general public. The Council Secretary stated that it had engaged a contractor by the name of FMJ General Dealers to construct a fence around the dumpsite and warning signs had since been mounted so as to restrict entry into the dumpsite area. The waste had also been covered with a layer in order to secure it from scavenging. Management had written to ZEMA for the certification of the dumpsite after the completion of the fencing off of the dumpsite.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and urges the Council Secretary to expedite the process of fencing the dump site to ensure that the certification is done without any further delay. The Council Secretary is strongly urged to ensure compliance to the Environmental Management (Licensing) Regulations, Statutory Instrument No. 112 of 2013. The Committee will await a progress report on the matter.

ii) Lack of Firefighting and Prevention Services

Response by the Council Secretary

The Council Secretary informed the Committee that Chembe Town Council was declared a Fire Authority in September, 2019 and as at 2020 during the time of statutory audit, the Council did not have firefighting and prevention services. Management procured five fire extinguishers as a

short term measure in order to mitigate the risk of fire outbreak. In pursuance of long term measures, the local authority had written to the Ministry of Local Government requesting for the fire tender and management had also engaged the area Member Parliament in lobbying to utilise part of the Constituency Development Fund for firefighting and prevention services. Management stated that it had factored into its 2021 budget an amount of K178,214 for firefighting and prevention services and this would continue until the fire section was fully equipped.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the efforts made and encourages the Council Secretary to ensure that the process of putting up a fire station is expedited. The Committee awaits a progress report on the matter.

c) Accounting for Revenue Æ Failure to Collect Outstanding Revenue K87,677

Response by the Council Secretary

The Council Secretary acknowledged that at the time of the audit, the total receivables were K202,181 and that the current debt position was K72,677. He also informed the Committee that management had put in place effective debt collection mechanisms to ensure that debt was collected as it fell due. This included issuance of demand notices and warrants of distress. The efficiency in debt collection could be seen by the progress made so far as shown in the table below:

S/n	Description	Amount (K)
1	Mast Levy	25,000.00
2	Trading License	3,326.00
3	Rentals	10,225.00
4	Plot Premium	34,126.40
	Total	72,677.40

Management had developed a policy in place where the clients were given a period of one month in which to settle their obligations. After the period allowed, the local authority made follow-ups by issuing demand notices and warrants of distress where possible. All these measures were aimed at collecting debts as it fell due.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is disappointed with the Council Secretary for his failure to collect the much needed revenue. The Committee sternly cautions the Council Secretary to ensure that matters relating to revenue collection are seriously pursued. The Committee awaits a progress report on the matter.

d) Irregular Payment of Meal Allowance within the District

Response by the Council Secretary

The Council Secretary informed the Committee that the reason for the payment of meal allowances within the district boundary was as a result officers working in far flung areas where they had to spend more than eight hours. The notice dated 10th February 2021 was written to all affected members of staff on the erroneous payment of meal allowances within the district boundary and they were instructed to pay back the monies. All the affected staff responded positively. The notice and individual receipts respectively were available for verification. The Council Secretary stated that meal allowances would not be paid to officers working within the district boundary as guided by cabinet circular of 2015.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee strongly cautions the Council Secretary to desist from proceeding with payment of allowances without approval from the relevant authorities. The Council Secretary is further directed to ensure that all receipts relating to the refunds are submitted to the Auditor General for verification. In addition, the Committee urges the Controlling Officer to mete out disciplinary action against all officers who authorised these irregular payments and to ensure that appropriate updates are provided to all councils each time there was a new cabinet circular. The Committee will await a progress report on the matter.

e) Management of Assets - Lack of Title Deeds

Response by the Council Secretary

The Council Secretary informed the Committee that the process of acquiring the Title deeds had been initiated. The offer letters were given on some properties and payments had been made. Other Council properties were being surveyed and numbered so that application for title deeds could be carried out bearing in mind that acquisition of title deeds was a long process. Management would ensure that it acquired title deeds for all council properties in order to avoid loss of institutional property in the event of disputes pertaining to ownership of the property and also to avoid being in conflict with the *Public Finance Management Act, No 1 of 2018* .

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to ensure that the process of acquiring title deeds for all properties belonging to the Council is expedited. The Committee will await a progress report on the matter.

3.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed various irregularities, to which the Council Secretary responded as set out below.

a) Budget and Income K7,202,785 Negative Variance

Response by the Council Secretary

The Council Secretary informed the Committee as tabulated below.

Locally Generated Income

Local Taxes	They had technical challenges with Ministry of Finance regarding Personal Levies for government workers in other ministries like health and education. Money was not being remitted into council account. Besides, the council did not have a Valuation Roll since 1997 when the district was gazetted.
Fees and Charges	The local economy which was mainly dependant in fish catches did not perform to expectations, hence affecting fees and charges.
Licences	The Council had no Health Inspector then, therefore it was difficult to monitor licencing effectively in the district.
Levies	The local economy which was mainly dependant in fish catches did not perform to expectations, hence affecting levies
Charges	In the period under review, Council anticipated to raise significant amounts from sale of plots after surveying and numbering council/state land. Unfortunately, process of surveying and numbering of plots too longer than anticipated, hence affecting receipts in form of charges.
Other Income	The big portion of this other income was anticipated through receipts from the newly opened Council Lodge. Unfortunately, performance was not as expected, suffice to state revenues were over estimated. The lodge had challenges of water supply and lacked other support facilities.

National Support

Local Government Equalisation Fund	The Ministry of Finance determined this grant.
Constituency Development Fund	The CDF for year 2019 was not received.
Other Grants	Receipts in form of Grants In Lieu of Rates were determined by the Ministry of Finance.

On the actions taken on each income type, the Council Secretary submitted as set out below.

Locally Generated Income

Local Taxes	The technical challenges they had had been resolved and in year 2020. Ministry of Finance remitted Personal levy for civil servants in other ministries. The Council had planned in 2021 budget to formulate its first ever Valuation Roll for the district for purposes of collecting Property Rates.
Fees and Charges	Estimated receipts were reduced in line with the reality of prevailing economic situation in the district, and the Council was employing vigilance that all local revenue was collected and banked accordingly.
Licences	The Council had received a Health Inspector in mid- 2020, therefore, necessary licences were being pursued accordingly.
Levies	Estimated receipts were reduced in line with the reality of prevailing economic situation in the district, and council was employing vigilance that all local revenue was collected and banked accordingly.
Charges	Progress had been recorded in the area of processing council land. Council had created in excess of 600 plots which were available for offer
Other Income	Realistic amount of revenue had been provided for in the 2021 estimates of income based on the prevailing economy in the district. Water supply had been worked on, expansion plans (Addition of rooms) had been included in the budget estimates of 2021, and some support facilities were being added.

National Support

Local Government Equalisation Fund	Council had limited authority to determine what would be remitted from Ministry of Finance
Constituency Development Fund	Council had limited authority to determine what would be remitted from Ministry of Finance
Other Grants	Council had limited authority to determine what would be remitted from Ministry of Finance

In terms of remedial measures, the Council Secretary submitted the following:

Locally Generated Income

Local Taxes	The Council had planned in 2021 budget to formulate first ever Valuation Roll for the district for purpose collecting property rates.
Fees and Charges	Monitoring closely collection and performance of this line of revenue, and ensuring that any possible pilferage was curtailed.
Licences	The Council had received a Health Inspector in mid 2020, therefore, necessary licences are being pursued accordingly.
Levies	Monitoring closely collection and performance of this line of revenue, and ensuring that any possible pilferage was curtailed.
Charges	Ensuring that land was processed and all necessary legal requirements were done and completed. Currently the Council was waiting for the survey diagram in order to market the plots actively.
Other Income	Water supply had been worked on, expansion plans (Addition rooms) had been included in the budget estimates of 2021, and some support facilities are being

	added.
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National Support

Local Government Equalisation Fund	Council had limited authority to determine what would be remitted from Ministry of Finance
Constituency Development Fund	Council had limited authority to determine what would be remitted from Ministry of Finance
Other Grants	Council had limited authority to determine what would be remitted from Ministry of Finance

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee notes the efforts made by the Council Secretary and urges him to ensure that realistic budgets coupled with detailed analysis of the revenue base are undertaken in future to avoid failure to meet revenue targets. The Council Secretary is also urged to ensure that innovative strategies are devised to counter such failure.

b) Operational Matters

i. Failure to Develop an Integrated Development Plan (IDP)

Response by the Council Secretary

The Council Secretary informed the Committee that the inability to develop an Integrated Development Plan (IDP) was due to inadequate resources and skills in the preparation of the IDP. The Council Secretary reported that as part of the process, a resolution was made to commence the preparation of the IDP. The completion of its development had been included in the Annual Estimates of Income and Expenditure for 2021. Chiengde Town Council had just attended the IDP orientation meeting that took place at Mwense Town Council from 1st March 2021 to 5th March 2021 to build capacity on how to implement the activity. The Council would ensure that policies and plans were reviewed regularly to ensure validity and relevance.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee expresses concern at the failure by the Council to put in place an integrated development plan. This is a serious omission and the Council Secretary is directed to ensure that this is done by 31st December 2021 and that the plans are consistent and in adherence to Section 19 (3) of the *Urban and Regional Planning Act, No. 3 of 2015*. The Committee awaits a progress report on the matter.

ii. Lack of Fire Fighting and Prevention Services

Response by the Council Secretary

The Council Secretary reported that owing to the huge costs associated with setting up fire

fighting and prevention services, and the non-availability of the Fire Fighting Services Equipment and Fire Personnel, the Council was unable to provide these services. The Council Secretary reported that he had written to the Ministry of Local Government for support with equipment to actualise the status of Fire Authority of Chiengwe Town Council. The unit would be set up once equipment was acquired and the Local Government Service Commission deployed staff to operate the section. Currently, the Council had not entered into any partnership in the event that a natural disaster occurred, except relying on the Disaster Management and Mitigation Unit (DMMU) under the Office of the District Commissioner.

7.3.2 Fire Services and Recommendations

The Committee notes the efforts made and encourages the Council Secretary to ensure that the process of putting up a fire station is expedited. The Committee awaits a progress report on the matter.

iii. Environmental Management & Poor Management of Dump Site

Response by the Council Secretary

The Council submitted that the nature of the dumpsite in use was an old borrow pit used for road construction. It had been practically difficult to compact it. However, the Council had been in talks with the traditional leadership to ensure that the area was fenced off and warning signs installed. Be that as it may, the Council noted that carrying out the above works would imply legalising the dumpsite which had not been technically constructed. The dumpsite currently in use was not gazetted and did not meet the required standards for a dumpsite in a Chiefdom. The Council opted for the construction of a new dumpsite in state land. Therefore, as part of the Annual Estimates of Income and Expenditure for 2021, Chiengwe Town Council had included identification and development of a dumpsite, which would meet the required standards and develop it upon authorisation by the Zambia Environmental Management Agency (ZEMA). The Council would ensure it adhered to *the Environmental Management Act, No. 12 of 2011*.

7.3.3 Environmental Management and Recommendations

The Committee notes the submission and urges the Council Secretary to expedite the process of establishing a permanent dumpsite without any further delay. The Council Secretary is strongly urged to ensure that he acts expeditiously to avoid disease outbreaks that may arise due to the dumping of refuse in an unsafe and temporary site. The Committee will await a progress report on the matter.

c) Management of Payroll and Other Staff Related Matters

i. Irregular Payment of Subsistence and Meal Allowances

Response by the Council Secretary

The Council Secretary informed the Committee that the vastness of the district and the poor state of road infrastructure had necessitated the payment of subsistence and meal allowances to

officers who were required to spend nights out in areas where they were required to undertake council activities. Lambwe Chomba was given as an example of a place that was not accessible via the direct route of 90 km for most of the year. To access the area, one had to travel through Kaputa in Northern Province, covering a distance of more than 160 km on a bad road. It was, therefore, impractical to expect officers to commute to such a place and be back within eight hours without payment of subsistence allowance. Management in a letter dated 18th June 2020 applied to the Ministry of Local Government for a waiver on the restriction of payment of meal and subsistence allowances within the district, citing the above stated reasons. The Ministry of Local Government regrettably did not award a waiver on the request. However, in adherence to the Cabinet Office Circular Minute dated 30th December 2015, the Council had discontinued payment of such allowances. The Council would ensure adherence to the said Cabinet Office Circular Minute. However, this meant scaling down activities in far-flung areas of the district and, thereby, denying services to people in such places. The Council had equally become constrained in the collection of revenues in such places, owing to the reasons that led to the query as cited above.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee expresses concern at the failure by the Council Secretary to seek clarification on matters relating to interpretation of Cabinet Circulars from the Controlling Officer. The Committee strongly cautions the Council Secretary to desist from proceeding with payments without approval from the relevant authorities. The Council Secretary is directed to ensure that all the allowances irregularly paid are recovered from the concerned officers without further delay. Further, disciplinary action should be meted out against all officers responsible for the irregular payments. In addition, the Committee urges the Controlling Officer to apprise all councils as regards directives contained in Cabinet Circulars issued from time to time. The Committee will await a progress report on the matter.

ii. Payment of Subscription Fees to Professional Bodies Ę Amounting K13,125

Response by the Council Secretary

The Committee was informed that in paying subscriptions to professional bodies for officers, the Council relied on the Ministry of Local Government Circular dated January 15, 2016; Clarification on the PSMD Circular No. 18 of 2014 and Cabinet Office Circular Minute 2009. The circulars guided that local authorities were exempted from the abolishment of paying subscription fees for employees to professional bodies. Paying of the subscription fees was only abolished in the Ministerial Circular dated 15th January 2020. The Council Secretary reported that recoveries had been effected and so far a total of K13, 125 had been collected through the payroll, and /or Ledger Book balances starting February, 2021 from the affected officers. The details are outlined in the table below.

S/N	NAME	AMOUNTS PAID	AMOUNTS RECOVERED	BALANCE	MONTHS RECOVERY LEFT	OF STATUS
1	DULANI PHIRI	1,000	1,000	-	0	
2	JOSEPH CHANDA	2,300	1,150	1,150	1	

3	BEATRICE CHIBEBE	1,530	1,530	-	0	
4	MIYANDA MUDENDA	415	415	-	0	
5	GADY MUSEKA	1,100	-	1,100	0	TRANSFERRED
6	NAMAKAU KAMAYOYO	650	-	650	0	TRANSFERRED
7	INNOCENT CHIRWA	195	195	-		
8	CLETUS MULENGA	195	195	-		
9	ARCHBALD NSAKANYA	325	325	-		
10	BRENDA MWANGULA	250	250	-		
11	RUTH NAKAZWE	250	-	250	0	TRANSFERRED
12	GIFT HINYAMA	250	250	-		
13	CHILONGO MULUNGA	1,100	-	1,100	0	TRANSFERRED
14	MARRIAM CHIPOMBE	550	550	-		
15	MUKUKA KACHELO	1,000	1,000	-		
16	JAMES MWILA	1,000	1,000	-		
17	MUSONDA KABWESHA	600	-	600	0	TRANSFERRED
18	ADONIJAH MUSONDA	415	415	-		
	TOTAL	13,125	8,275	4,850		

Regarding the officers that had been transferred to other various councils, written correspondences would be sent to the respective councils so that deductions could be done there and the deducted money remitted to Chienge Town Council. The Council had stopped paying Subscription Fees on behalf of employees based on the Ministerial Circular dated 15th January 2020.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee expresses concern at the failure by the Council Secretary to seek clarification on matters relating to interpretation of Cabinet Circulars from the Controlling Officer. The Committee strongly cautions the Council Secretary to desist from proceeding with payments without approval from the relevant authorities. The Council Secretary is directed to ensure that all the allowances irregularly paid are recovered from the concerned officers without further delay. Further, disciplinary action should be meted out against all officers responsible for the irregular payments. In addition, the Committee urges the Controlling Officer to apprise all councils as regards directives contained in Cabinet Circulars issued from time to time. The Committee will await a progress report on the matter.

iii. Irregular Payments of Hotel Bills K45, 874

Response by the Council Secretary

This matter was

practice of paying for Hotel Bills had been stopped.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

As in (i) above, the Committee expresses concern at the failure by the Council Secretary to clarify matters relating to interpretation of Cabinet Circulars with the Controlling Officer. The Committee strongly cautions the Council Secretary to desist from proceeding with payment of allowances without clarity from the relevant authorities. The Council Secretary is directed to ensure that all funds are recovered from the relevant officers without any further delay. In addition, the Committee urges the Controlling Officer to ensure that clarity is provided in form of a local circular to all councils each time there is a new cabinet circular. This will provide guidance to councils. The Committee resolves to close the matter.

iv. Failure to Register Employees with NAPSA K69, 914

Response by the Council Secretary

The Committee was informed that the non-registration of casual workers with NAPSA was a historical matter. It had been initially considered that since the employment status was casual, there was no need to register them. The temporary workers (casual workers) cited had since been registered and confirmation of registration was available for audit verification. Every casual worker engaged was being considered for NAPSA registration.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Council Secretary is urged by the Committee to ensure that officers who failed in their duties by not registering the casual workers are disciplined accordingly. The Committee will await a progress report on the matter.

d) Procurement of Goods and Services

i. Unsupported Payments Ę Totalling K211,349

Response by the Council Secretary

The Committee was informed that this matter was resolved as per status report from the Office of the Auditor General.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes that the matter has been verified and, therefore, recommends for its closure.

ii. Unretired Accountable Imprest K22,960

Response by the Council Secretary

This matter was resolved as per status report from the Office of the Auditor General.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes that the matter has been verified and, therefore, recommends for its closure.

e) Unaccounted for Stores Ę K35,419

Response by the Council Secretary

This matter was resolved as per status report from the Office of the Auditor General.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes that the matter has been verified and, therefore, recommends for its closure.

f) Management of Assets Ę Lack of Title Deeds

Response by the Council Secretary

The Council Secretary reported that the Council could not acquire title deeds for the properties because at the time of construction, the Council did not secure Title Deeds for the land. The Council Secretary reported that the Council had commenced the process of securing the assets. All the plots where these assets were sitting had been numbered and offer letters generated by the Ministry of Lands. Council was awaiting for the delivery of the survey diagrams, after which it would file applications for Title.

S/N	PROPERTY	NUMBER	OWNER NAME	LEVEL OF PROCESS (STATUS)
	COUNCIL LODGE	CHIE/237	COUNCIL	Property on offer and surveyed. Awaiting survey diagram
	CIVIC CENTRE	CHIE/442	COUNCIL	Property on offer and surveyed. Awaiting survey diagram
	RESIDENTIAL LOW COST	CHIE/426	COUNCIL	Property on offer and surveyed. Awaiting survey diagram
	RESIDENTIAL LOW COST	CHIE/422	COUNCIL	Property on offer and surveyed. Awaiting survey diagram
	RESIDENTIAL LOW COST	CHIE/424	COUNCIL	Property on offer and surveyed. Awaiting survey diagram
	RESIDENTIAL LOW COST	CHIE/423	COUNCIL	Property on offer and surveyed. Awaiting survey diagram
	RESIDENTIAL LOW COST	CHIE/433	COUNCIL	Property on offer and surveyed. Awaiting survey diagram
	RESIDENTIAL LOW COST	CHIE/421	COUNCIL	Property on offer and surveyed. Awaiting survey diagram
	RESIDENTIAL LOW COST	CHIE/417	COUNCIL	Property on offer and surveyed. Awaiting survey diagram
	RESIDENTIAL LOW COST	CHIE/419	COUNCIL	Property on offer and surveyed. Awaiting survey diagram
	RESIDENTIAL LOW COST	CHIE/425	COUNCIL	Property on offer and surveyed. Awaiting survey diagram
	RESIDENTIAL	CHIE/405	COUNCIL	Property on offer and surveyed. Awaiting

	MEDIUM COST			survey diagram
	RESIDENTIAL MEDIUM COST	CHIE/407	COUNCIL	Property on offer and surveyed. Awaiting survey diagram
	RESIDENTIAL MEDIUM COST	CHIE/406	COUNCIL	Property on offer and surveyed. Awaiting survey diagram
	RESIDENTIAL MEDIUM COST	CHIE/404	COUNCIL	Property on offer and surveyed. Awaiting survey diagram
	RESIDENTIAL MEDIUM COST	CHIE/402	COUNCIL	Property on offer and surveyed. Awaiting survey diagram

The Council had made it a matter of policy to ensure that no building was constructed before title to land was obtained.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to ensure that the process of acquiring title deeds for all properties belonging to the Council is expedited. The Committee will await a progress report on the matter.

g) Management of Liabilities

i. Failure to remit Statutory Obligations K1,051,769

Response by the Council Secretary

The Committee was informed that the greater proportion of the statutory debt obligation was historical from as far back as 2002. The amount had increased mainly due to penalties accrued through non-settlement. The Council was striving to be current with statutory obligations by ensuring that whenever funds were available, payments towards dismantling of the statutory debts were prioritised. So far K 330,280.35 had been paid leaving a balance of K 721,488.40

S/N	INSTITUTION	AMOUNT OWED	PAID	BALANCE
1	ZRA	299,854.10	144,226.73	155,627.37
2	NAPSA	335,981.65	166,261.88	169,719.77
3	LASF	415,933	19,791.74	396,141.26
	TOTAL	1,051,768.75	330,280.35	721,488.40

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee urges by the Council Secretary to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay She is also encouraged to explore all available options including debt swaps and lobbying more funds from the Secretary to the Treasury to expedite the process. The Committee resolves to await a progress report.

j) Failure to Settle Staff Obligations K2,110,345

Response by the Council Secretary

The Council Secretary reported that the greater proportion of the debt was historical, posing a challenge to settle financially. The Council Secretary reported that it been settling staff debt in the categories of salary arrears, Leave Travel Benefits, Retirement Benefits using its limited revenue base and has so far paid K1,495,836.74 leaving a balance of K614,508.26

SUMMARY OF STAFF CREDITORS

S/N	DESCRIPTION	AMOUNT OWED	PAID	BALANCE
3	LONG SERVICE BONUS	79,635.37		79,635.37
4	LEAVE TRAVEL BENEFITS	53,090.25	53,090.25	
5	SETTLING IN ALLOWANCE	82,571.03	72,896.48	9,674.55
6	SALARY ARREARS	1,558,115.44	1,234,366.17	323,749.27
7	COUNCILLORSS ALLOWANCES	96,000	96,000	
8	TERMINAL BENEFITS	240,932.91	39,483.84	201,449.07
	TOTAL	2,110,345	1,495,836.74	614,508.26

Local resources were being maximised so as to help dismantle the debt stock, especially staff obligations.

7 c a a] h h Y Y Đ g s a d R e c o m m e n d a t i o n s b

In noting the submission, the Council Secretary is urged by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Secretary to the Treasury is also urged to consider paying this debt stock to relieve councils from this burden. She is also encouraged to explore all available options to increase revenue collection to expedite the process. The Committee resolves to await a progress report.

Chilanga Town Council

Paragraph 4

a) Budget and Income K8,860,110

Response by the Council Secretary

The Council Secretary acknowledged the negative variance of K8, 860,110 arising from the 2018 and 2019 budgets and positive variances arising from licences, permits and grants in lieu of rates totalling K 1,204,908. She, however, stated as set out below.

i Local Taxes and Rates

The negative variance of K2, 293,978 was attributed to rates revenue, budgeted for in 2019 in anticipation of the approval of the valuation roll, which was only approved in January, 2020.

ii Fees and Charges

The negative variance from fees and charges amounting to K1, 406,896, were budgeted for in

anticipation of the creation of plots and survey which were not realised in the years under review.

iii Levies

The Council Secretary acknowledged the adverse variance of K405, 636 attributed to levies. This was due to under collection.

iv Licenses, Permits and Levies positive variance.

The positive variance on licenses was attributed to Fire Arm Licenses from where more income than was budgeted was received, while the revenue for permits increased due to intensive inspections. Grants in Lieu of rates of K300,000, which was not budgeted for in 2019 was received during the year, hence the positive variance. The 2018 budget estimates for certain revenues were based on an incremental budgeting system. However, the Council had embarked on a budgeting system with a focus on realistic economic trends and updated database systems to track revenue and expenditure levels on a quarterly basis. The Council assured the Committee that all revenue estimates included in the budget were realistic and regular budget performance reviews were conducted.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee notes the submission but urges the Council Secretary to set realistic budgets coupled with detailed analysis of the revenue base to avoid recurrence of this failure. *The Council Secretary is also urged to ensure that turn around strategies are devised to counter the unintended outcomes.*

b) Operational Matters

i) Environmental Management - Failure to Establish a Dumpsite

Response by the Council Secretary

The Council Secretary acknowledged this audit observation and stated that the Council was not in possession of land at the time of audit. Management engaged stakeholders such as Lafarge and TAP requesting for their disused burrow pits and dump sites to which negative responses were received. In addition, the Council engaged Her Royal Highness Chieftainess Nkomeshya Mukamambo II requesting for land for this purpose and a reply was being awaited. The Council was currently dumping waste in Kafue District.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee notes the submission. Since Chilanga is one of the fastest growing towns due to expansion of Lusaka Province on its southern part, the Council Secretary is strongly urged to ensure that she acts expeditiously to avoid disease outbreaks that may arise due to dumping of refuse in unsafe and temporary sites. The Committee will await a progress report on the matter.

iii. Fire Fighting and Prevention Services

Response by the Council Secretary

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audit, the Council did not have infrastructure and equipment in place to provide the fire fighting and prevention services. The Council had engaged a contractor who was currently on site to rehabilitate an identified Council building which would be used for the provision of fire services. Further, an enquiry for procurement of utility vehicles had been processed. Engagements with Kafue Town Council, which had fully fledged fire-fighting brigades, had been undertaken to document and operationalise a Memorandum of Understanding (MoU) aimed at supplementing the measures that the Council had put in place.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Council Secretary resolves to await a progress report on the matter.

c) Accounting for Revenue - Unaccounted for Revenue K53,441

Response by the Council Secretary

The Council Secretary informed the Committee that the Officer involved was no longer serving at Chilanga Town Council as she was transferred to Kazungula Town Council. Management had since written to Kazungula Town Council for the Officer to be released in order to assist with investigations concerning the funds which were neither banked nor found in hand at the time of audit. The Council Secretary was now ensuring that daily cash summaries were prepared, checked and verified by senior officers. Regular checks by internal auditors were being conducted as well as random checks.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee finds the explanation given by the Council Secretary unacceptable and notes that there is a porous internal control system at the Council. The Council Secretary is directed to ensure that the internal control system is tightened without any further delay while the Treasurer and the Officer who, collectively, failed to adhere to the Local Authorities Financial Regulation No. 72 must be disciplined to avoid recurrence of similar irregularities. The Committee will await a progress report.

d) Procurement of Goods and Services

i) Unsupported and Missing Payment Vouchers K89,833

Response by the Council Secretary

The Council Secretary acknowledged that, at the time of audit, the payment vouchers and supporting documents were missing due to misfiling but had since been traced among archived

documents. The Council had strengthened the filing system of documents in order to avoid this regrettable development.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Council Secretary is urged by the Committee to ensure that officers who misfiled the documents are disciplined. The Committee will await a progress report on the matter.

i) Unretired Imprest K74,964 (and K5,730 unacquitted)

Response by the Council Secretary

The Council Secretary reported that, at the time of the audit, the officers involved had not submitted imprest retirement and the acquittal sheets for payment of allowances had not been handed over for filing. The Council had since traced the imprest retirements and acquittal sheets and secured them on file. The Council had since strengthened the filing and tracking system of documents in order to avoid this regrettable development.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee recommends that disciplinary action be meted out against the officers who misfiled the imprest retirements and acquittal sheets. All relevant documents should further be submitted to the Auditor General for verification. The Committee will await an update report on the matter.

Unaccounted for stores K647,667 (general stores Ë K502,667 and fuel Ë K145,000)

Response by the Council Secretary

The Council Secretary informed the Committee that supporting documents were not appropriately filed at the time of audit. The Council Secretary reported that the receipt and disposal details for fuel and general stores amounting to K145, 000 and K502, 667, respectively, had since been traced and accounted for. Management had insisted on the timely filing of documents by responsible officers, and documentation was available for audit verification.````

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee recommends that disciplinary action be meted out against the officers who misfiled the supporting documents. The Committee will await an update report on the matter.

a) Management of Assets- Lack of Title Deeds

Response by the Council Secretary

The Council Secretary provided the Committee with the information listed hereunder.

S/N	Description	Location	Comment	Response by The Council Secretary
1.	Mwembeshi market	Mwembeshi ward	No title	The process of acquiring a certificate of title commenced and the points for the market boundary had been marked. The proposed site plan would be presented to the standing committee and the Full Council.
2.	Sangalala market	Chilanga ward	No title	The process of acquiring a certificate of title had commenced. Management wrote to the Ministry of Lands to offer the land numbered Stand 1024 to the Council and an Invitation to treat was paid to enable the Ministry generate an offer letter. Receipts showing the payment for the invitation to treat were available for audit verification.
3.	Chilongolo market	Chilongolo ward	No title	This was not a gazetted market as the marketeers traded on the road reserve.. Therefore, a certificate of title could not be processed. A site plan to indicate that trading was taking place on the road reserve was available for audit verification.
4.	Council houses x 10	Chilanga ward	No title	The process had commenced. The survey diagrams were collected and the Council wrote to the Ministry of Local Government to facilitate for an exemption of property transfer tax with the Ministry of Finance. Management was currently waiting for property transfer tax exemption. Copies of the survey diagram were available for audit verification.
5.	Revenue Houses	Chimanja ward	No title	These were temporal structures which were built on the road reserve for purposes of revenue collection. Therefore, a certificate of title could not be proposed. Location plans showing that the revenue houses were on the road reserve had been attached.
6.	Office Block	Chilanga ward	No title	The process of acquiring title deeds had commenced and so far, the survey diagrams had been collected. The Council wrote to the Ministry of Local Government to facilitate for an exemption of property transfer tax with the Ministry of Finance. Management was currently awaiting for property transfer tax exemption. Copies of the survey diagram had been attached
7.	Shops (Twatasha) X 30	Chilanga ward	No title	The process had commenced. The points for the market boundary were picked and a site plan was prepared in order for the land to be numbered to subsequently culminate into a certificate of title. Attached was a letter to the Provincial Planning Authority and a site plan of the market

Management would ensure that all properties belonging to the Council were secured with ownership documents. Further, the insurance of the seven properties would be done once the title deeds were secured.

~~7 c a a] h h Y Y Đ g s and Recommendations b~~

The Committee recommends that the Council Secretary must ensure that all its properties are secured with both title deeds and insurance cover without further delay. The Committee will await a progress report on the matter.

b) Management of Constituency Development Fund

Response by the Council Secretary

The Council Secretary informed the Committee that the contractor had engaged the Council to resolve the extension period of the contract. The Council terminated the contract and charged liquidated damages amounting to K 8, 470.50 which had since been redeemed from the contractor. Management promised to ensure stage inspections and verification before any payment was made to the contractor.

~~7 c a a] h h Y Y Đ g s and Recommendations b~~

The Committee strongly cautions the Council Secretary to desist from paying contractors before inspection and verification is done on the works. The Council Secretary is also urged to ensure that officers who allowed this payment are disciplined accordingly. An update is awaited by the Committee.

c) Management of Liabilities - Failure to Remit Statutory Obligations.

Response by the Council Secretary

The Council Secretary informed the Committee that delayed payments had given rise to penalties and eventual failure to liquidate the increased liabilities due to inadequate funds.

~~7 c a a] h h Y Y Đ g s and Recommendations b~~

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. She is encouraged to explore all available options, including debt swaps to expedite the process. The Secretary to the Treasury is also urged to consider liquidating this historical debt stock on behalf of councils in order to relieve them of this burden. The Committee resolves to await a progress report.

5.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Town Clerk submitted as set out below.

a) Budget and Income K24,982,787

Response by the Town Clerk

The Town Clerk submitted that the under collection was mainly caused by the delayed construction of the modern truck park which was projected to raise K22,000,000. The truck park was to be constructed under public private partnership (PPP). However, due to lengthy administrative procedures and technical considerations in signing the concession agreement, the construction of the modern truck park could not commence, hence the projected amounts were not collected. The Town Clerk reported that the concession agreement had since been drafted and discussions had reached an advanced stage for the construction of a modern truck park which was expected not only to improve the revenue of the local authority but also to de-congest the boarder. The Council had developed a policy of holding quarterly budget review meetings in order to monitor non performing income streams and to come up with strategies on how to improve them.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the strategy put in place by the Town Clerk and urges him to ensure that realistic budgets based on a detailed analysis of the revenue base are made in order to avoid recurrence of such variances. The Town Clerk is also urged to ensure that the strategies are implemented promptly. The Committee recommends the closure of the query subject to audit verification.

b) Operational Matters - Failure to Develop an Integrated Development Plan

Response by the Town Clerk

The Town Clerk informed the Committee that the lack of an Integrated Development Plan was due to insufficient resources and liquidity challenges faced by the Council during the period under review. The Council had since expedited the process of preparing an Integrated Development Plan, which was currently at the issue report stage. The Council had since allocated more resources and established a capacity building programme for officers in the Planning Department to ensure that the development of the Integrated Development Planning was expedited.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee expresses concern at the failure by council management to put in place an Integrated Development Plan. The Committee recommends that the Town Clerk must ensure that an IDP is concluded by 30th June 2021 so that the Council can be compliant with Section 19 (3) of the *Urban and Regional Planning Act No. 3 of 2015*. The Committee awaits a progress report on the matter.

c) Management of Assets

i. Lack of Title Deeds

Response by the Town Clerk

The Town Clerk informed the Committee that the delayed numbering of plots had negatively affected the securing of title deeds for the thirty six Council properties. The Town Clerk further reported that the properties in question had since been surveyed and the Council had further written to the Commissioner of Lands to help fast-track the titling process. The Town Clerk further reported that resources had been allocated for the titling process and that he would ensure that all Council properties had certificates of title.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the efforts made on the acquisition of title deeds but strongly cautions the Council Secretary to ensure that matters relating to security of assets are given priority to avert unforeseen but possible loss. The Committee awaits a progress report on the acquisition of title deeds for Council properties.

ii. Motor Vehicles Involved in Road Traffic Accidents

Response by the Town Clerk

The Town Clerk informed the Committee that historical debt owed to the insurance company by the Council delayed the compensation for the two vehicles involved in the road traffic accident. He added that the Council had engaged the Zambia State Insurance Corporation who agreed on a payment plan to offset the outstanding arrears and enable the insurance company to settle the compensation. The Council had since paid the agreed amount and awaited the Zambia State Insurance Company to settle the obligation. The Town Clerk also reported that the Council would endeavor to ensure that all its movable assets were insured and to settle all outstanding obligations as they fall due.

7 c a a] h h Y Y Đ g s and Recommendations

The Committee notes with disappointment that the action taken by the Council on the matter is only ignited by the audit. The Committee strongly cautions the Council Secretary to ensure that matters relating to the security of assets are given priority. The Committee awaits a progress report on the matter.

d) Management of Local Government Equalisation Fund - Failure to Install Culverts at Kawama Stream

Response by the Town Clerk

The Town Clerk informed the Committee that the delay in the installation of culverts at Kawama Stream was due to the fact that it was part of the project scope included in the 20 km of roads earmarked for construction in the district by Road Development Agency (RDA). The Town Clerk also reported that the Council had resolved to install the twelve culverts at an alternative road crossing the Chifunshi Stream. The Council resolved that it would seek to consult all relevant stakeholders in project planning in order to enhance coordinated development in the district. The Council had also assigned officers to work closely with the Road Development Agency to ensure smooth implementation of the project.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and resolves to await a progress report on the completion of the installation of the culverts.

e) Failure to Remit Statutory Obligations K21,287,325

Response by the Town Clerk

The Town Clerk reported that liquidity constraints resulted into the non remittance of statutory obligations. The Town Clerk further reported that the Council had entered into Memoranda of Understanding (MoUs) with ZRA, LASF and NAPSA whereby monthly payments were being made to offset the outstanding amounts. The Council had so far made payments amounting to K248,168.60 towards ZRA, K183,409.67 towards LASF and K350,000 towards NAPSA. In order to improve liquidity and enable the Council to meet its statutory obligations, the following revenue enhancement strategies had been employed:

- § The Council had signed a Memorandum of Understanding with the Zambia Revenue Authority to collect revenue on behalf of the Council at Kasumbalesa Border Post under the Government policy of Single Window Payment System (SPP).
- § The Council updated its Main Valuation Roll which it was implementing in the 2021 financial year.
- § The Council had set up a revenue collection task force to improve its revenue collection.

These strategies were expected to improve the liquidity which in turn was expected to help the Council meet its statutory obligations.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Town Clerk is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process.

The Secretary to the Treasury is also urged to consider liquidating this historical debt stock on behalf of councils in order to relieve them of this burden. The Committee resolves to await a progress report.

a) Land Management - Questionable Change of Ownership of Plots

Response by the Town Clerk

The Town Clerk reported that the query arose as a result of the procedure used in the changing of plot ownership. The procedure was such that when a client applied for change of ownership, the matter was submitted for approval at the Council meeting. It was only after approval that an applicant was allowed to pay in order for the Council to process the change of ownership and documentation would be issued to the client. The Town Clerk further reported that out of the twenty nine approved applicants only six paid for the change of ownership for plots and the remaining twenty-three were not processed as they did not pay for the change of ownership. Receipts for the processed change of ownership were available for audit verification. The Town Clerk further reported that the Council would continue to submit the eligible applicants for change of ownership to the Council meeting for approval.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee urges the Town Clerk to ensure that disciplinary action is taken against all the officers who failed to avail documentation to the auditors during the time of audit. The Committee will await a progress report.

Chingola Municipal Council

Paragraph 6

a) Budget and Income

Response by the Town Clerk

The Town Clerk informed the Committee that the Council faced challenges in 2019 due to ? 7 A Ð g `] b U V] `] h m ` h c ` \ c b c i f `] h g ` c V `] [U h] c b g ` c b Chingola and other business houses within the district had not been able to settle their obligations on time due to liquidity problems as a result of reduced business with KCM. The patronage to the newly modernised markets had reduced because of the generally low disposable income in the district. This had caused a reduction in revenue coming from market fees. The Town Clerk submitted that demand notices had been issued to both business houses and the households, and the Council had intensified follow-ups for debt collection. Other measures taken included the following:

- < The Council had continued providing transport to the debt collectors to enhance efficiency;
- < all the defaulting tax-payers were given timely reminder notices that could be used to summon bailiffs on non- cooperating tax payers; and
- < the formation of task force teams to reinforcement the debt collection.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee observes with concern the huge negative variance on projected revenue against what was actually collected by the Council. The Town Clerk is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the status quo. The Committee also directs the Town Clerk to enhance their efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report on the improvement of h \ Y ' 7 c i b W] l e Ð i g n: f Y j Y b i Y ' W c

b) Accounting for Revenue Ë Failure to Collect Revenue

i) Burial Permit Fees K182,500

Response by the Town Clerk

The Town Clerk submitted that the queried amount of K182,500 related to the grave sites that were issued free of charge to Council employees, councillors and freedom fighters before clear guidelines and Council resolution were given at the time of the audit. The Town Clerk submitted that the matter was reported to the Full Council and the guidelines listed hereunder were put in place to specify the eligibility of those that were entitled to free graves.

- (i) Council employees, spouse, registered children, and dependants;
- (ii) Sitting member of Parliament, spouse and registered children;
- (iii) The Mayor, spouse and registered children;
- (iv) Sitting councillors, spouse and registered children;
- (v) Sitting Mayors/ councillors from other councils;
- (vi) Retired and transferred Council employees;
- (vii) Former Members of Parliament;
- (viii) Former Mayors;
- (ix) Former councillors;
- (x) council employees from other councils; and
- (xi) Headmen and freedom fighters.

The Town Clerk stated that the Council would ensure that clear procedure was followed in the issuance of grave sites.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Committee urges the Town Clerk to ensure that the Council devises new strategies to enhance revenue collection from burial permits in order to avoid recurrence of the query.

i) Site Rent K412,190

Response by the Town Clerk

The Town Clerk submitted that the database which was maintained for revenues from the unplanned settlements section was not complete at the time of audit. In addition, there was a

resolution by Council to write off outstanding amounts from unplanned settlements as bad debts. The Town Clerk submitted that an updated and complete database was now in place and reconciliations were being done with cashiers upon receipt of funds from unplanned settlements. The Council would ensure that an updated and complete database was maintained at all times.

7 c a a] h h Y Y Ð g s a d R e c o m m e n d a t i o n s b

The Committee observes with concern the failure by the Town Clerk to collect revenue despite grappling with liquidity problems. The Committee urges the Town Clerk to ensure that the Council devises new strategies to enhance their revenue collection and improve the status quo. The Committee directs that all relevant documentation be submitted to the Auditor General for verification, subject to which the matter should close.

c) Management of Assets – Failure to Maintain Properties

Response by the Town Clerk

The Town Clerk submitted that the Council faced liquidity challenges in 2019, hence it could not manage to attend to other areas in need of attention such as maintenance of buildings. The Town Clerk submitted that Bills of Quantities (BOQs) for each building that required maintenance had since been prepared. Pending rehabilitation works had since been budgeted for in the 2021 annual budget; and rehabilitation works had started on some of the buildings. The Town Clerk submitted that the Valuation Roll had been updated and two new mining firms (Mimbula Resources and China Mine) had been included. With the inclusion of the new mines, the Council expected to maintain all the building structures as required.

7 c a a] h h Y Y Ð g s a d R e c o m m e n d a t i o n s b

The Committee urges the Town Clerk to ensure that all its properties are maintained henceforth. The Committee further urges the Town Clerk to ensure that a budgetary provision is made to fund maintenance of all its properties. The Committee awaits a progress report on the matter.

d) Management of Liabilities - Failure to Remit Statutory Obligations K34,657,210

Response by the Town Clerk

The Town Clerk reported that management had serious financial challenges in 2019 due to ? 7 A Ð g `] b U V] `] h m ` i b n s o n t i m e b a n d i n f u l l .] O t h e r b u s i n e s s h o u s e s a n d households faced the same challenges as most of them depended on the mining company for their business survival. This caused serious liquidity challenges on the part of the Council. The Town Clerk submitted that, as part of its efforts to settle its statutory obligations, a piece of land measuring 250 hectares valued at K132,487,683.18 had been offered to NAPSA to cover for its outstanding liabilities up to December, 2020. Council Minutes and NAPSA letter were available for verification. Part payments to both ZRA and LASF had been made and payment vouchers were available for audit verification, while outstanding debts had also been provided for in the 2021 annual budget. The Town Clerk further reported that with the expected improvement in its

financial liquidity, salaries and wages would be paid at gross amounts to cover for statutory obligations on a monthly basis. The Council would continue providing transport to the debt collectors to enhance efficiency in debt collection. It would also continue giving reminder notices on time to defaulting tax-payers to improve on debt collection.

7.1.1 Recommendations

In noting the submission, the Committee urges the Town Clerk to ensure that all available options are employed to ensure that all statutory obligations are paid without any further delay. The Secretary to the Treasury is also urged to consider liquidating the debt on behalf of councils in order to relieve them of this historical burden.. The Committee awaits a progress report.

Chinsali Municipal Council

Paragraph 7

7.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December, 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Town Clerk submitted as set out below.

a) Budget and Income K16,443,934 negative variance

Response by the Town Clerk

The Town Clerk reported that the negative variance was overstated by K1,400,000 as the Council received CDF totaling K1,400,000 for the year 2018. Thus the corrected negative variance during the period under review was K15,043,934 and not K16,443,934 as cited. Further, the Town Clerk reported that the negative variance was on account of the factors listed hereunder.

- (i) Over budgeting on fees and charges in the 2019 annual budget in anticipation of heightened economic activities;
- (ii) Non-remittance of the Local Government Equalisation Fund (LGEF) by the Treasury for the months of December, 2018, and November and December, 2019 totaling K2, 837,021.37.
The Town Clerk further reported that the following remedial measures were being implemented:
 - i. Council had developed a complete and updated database that was assisting to accurately estimate receipts from local revenue.
 - ii. Rate payers and the business community had been engaged and sensitised through public forums on the importance of paying municipal taxes, levies and licenses. Through these forums, the Town Clerk had also learnt of and addressed the concerns raised by stakeholders relating to poor complaints handling, billing and difficulties encountered by citizens when it came to making payments.

- iii. Preparation of a more realistic and balanced budget for 2020 wherein expected income from local resources had dropped from K11,514,134 in 2019 to K6,788,288 in 2020.
- iv. The Town Clerk had streamlined h \ Y ' 7 c operations and established a One Stop Municipal Desk to effectively handle complaints and make it easier for citizens to access and pay for municipal services. To eliminate problems of wrong billing, The Town Clerk had employed ICT staff and procured a billing system.

In line with its 2018 – 2020 Strategic Plan, the Council was implementing robust revenue mobilisation strategies aimed at reducing dependency on the LGEF and revenue from the sale of plots. These strategies included preparation of the supplementary valuation roll and strengthening of local capacity to effectively collect base tax, rental tax and turnover tax on behalf of the Zambia Revenue Authority.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee observes with concern the huge negative variance on revenue projected against what was actually received by the Council. The Committee urges the Town Clerk to ensure that the Council devises new strategies to enhance its revenue collection and improve the status quo. The Committee also encourages the Town Clerk to enhance h \ Y ' 7 c efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report on the matter.

b) Operational Matters

i) Environmental Management - Poor Management of a Dumpsite

Response by the Town Clerk

The Town Clerk acknowledged the Auditor General Ð g ' c V g Y f stated that failure to fence and secure the dumpsite during the period under review was due to liquidity constraints. The Town Clerk reported that fencing of the dumpsite commenced in the last quarter of 2020 and the portion of the dump site that was currently in use had since been fenced off and secured from scavenging. The Town Clerk further reported that the project to fence the remainder of the site in extent of 15 hectares was on-going.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee observes with concern the failure by management to adhere to the *Environmental Management Act, No. 12 of 2011*. The Committee urges the Town Clerk to ensure that the Council devises new strategies to enhance its revenue collection and also to lobby for funds to complete the fencing of the dumpsite. The Committee awaits a progress report on the matter.

ii) Firefighting and Prevention Services

Response by the Town Clerk

The Town Clerk acknowledged the Auditor General's report that the Council was adequately equipped in the area of firefighting and prevention. The Council was equipped with the fire services listed hereunder.

1. Two fire engines;
2. Hydrants;
3. Nineteen fire fighters;
4. Six breathing apparatus;
5. Ten fire extinguishers;
6. Hydraulic rescue equipment;
7. Length of hoses;
8. Ladders; and
9. Appliance bay for two fire engines

Management submitted that it would continue to ensure that the fire station had the necessary equipment and staff in order to enhance the capacity of the brigade.

7 c a a] h Observations and Recommendations

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

iii) Accounting for Revenue – Failure to Collect Billboard Fees and Proceeds from Sale of Plots - K4,779,950

Response by the Town Clerk

The Town Clerk reported that the Council collected K791,019 billboard fees during the period under review. Further, during the period under review, ZESCO requested 300 plots on the understanding that ZESCO staff would get plots from the Council which would then be paid for by their employer and recoveries to be made from the employees over a period of time. The Council proceeded to number and survey 300 plots. However, the rate of response from ZESCO employees had been very slow with only 100 plots being taken up and paid for by ZESCO. Management submitted that the numbered and surveyed plots not taken up by ZESCO staff had since been advertised to members of the general public. The Town Clerk also reported that in order to maximise revenue and ensure sustainable urban development, management had developed a billboard policy. Further, the Council was implementing the following measures in the quest to broaden its local revenue base and reduce dependency on plot revenue:

- i. Council prepared a supplementary valuation roll to capture new developments in the district and also to include plant and machinery which had been exempted but were now rateable in the *Rating Act, 2018*.

- ii. The Council was one of the thirty three local authorities appointed as tax agents of the Zambia Revenue Authority (ZRA) to collect base, rental and turnover taxes.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is concerned over the poor handling of the sale of plots to ZESCO employees, resulting in the failure to collect budgeted revenue from the sale of the said plots after the Council invested in the survey and numbering of the plots. The Committee strongly urges the Town Clerk to ensure that all efforts are employed to sell the plots to members of the public and collect the outstanding revenue from the sales without fail. The Committee awaits a progress report on the matter.

iv) Management of Payroll – Failure to Recover Salary Advances K11,700

Response by the Town Clerk

The Town Clerk submitted that the query arose on account of failure to avail the required documentation at the time of audit. Further, the Town Clerk reported that amounts totalling K2,200 were not salary advances as cited but part payments made to liquidate arrears in respect of Z' Wc i b W] ` c f g Ð ` U ` ` c totalling K9,500 paid to four officers were recovered through the payroll. The Town Clerk had since strengthened controls in the Finance Department and Internal Audit in order to curb lapses in the management of advances.

7 c a a] h h Y Y Ð g s and Recommendations b

The matter is recommended for closure subject to audit verification.

c) Procurement of Goods and Services

i) Inadequately Supported Payments K110,714

Response by the Town Clerk

The Town Clerk submitted that the query arose on account of failure to avail the required documentation at the time of audit. The Town Clerk reported that the concerned officers were instructed to avail the file copies of the cited documents and the payments had since been supported. The Town Clerk reported that a robust filing system had since been established to ensure compliance and avoid recurrence of similar queries.

Cc a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and urges the Town Clerk to take disciplinary action against officers responsible for their failure to adhere to Local Authorities Financial Regulation No. 98 (1). The Committee, however, resolves to close the matter subject to audit verification.

ii) Unretired Accountable Imprest K25,500

Response by the Town Clerk

The Town Clerk submitted that amounts totaling K21,460 were not accountable imprest but consisted of the following:

- (i) Subsistence allowance for medical review Ğ K11,100
- (ii) Labour day awards for three officers Ğ K7,500
- (iii) Subsistence for valuation officer to collect the Valuation Roll from Lusaka Ğ K3,860

The Town Clerk reported that accountable imprest in amounts totaling K4,040 issued to officers had since being retired. The Town Clerk reported that Heads of Department had been instructed to ensure that support documents were availed without fail at the time of audit to avoid recurrence of similar queries,

7 c a a] h h Y Y Đ g s and Recommendations b

The matter is recommended for closure subject to audit verification.

iii) Irregular Payment of Sitting Allowance K15,415

Response by the Town Clerk

Town Clerk acknowledged the observation of the Auditor General and submitted that amounts totaling K15,415 paid to four officers for attending evaluation and procurement committee meetings had since been recovered. The schedule of recoveries was available for verification. The Town Clerk reported that the Council was not paying administrative allowances as per Cabinet Office Circular No. 11 of 2013.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee expresses concern at the failure by the Town Clerk to ensure that Cabinet Office Circular No. 11 of 2013 is strictly followed. The Controlling Officer is urged to take stern disciplinary action against the Town Clerk and his management team for failing to comply with Cabinet Circular. The Committee will await an update on the matter.

iv) Irregular Payment of Subsistence and Meal Allowances K14,120

Response by the Town Clerk

The Town Clerk submitted that subsistence and meal allowances in amounts totalling K14,120 paid to seven officers for activities carried out within the district boundary had since been recovered. The recoveries were instituted through payroll as per attached schedule. The Town Clerk reported the Council was no longer paying subsistence and meal allowances to officers undertaking activities within the district boundary.

7 c a a] h h Y Y Đ g s and Recommendations b

In noting the submission, the Committee expresses dismay that Cabinet Office Circular Minute dated 30th December 2015 is being ignored by management at the Council with impunity. The Committee, therefore, calls for disciplinary action to be meted out against the Town Clerk and all other officers responsible for the irregular payments. The Committee seeks an update on this matter.

v) Irregular Payment for Accommodation and Meals K34,960

Response by the Town Clerk

Town Clerk submitted that the query arose on account of failure by the Council to settle an officer by paying settling-in-allowance upon reporting on first appointment or on transfer from another station in line with Section 183 of 1996 Local Government Conditions of Service. The Town Clerk submitted that officers were no longer being accommodated but were settled on arrival through prompt payment of settling-in allowance. The Town Clerk reported that it had set aside funds to pay part payment of settling - in -allowance upon arrival. The balance was paid as and when funds were available on a first-in-first-out basis.

7 c a a] h h Y Y Đ g s and Recommendations b

In noting the submission, the Town Clerk is cautioned by the Committee to ensure that Section 183 of 1996 Local Government Conditions of Service is strictly followed to avoid recurrence. Meanwhile, the Controlling Officer is urged to institute disciplinary action against the Town Clerk and his team for this failure. A progress report is being awaited by the Committee.

vi) Failure to Deduct Tax K77,906

Response by the Town Clerk

The Town Clerk submitted that tax deductions from the settling in allowances were made in line with the *Income Tax Act, Chapter 323 of the Laws of Zambia*. The Town Clerk also reported that in order to be fully compliant with the *Income Tax Act, Chapter 323 of the Laws of Zambia*, the Council was reconciling accounts with ZRA and was in the process of reaching agreement on a payment plan to liquidate tax liabilities.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee expresses concern at the failure by management to adhere to the *Income Tax Act, Chapter 323 of the Laws of Zambia*. He is directed to caution officers who failed to avail details relating to this transaction to auditors during the time of audit. An update is awaited by the Committee.

vii) Irregular Drawing of Fuel K24,158

Response by the Town Clerk

The Town Clerk submitted that fuel was indeed drawn by vehicles registration number ALV 1397 and BAB 7122. The Town Clerk clarified that the vehicle registration numbers BAB No??? and ALV 1397 were project and pool vehicles respectively at the time of audit. The Office of the Mayor and the Office of the Town Clerk did not have a ceremonial and personal to holder vehicle respectively. The Town Clerk also informed the Committee that it had procured a ceremonial vehicle for the Office of the Mayor. Further, the Town Clerk reported that the Council had budgeted for a personal to holder vehicle for the Office of the Town Clerk to avoid a recurrence of similar queries.

~~7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b~~

The matter is recommended for closure subject to audit verification.

d) Management of Liabilities

i) Failure to Settle Overdraft K1,032,032 (Principal - K750,000 and Interest - K282,032)

Response by the Town Clerk

The Town Clerk acknowledged the Auditor General Ð g ` c V g Y f j U h] c b ` the b X ` g i V Council had not settled the overdraft which had accumulated to K1,032,032 (Principal - K750,000 and Interest - K282,032). The Town Clerk reported that the Council was currently servicing the interest obligations and was committed to remain current on the both the interest and settle the principal from proceeds from the second half-year billing of owner rates.

~~7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b~~

In noting the submission, the Committee sternly cautions the Town Clerk to ensure that he desists from obtaining unauthorised bank overdrafts which is tantamount to over committing Government. The Committee directs him to ensure that the amount is settled within the year 2021 to avoid accumulation of more interest. The Committee resolves to await a progress report on the matter.

ii. Failure to Remit Statutory Obligations K12,706,334

Response by the Town Clerk

The Town Clerk reported that the failure to remit statutory obligations on time was on account of unreconciled accounts with statutory bodies coupled with cash flow problems. The Town Clerk further reported as follows:

- < The Council was at reconciliation stage with a view of reaching agreement on a payment plan with ZRA;
- < The Council was current and reconciling historical debt with LASF;
- < The Council was in talks with NAPSA with a view of reaching agreement on a debt swap with land.

The Town Clerk reported that the plan was to remain current and enter into payment plans to liquidate historical debt with the three statutory bodies.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Town Clerk is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Secretary to the Treasury is also urged to consider liquidating the debt on behalf of councils in order to relieve them of this historical burden. The Committee resolves to await a progress report.

iii. Failure to Settle Staff Obligations K972,227

Response by the Town Clerk

The Town Clerk reported that the failure to settle staff obligations at the time of audit was on account of cash flow problems. The Town Clerk further reported as follows:

- (i) The Council had a payment plan in place and informed the Committee that as at December, 2020, outstanding staff obligations in respect of terminal benefits had reduced to K691,311.45
- (ii) The Council was on course and paid settling-in allowance totaling K203,44.29 as at December 2020.

No.	Details	Amount K	Amount Paid to date	Balance (K)
1	Terminal Benefits	736,199	91,294.62	692,311.45
2	Settling-in-Allowance	236,028	204,044.97	31,983.71
	Total	972,227	295,338.91	724,295.16

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee urges the Council Secretary to ensure that all outstanding liabilities relating to staff obligations are paid without undue delay. The Secretary to the Treasury is also urged to consider liquidating the debt on behalf of councils in order to relieve them of this historical burden. The Committee resolves to await a progress report on the matter.

8.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Town clerk responded as set out below.

a) Budget and Income

Response by the Town Clerk

The Town Clerk submitted that most of the properties on the valuation roll were of a residential nature where the response was low and there was low response in acquiring occupancy licences and title deeds as this income is not enforceable. The Council created 492 plots in Kasenengwa Constituency prior to its establishment as a district. These were categorised as follows; 135 high cost plots at K7,500 per plot, totaling K 1,080,000, 173 medium cost plots at a premium of K 5,000 per plot totaling K 916,900 and 136 low cost plots at a premium of K 3,000 per plot totaling K 435,200 . However, Chipata City Council could not create additional plots as budgeted due to non-availability of land as a result of the newly created districts. It was not possible to collect all the budgeted income from the charges (plot related fees) and fees and charges as some of these revenue inflows were to be collected by the two new districts, Kasenengwa and Chipangali. The Council had also budgeted to create new plots after acquiring land through purchase from private owners, but this did not happen due to the 7 c i b W [quidity] g ' `] challenges. The Town Clerk also submitted that sensitisation of the public on the importance of paying fees and charges had been enhanced. Furthermore, the Council had continued to conduct promotions through the partial and temporary reduction of occupancy license and title deed fees to stimulate and encourage response from the community. In an effort to ensure that Council collected rates as reflected on the valuation roll, warrants of distress had continued to be issued to defaulting clients. The Town Clerk submitted that warrants of distress would continue to be served on defaulting clients to ensure there was compliance.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee observes with concern the huge negative variance on revenue projected against what was actually received by the Council. The Town Clerk is urged to ensure that the Council devises new strategies to enhance its revenue collection and improve the status quo. The Committee also directs the Town Clerk to enhance its efforts of sensitising the community on the importance of paying rates, fees and other council charges. The Committee awaits a progress report on the matter.

b) Environmental Management Ę Illegal Use of Dumping Site

Response by the Town Clerk

The Town Clerk submitted that at the time the site at Kagunda was selected, the area was undeveloped and no houses were built around it. Due to non-availability of immediate alternative

land at that time to be used as disposal site, the site was selected for temporary use so as to prevent indiscriminate disposal of waste in the city. ZEMA instructed the Council to decommission Kagunda dump site in 2018. The Council continued using the Kagunda disposal site while scouting for land to develop an engineered landfill within Chipata district. In the years 2018 and 2019, the Council had sourced an alternative site in Kapatamoyo area to develop an engineered landfill. However, during the land acquisition process with traditional leaders, Chipangali district was created and the Kapatamoyo area which was earmarked for the project became part of Chipangali and not Chipata, hence the Council changed course and sought for alternative land within Chipata district. This process resulted in the lapse of the time within which ZEMA had instructed the Kagunda dump site should be decommissioned. When the option above was no longer attainable, the Council approved the purchase of an alternative land to be used as a landfill from Reformed Church of Zambia in Madzimoyo area under minute number PWDREHESS/406/06/19, the approval by the Council was given on 12th July, 2019. The option also did not materialise because of the overwhelming number of settlers on the said land. Currently, the Town Clerk submitted that a joint site had been identified which would be developed into an engineered landfill (Controlled Dumping Site) in the Joint Integrated Development Plan (JIDP) for Chipata City Council, Chipangali and Kasenengwa Town Councils running from 2021 to 2030. This facility would be used by the three councils as a final disposal for all waste generated from the Integrated Development Plan areas. The JIDP was developed and validated by the three local authorities at the meeting held on the 22nd October, 2020. This was in line with the *Solid Waste Regulation and Management Act, No. 20 of 2018*. The Town Clerk also reported that the decommissioning of the current dump site would be prioritised once all the necessary logistics for the new landfill had been finalised. Under minute PWDREHESS/711/05/20 the Council approved the acquisition of 15 hectares of land for the establishment of a dumpsite using the capital component of the Local Government Equalisation Fund budget.

Further, the Town Clerk reported that he would strictly adhere to the instruction given by ZEMA in accordance with the provisions of the Environment Management Regulations, Statutory Instrument No 112 of 2013 and the *Solid Waste Regulation and Management Act, No 20 of 2018*. To mitigate pollution into the nearby water bodies from the current Kagunda dump site, the Council had a monthly maintenance bulldozing programme to ensure that waste was controlled at the dump site using earth moving machinery.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee urges the Town Clerk to ensure that a permanent and technically sound dumpsite is secured without undue delay. The Committee awaits a progress report on the matter.

c) Accounting for Revenue

i. Unaccounted for Funds K45,900

Response by the Town Clerk

The Town Clerk submitted that the Council had since recovered, through cash deposits into the Chipata City Council Investment Account, an amount of K 34,800 out of the K45,900 and would

ensure that the balance of K 11,100 was recovered by 31st March, 2021 through cash/ bank deposits. The Town Clerk submitted that he would ensure that all expenditure transactions were undertaken in accordance with financial regulations.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee directs that the matter be reported to law enforcement agencies for further investigations forthwith, and that the remaining amount be recovered without any further delay. Further, disciplinary action should be taken against all officers responsible for this irregularity. The Committee awaits a progress report on the matter.

ii. Delayed Banking K13,364

Response by the Town Clerk

The Town Clerk submitted that the delayed banking was due to the distances between the civic centre and the revenue collection points. The other cause was that some commission based revenue collectors delayed to cash in the collected monies. The Town Clerk submitted that delayed banking had since been addressed by ensuring that all the cashiers deposited funds on the same day of collection. Further, the Town Clerk submitted that he had since terminated the contracts for the commission-based revenue collectors who were delaying the process of banking. The Town Clerk submitted that he would ensure that banking was done on time.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b **and Recommendations**

The Committee notes the submission and urges the Council Secretary to take disciplinary action against the officers responsible for the failure to adhere to Local Authorities Financial Regulation No. 19. An update is being awaited by the Committee.

iii. Missing Receipt Books

Response by the Town Clerk

The Town Clerk submitted that the missing receipt books were due to two commission-based revenue collectors who left employment without surrendering the receipt books. The Town Clerk submitted that the matter was reported to Zambia Police with a view of retrieving the missing receipt books from the two. The two former employees were working on 20% commission basis. The Council would ensure that the employees leaving the Institution surrendered all properties to the Council before they were cleared.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b **and Recommendations**

The Committee observes that the internal controls at the Council are very weak. The Committee urges the Town Clerk to take remedial measures aimed at strengthening the internal controls and enhance good financial management. The Committee awaits a progress report on the matter.

iv. Failure to Collect Receivables K6,713,958

Response by the Town Clerk

The Town Clerk submitted that the non-collection of the outstanding receivables was due to poor response and low compliance levels from various clients. He also reported that the Council had collected K 3,895,059 in the year 2020. However, the year 2020 came with challenges of gassing activities in the first quarter and the Covid-19 pandemic, therefore making it difficult to enforce revenue collection. The Council would ensure that all the outstanding receivables were collected from clients.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee observes with concern the failure by the Town Clerk to collect receivables despite grappling with liquidity problems. The Town Clerk is urged to ensure that the Council devises new strategies to enhance its revenue collection and improve the status quo. The Committee also directs the Town Clerk to enhance sensitisation of the community on the importance of the payment of rates, fees and other council charges. The Committee awaits a progress report on the collection of the outstanding receivables in full.

d) Management of Assets - Lack of Title Deeds

Response by the Town Clerk

The Town Clerk acknowledged that some title deeds for some Council properties got lost, some of the title deeds were in the process of being acquired from the Ministry of Lands and Natural Resources. The Council had made payments to the Ministry of Lands and Natural Resources amounting to K14,568.11 on cheque number 002613 dated 15th February 2021 for the purpose of obtaining title deeds which were lost and for those which had not been obtained. The Council would ensure to expedite the process of obtaining Title Deeds for the properties.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee observes with concern the 7 c i b Waxity Regarding the security of its properties. The Committee strongly urges the Council to ensure that all its properties are secured with title deeds and insured to guarantee ownership and to avoid any possible loss. The Committee awaits a progress report on the matter.

d) Management of Constituency Development Fund - Procurement of Drilling Rig for Chipangali Town Council

Response by the Town Clerk

The Town Clerk submitted that at the time of delivery and inspection of the rig, the said component could not be seen and was, therefore, accounted for as undelivered. The Town Clerk submitted that the non-delivery of the missing component was detected and recorded in the d f Y g Y b WY ' c Z ' h \ Y ' g A follow up letter was written to the Ministry of Local j Y " ' Government regarding thY ' a] g g] b [' U b X ' i b X Y '] j Y f Y X ').Whea d c b Y b

Council would ensure that all procured items were delivered by suppliers with all the items being accounted for at the time of delivery.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

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

f. Management of Liabilities

i. Failure to Remit Statutory Obligations K25,661,705

Response by the Town Clerk

The Town Clerk submitted that after Chipata City Council was upgraded to a city status, the Council started facing liquidity challenges and could not meet its obligations as they fell due as result of the increased obligations such as salaries and service delivery requirements. In addition, the creation of the new districts created a gap in the budgeted revenue as part of the anticipated revenues was taken over by the new districts. The Town Clerk submitted that he had since started taking measures to improve on the financial position of the Council and financial capacity by doing the following:

- < the Council had liquidated a long standing overdraft with Indo Zambia Bank, thereby serving approximately K600,000 in interest costs per annum; and
- < the Council had received the Rating Valuation Tribunal Award regarding the 2019 Main Valuation Roll. This income coming from property rates would go towards service delivery and other requirements such as statutory obligations.

The Council would ensure that outstanding statutory obligations were settled as and when funds were available.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Committee urges the Council Secretary to ensure that all available options are employed for the payment of all statutory obligations without any further delay. The Secretary to the Treasury is particularly urged to consider liquidating the debt on behalf of councils to relieve them of this historical burden. The Committee awaits a progress report.

ii. Failure to Settle Staff Obligations

Response by the Town Clerk

The Town Clerk submitted that after the Chipata City Council was upgraded to city status, the Council started facing liquidity problems and could not meet its obligations as they fell due as result of the increased obligations such as salaries and service delivery requirements. In addition, the creation of the new districts created a gap in the budgeted revenue as some of the revenue

lines were taken over by the new districts. The Town Clerk submitted that during the year 2020, the Council paid K42,483 Long Service Bonus, K318,479 Terminal Benefits, K81,034 Subsistence Allowance and K254,253 Settling in Allowance. The Council would ensure that it prioritised payment of outstanding staff obligations as and when funds were available.

7 c a a] h h Y Y ~~Diagnoses and Recommendations~~

In noting the submission, the Committee urges the Town Clerk to ensure that all outstanding liabilities relating to staff obligations are paid without undue delay. He is also encouraged to explore all available options, including lobbying for more funding from the Treasury to expedite the process. The Secretary to the Treasury is particularly urged to consider liquidating the debt on behalf of councils to relieve them of this historical burden. The Committee resolves to await a progress report on the matter.

Chirundu Town Council

Paragraph 9

9.1 Audit Findings

An examination of accounting and other records maintained at the council for the financial years ended 31st December, 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Council Secretary responded as set out below.

a) Budget and Income

Response by the Council Secretary

The Council Secretary acknowledged the negative variance of K8, 860,110 arising from the 2018 and 2019 budgets and income. She then submitted as set out below.

C k b Y ~~Rates~~ Revenue

The negative variance of K I, 322, 341 was attributable to Owner's Rates revenue which was budgeted for in 2018 and 2019 in anticipation for the approval of the valuation roll which had an upward adjustment. However, the roll was only approved in 2020, hence the negative variance.

Fees and Charges

The negative variance from Fees and charges amounting lo K I, 490,01 7, arose as a result of the Council having budgeted for this amount in anticipation that the Council would realise more revenue out of the creation of new plots and survey, which were not realised in 2018 due to land disputes.

Charges

The Council Secretary acknowledged the adverse variance of K6, 673, 281 attributable to charges budgeted for in anticipation for creation of plots and survey which were not

realised in 2018 due to land disputes and hence the under-collection. While the underfunding of National Support was only funded for eleven months in 2018 and ten months in 2019 instead of twelve months during the period under review. This was support from the National Treasury through the Ministry of Local Government. The Council had since resolved the land disputes in some parts of the district and issuance to would be developers done. The Council had also continued to engage with the traditional leadership to have the township boundary clarified and extended.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the efforts made by the Council Secretary and urges her to ensure that budgets were realistic and based on detailed analysis of the revenue base so as to avoid failure. The Committee urges the Council Secretary to ensure that turn-around strategies are devised to ensure adequate resources are available to enable the Council to deliver on its mandate. The Committee resolves to close the matter.

Operational Matters

i. Environmental Management

Response by the Council Secretary

The Council Secretary submitted that due to cost implications, the Council regrettably could not undertake the capital project. The Council had included in the 2021 budget a provision for the procurement of a fence to restrict access to the dump site and the bill of quantities had since been prepared. The Council had enhanced security patrols through recruitment of guards and constructed a guard house at the dumpsite.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and urges the Council Secretary to ensure that the dumpsite is secured by way of fencing and enforcing security without undue delay. The Committee awaits a progress report on the matter.

b) Accounting for Revenue - Unaccounted for Revenue K979,595

Response by the Council Secretary

The Council Secretary submitted that documents were misfiled among archived documents at the time of audit. The reconciling documents for the unaccounted funds at the time of audit had been traced and the funds accounted for. The Council had strengthened the filing system to avoid this regrettable occurrence in addition to staff retraining in records management.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Committee urges the Council Secretary to ensure that officers who misfiled the documents are disciplined. The Committee awaits a progress report on the matter.

Procurement of Goods and Services – Unaccounted for Stores K44,766 (general stores - K30,665 and fuel - K14,101)

Response by the Council Secretary

The Council Secretary submitted that supporting documents were not appropriately filed at the time of audit. The receipt and disposal details for fuel amounting to K 14,101 and general stores amounting to K30, 665.00 had since been traced, adequately supported and accounted for. The Council had demanded timely filing of documents from respective officers.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Council Secretary is urged by the Committee to ensure that officers who misfiled the documents are disciplined for this failure. The Committee will await a progress report on the matter.

Management of Assets -Lack of Title Deeds

Response by the Council Secretary

The Council Secretary submitted that obtaining of title deeds for its properties was not concluded during the period under review. The Council had written recommendation letters to the Commissioner of Lands and invitations to treat had since been secured awaiting issuance of offer letters that would culminate into issuance of title deeds. Further, records had been retrieved from archived documents indicating the insurance of motor vehicles. The Council had ensured that all its moveable assets were insured and title deeds for other properties processed.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee observes with concern the laxity by the Council Secretary in ensuring that Council property is secured with title deeds and insurance cover. The Committee urges the Council Secretary to ensure that the process of obtaining title deeds and insuring all council properties is done expeditiously to avoid possible loss. The Committee awaits a progress report on the matter.

c) Management of Liabilities -Failure to Remit Statutory Obligations K3,906,520

Response by the Council Secretary

The Council Secretary reported that the Council could not pay the outstanding debts due to liquidity constraints. The Council had started liquidating statutory obligations and had so far made notable progress as shown in the table below.

Institution	Amount Due	Amount Paid	Balance (K)
Zambia Revenue Authority	3,670,187.66	120,000.00	3,550,187.66
NAPSA	236,336.00	142,576.62	93,759.26
TOTAL	3,906,509.66	262,576.62	3,643,946.92

The Council had taken measures in servicing its debt through monthly allocations based on payment plans, while maintaining its current obligations at gross payable amounts.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Council Secretary is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without undue delay. She is also encouraged to explore all available options, including debt swaps, to expedite the process. The Secretary to the Treasury is particularly urged to consider liquidating the debt on behalf of councils to relieve them of this historical burden. The Committee resolves to await a progress report on the matter.

Chitambo Town Council

Paragraph 10

10.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December, 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Council Secretary submitted as set out below.

a) Budget and Income K11,528,120 Negative variance

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ` G Y Wf Y h U f m' U [f Y Y X ' k] h \ ` h \ Y ' 5 i X] h c f of K11, 528,120 and reported that the variance totaling K33, 676 which he stated was as a result of over budgeting on personal levy under local taxes and non-remittance of personal levy amounting to K17,280 from the central Government. The variance of K900,000 was as a result of budgeted application forms from the sale of plots. This was not realised due to poor response from the general public, which also had the effect on the charges, resulting in the variance of K4, 290,958. Further, the Council Secretary reported that levies were over budgeted and the Council could not realise the other income totaling K1,946,406 from commercial ventures because of non-implementation of the projects. The variance amounting to K4, 018,735 was as a result of non-remittance of National Support. He furthermore reported that the Council carried out an assessment on the number of employees in the district who were eligible to pay personal levy. The Council re advertised the residential plots and created small holdings which were preferred in comparison to the residential plots. The Council Secretary also submitted that, going forward, it would budget realistically and prudently.

In noting the submission, the Council Secretary is urged by the Committee to ensure that realistic targets are set in the budget and that efforts are enhanced to ensure maximum collection of revenue to help resolve the liquidity problems and dismantle the debt. The matter is recommended for closure subject to audit verification.

b) Operational Matters

i) Failure to Develop an Integrated Development Plan

Response by the Council Secretary

The Council Secretary submitted that the Council did not have an Integrated Development Plan because of financial constraints. However, the Council had budgeted for the development of an Integrated Development Plan in the year 2021 and would commence the process once the budget was approved. Once the Integrated Development Plan was developed, the Council would ensure that the document was reviewed periodically to ensure that it was in line with the vision of the District.

The Committee notes with concern the failure by the Council to put in place an Integrated Development Plan. To this end, the Council Secretary is sternly cautioned to ensure that planning at the local authority needs was guided by this important document and hence it must be expeditiously finalised and operationalised. The Committee resolves to await a progress report on the matter.

ii) Environmental Management Ę Poor Management of the Dumpsite

Response by the Council Secretary

The Council Secretary submitted that the site being used as a dumpsite was just a temporary area. A permanent site had been identified and management felt it would not be prudent to invest a lot in a temporary area. However, Council had budgeted to address all the issues raised on the permanent site. The Council Secretary also reported that the permanent site had been proposed and ZEMA had since carried out an Environmental Impact Assessment on the proposed site. The Council was currently waiting for the report from ZEMA. The Council further reported that it would fence off the dumpsite and secure it from unauthorised persons and display the necessary warning signs to alert the general public of the dumpsite once it was developed at the permanent site which would be approved by ZEMA.

The Committee notes the submission and urges the Council Secretary to expedite the process of acquiring a permanent dumping site without any further delay. The Council Secretary is strongly

urged to ensure that she acts expeditiously to avoid disease outbreaks that may arise due to the dumping of refuse at an unsafe site. The Committee will await a progress report on the matter.

c) Management of Stores - Unaccounted for Fuel - K40,088

Response by the Council Secretary

The Council Secretary submitted that the unaccounted for fuel coupons were misplaced due to lack of store room and lockable cabinets. The Council Secretary reported that it had since traced the disposal details and these were ready for verification. The Council Secretary further reported that the Council had since commenced the building of the Council offices where it intended to use one of the rooms as a store room and had in the meantime procured a lockable cabinet for storage of some of the documents.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Council Secretary is urged by the Committee to ensure that officers who misfiled the documents are disciplined for this failure. An update on disciplinary action is being awaited by the Committee.

Management of Assets - Lack of Title Deeds

Response by the Council Secretary

The Council Secretary submitted that the land documents were not handed over to the Council by the parent Council which was Serenje Council at the time Chitambo was declared a district. The Council Secretary also reported that management had been making follow ups with the parent Council with regard to the title deeds. The correspondence was available for verification. The Council Secretary further reported that management would ensure that it obtained the title deeds for all its properties.

7 c a a] h h Y Y Ð g s and Recommendations b

The Council Secretary is urged by the Committee to ensure that all its properties are secured with both title deeds and insurance cover without any further delay. The Committee will await a progress report on the matter.

d) Management of Local Government Equalisation Fund - Misapplication of Funds

Response by the Council Secretary

The Council Secretary submitted that the funds were used to finance council operations in 2018 because the Local Government Equalisation Fund was not received for the month of June. Management had since reimbursed K200,000 and further, Council management had committed to remit K50,000 per month in order to offset the amount. The payment voucher was available for audit verification. She also reported that management would ensure the Council did not utilise the capital funds on other expenditures other than capital expenditure.

Committee's Findings and Recommendations

The Committee sternly cautions the Council Secretary to strictly follow the provisions of the *Local Government (Amendment) Act, No.12 of 2014*. The Committee will await a progress report on the matter.

e) Management of Liabilities

i) Failure to Remit Statutory Obligations K1,254,686

Response by the Council Secretary

The Council Secretary submitted that it was as a result of financial challenges that it was unable to settle the ZRA bill. She also informed the Committee that management had since cleared the NAPSA and LASF outstanding amounts as at 31st December, 2019. The payment vouchers were available for verification. The Council had a payment plan with ZRA and was currently paying K15,000 the payment vouchers were available for verification.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Council Secretary is urged by the Committee to ensure that all outstanding liabilities related to statutory obligations are paid without undue delay. The Committee further encourages the Council Secretary to explore all available options, including debt swaps, to expedite the process. The Secretary to the Treasury is particularly urged to consider liquidating the debt on behalf of councils to relieve them of this historical burden. The Committee resolves to await a progress report on the matter.

ii) Failure to Settle Staff Obligations K406,298

Response by the Council Secretary

The Council Secretary submitted that it was as a result of financial challenges that it was unable to settle the outstanding amounts. The Council was currently paying K10,000 towards the outstanding staff obligations and payment vouchers were available for verification. He also submitted that management had embarked on commercial ventures such as rice production, block making and a lodge to ensure it did not depend solely on Government support in the near future.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Council Secretary is urged by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without undue delay. The Secretary to the Treasury is particularly urged to consider liquidating the debt on behalf of councils to relieve them of this historical burden. The Committee resolves to await a progress report on the matter.

a) Budget and Income K15,580,541

Response by the Town Clerk

Local Taxes, Fees and Charges and Permits

The Town Clerk reported that the negative variances on these revenue streams were due to budgeting based on projected local taxes which could not be realized because of reduced economic activities consequent to drought of the 2018/2019 rainy season. This resulted in a reduction of people's income and closing of business premises due to the drought vicious circle.

National Support

The Town Clerk reported that for the Local Government Equalisation and Constituency Development Funds, the council was only funded for ten months instead of twelve months during the period under review from the National Treasury through the Ministry of Local Government.

Local Taxes

The Town Clerk reported that it had updated its data base from businesses on personal levy, and had since issued and distributed demand notices to debtors for property rates to improve collection efficiency of receivables within the District.

Fees and Charges and Permits

The Council reported that it had updated its data from business communities detailing number of clients, numbers of payers and Business entities to have a reliable database of clients within the District.

The Council had since developed budget mechanisms that were informed by reliable database systems that incorporated trend analysis and cash flow forecasts to avoid over budgeting on permits, fees and charges and local taxes. Further, the Council had constituted a Taskforce Team responsible for improving revenue collection efficiency, especially in collection of fees and charges in the District. Further, the Council had instituted community sensitisation to the members of the public on the importance of paying taxes and the benefits that come in return.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee observes with concern the negative variance between the projected receipts on various revenue types and actual collections. The Town Clerk is urged to ensure that the Council devises new strategies to enhance revenue collection and improve the status quo. The Committee also encourages the Town Clerk to enhance efforts in sensitising the community on the importance of paying of rates, fees and other council charges. The Committee resolves to await a progress report on the matter.

b) Operational Matters - Environmental Management

1. Poor Management of Dumpsite

- i The dumpsite was not fenced to restrict access from unauthorised persons and the Council did not compact or cover the waste disposed;**

Response by the Town Clerk

The Town Clerk informed the Committee that the decision letter from Zambia Environmental Management Agency had been obtained to operate the dumpsite. The Council had also deployed watchmen to man the dumpsite to enforce security around the area. The Town Clerk further submitted that the Council did not have equipment for compacting solid waste during the time of the audit and hence they engaged Zambia National Service (ZNS) for the service of solid waste compacting. At the time of the audit, the compacting had already been done and the next scheduled compacting had not yet been done. The Council had engaged ZNS to consider increasing the frequency at which compacting of solid waste was carried out. The covering and compacting of the dump site for the period under review was done and the evidence were availed for audit and actual dumpsite was verified with the matter recommended for closure. The Council had planned to purchase its own equipment to be used at its dumpsite in future. An extract of the Budget to support this was available for audit verification.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee bemoans the failure by the Council to adhere to both the *Environmental Management Act, No. 12 of 2011* and the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013. The Town Clerk is urged to expedite the process c Z U We i] f] b [h \ Y 7 c i b W] ` Đ g ` c k b ` Wc a d t Wh] b [ensure that he acts expeditiously to avoid disease outbreaks that may arise due to the unsafe environment. The Committee will await a progress report on the matter.

- i) Failure to Collect Franchise Fees K13,500**

Response by the Town Clerk

The Town Clerk submitted that the contracts for the three companies which were engaged in collection of solid waste, Mamonisi Loss Control Services and General Contractors, Pyanga Limited and Youth Power Africa were not honoured by the three contractors because of failure to pay the Council an advance payment of K4, 500 every six months and hence being in breach of the contract. The Council terminated the contracts and demand notices were issued to the companies for the collection of these funds. Further, the Council reported that it had collected K 2000 leaving a balance of K1 1,500 and had issued demand notices to the contractors.

S/No	Company Name	Amount (ZMW)	Balance (ZMW)
1	Pyanga Contractors	4,500	2,500
2	Mamonisi Loss Control Services and General Contractors, Pyanga Limited	4,500	4,500
4	Youth Power Africa	4,500	4,500
Total		13,500	11,500

Town Clerk reported that the Council had since acquired and had in use its own skip truck tractors and a Tata truck to collect solid waste and the same equipment could be used for compacting.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the response, the Committee urges the Council to ensure that all the outstanding amounts relating to franchise fees are recovered without any further delay. The Committee awaits a progress report on the matter.

c) Accounting for Revenue

i) Delayed Banking K48,852

Response by the Town Clerk

The Town Clerk submitted that the collected revenue from various collection points, especially in remote parts of the district, was not deposited on time as collection to the main cashier at the Civic Centre was done on scheduled days. He reported that a review of contracts with revenue agents in various outlying areas who were paid commissions for the collections had been undertaken, making them performance based. Additionally, orientation of newly recruited and existing staff was carried out. Further, contracts for those revenue agents who did not adhere to the Local Authorities Financial Regulation No. 19 (I) had been terminated. The Council had devised a system where revenue collectors at check points in remote areas now deposited funds directly into the Choma Municipal Council Market Account using ZANACO Express Agents and Zamtel Mobile Money Platform.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee urges the Council Secretary to take disciplinary action against officers responsible for the failure to adhere to Local Authorities Financial Regulation No. 19 (I). The Committee resolves to await a progress report

ii) Failure to Collect Revenue ĘTelemasts K9,050

Response by the Town Clerk

The Town Clerk submitted that the towers which had been queried were not ascertained in respect of the geographical location among the three districts, namely Kalomo, Namwala and

Choma. In this instance, Kalomo and Namwala were also claiming ownership of the land where these towers were located, resulting in the non collection of the fees. He also submitted that a joint operation was done among the three Councils to resolve the dispute and this was resolved on 11th February 2021, after which the communication tower operators were informed of the decisions as to who would be collecting the levy for the specific tower. The Council reported that matters of geographical location for construction of telemast towers would henceforth be dealt with before commissioning.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

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

d) Management of Assets - Lack of Title Deeds

Response by the Town Clerk

The Town Clerk submitted that the properties were not on title because the survey diagrams were not yet paid for and processed from the Ministry of Lands and Natural Resources at the time of audit. The Council reported that it had since paid for Invitations to Treaty and secured offer letters from the Ministry of Lands and Natural Resources for the properties. Further, processing of insurance cover for council properties that were not insured was at procurement stage. The insurance of motor vehicles for the period under review was done and the evidence was availed and verified by the Office of the Auditor General.. The Town Clerk promised that going forward, he would ensure that any that acquired properties were properly titled and insured accordingly.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee urges the Town Clerk to submit all relevant documents for audit verification and ensure that outstanding titles deeds are obtained and the properties subsequently insured. The Committee awaits a progress report on the matter.

e) Failure to Remit Statutory Obligations K18,314,028

Response by the Town Clerk

The Town Clerk reported that the inability to settle the outstanding statutory obligations was due to inadequate resources during the period under review. The Council had engaged the statutory bodies in question on possible debt swaps. The Council had also reduced its outstanding obligations as shown in the table below.

No.	Institution	Amount K	Amount Paid o date	Balance	Status Remarks
1	ZRA	8,082,840		8,082,840	Under going agreement Process

12	LASF	2,620,602	100,000	2,520,602	Settled on paying minimum of K20, monthly on ears.
PEV	NAPSA	7,610,586		7,610,586	Under going agreement process
	Total	18,314,028		18,214,028	

The Town Clerk submitted that the statutory bodies had been engaged in an effort to have the accrued penalties waived, leaving principal amounts on obligations to ease the debt status of the local authority and current bills would henceforth be settled as and when they fell due.

7 c a a] h h Y Y Đ g s and Recommendations b

In noting the submission, the Town Clerk is directed by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available options, including debt swaps to expedite the process. The Secretary to the Treasury is also urged to consider paying off this historical debt on behalf of the Council to relieve it of this burden. The Committee resolves to await a progress report on the matter.

Chongwe Municipal Council

Paragraph 12

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Town Clerk responded as set out below.

a) Budget and Income K15,836,247 Negative Variance

Response by the Town Clerk

The Town Clerk reported that the budget was based on the anticipated new Valuation Roll that was expected to be completed in 2019 but could not be completed during the period under review due to procedural matters in implementing the exercise. He also submitted that there was no updated data base to determine the number of people due for personal levy in the district. He further informed the Committee that the non-collection of charges was as a result of non-issuance of plots to the general public as anticipated in the budget. The under collection on other income was as a result of under budgeting as unbudgeted for funds in the name of change of land use and subdivisions was realised. The Town Clerk pointed out that the under collection of national support was as a result of erratic funding from the national Treasury. The national Treasury through the Ministry of Local Government funded only eight instead of twelve months during the period under review. The Council had reached an advanced stage to conclude the valuation roll which expired in 2019. The logistics for the preparation of the Valuation Roll had now been paid for. The Council was also in the process of issuing out land to the general public

and also open up a lot of areas for economic development. A revenue taskforce had been formulated to improve collection efficiency and mobilise the collection of all the revenue. In regard to unbudgeted revenue, Council management had since captured it in the 2021 budget and there had been consistent funding of national support from the national Treasury from January, 2020. The Council would make sure that the constituted Taskforce was focused on improving revenue collection and ensuring that there was constant engagement with the community on matters regarding payment of Council fees and charges so as to minimise misunderstandings. Furthermore, the bills were now printed and distributed on time to enable residents to pay through the banking system.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Town Clerk is directed by the Committee to ensure that realistic targets are set in the budget and that efforts are enhanced to ensure maximum collection of revenue to help resolve liquidity and dismantling of debts in time. The Committee resolves to wait for an update on the matter.

b) Operational Matters

i) Environmental Management

Response by the Town Clerk

< Unfenced Dumpsite

The Town Clerk reported that the fence around the dumpsite had been vandalised during the period under review. The Town Clerk further reported that the Council was in the process of moving the dumpsite to a new location that had been identified. The Council had also included the cost of the new dump site in the **2021** budget. The Council had deployed watchmen to guard the dumpsite to avoid further vandalism.

< No Warning Signs

The Town Clerk reported that during the period under review the warning signs were vandalised by the local people. The Council had since put up the warning signs for the dumpsite to warn the general public of the existence of the dumpsite and to restrict access by unauthorised persons. The Town Clerk informed the Committee that he had deployed watchmen to guard the dumpsite to avoid further vandalism.

< Compacting the Dumpsite

The Town Clerk submitted that the Council engaged Zambia National Service (ZNS) twice a year to provide the service of solid waste compacting. At the time of the audit, the compacting had already been done in January and the Council were waiting to compact again in August. The Council had engaged ZNS to carry out compaction of solid waste and it would henceforth be

done quarterly. The letter to ZNS was available for verification. The Council had planned to purchase its own dumpsite equipment to be used in future.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission but the Town Clerk is directed to ensure that all the outstanding issues, including compacting, installation of warning signs, and fencing of the dumpsite were attended to without any further delay. In the same vein, it is the view that all these issues may be adequately resolved once a new and permanent dumpsite is secured. The Committee, therefore, urges the Town Clerk to ensure that a new dumpsite is secured without any undue delay. The Committee will await a progress report on the matter.

ii) Inadequacies in Provision of Fire fighting and Prevention Services

Response by the Town Clerk

The Town Clerk informed the Committee that although the Council had a firefighting unit, it was observed that the unit was under staffed in that out of an establishment of sixty five positions, only thirty nine were filled, leaving a balance of twenty six vacant as at 31st October, 2020. The Town Clerk stated that the Council had no authority to employ as staff appointments were the preserve of the Local Government Service Commission. The Council had since written to the Local Government Service Commission requesting the Commission to fill the existing vacant positions. Management would ensure that quarterly returns were submitted to local Government Service Commission to curb the lapses.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Local Government Service Commission is, particularly, urged to ensure that more critical staff are appointed and deployed at the firefighting unit at the Council. The Committee will await a progress report on the matter.

iii) Failure to Insure Fire Officers

Response by the Town Clerk

The Town Clerk submitted that the Council could not insure fire officers due to financial challenges. The Council had since started making arrangements to insure the fire officers in phases as shown in the 2021 budget. The Council would endeavor to ensure that funds from local revenue collection were set aside for this purpose.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Town Clerk is directed by the Committee to ensure that all officers working at the fire fighting unit are insured without undue delay. The Committee will await a progress report on the matter.

c) Accounting for Revenue K143,224

i) Failure to Reconcile Daily Cash Collection Sheets K143,224

Response by the Town Clerk

The Town Clerk reported that the observation made by the Auditor General (in full) was correct. However, the queried amount was as a result of misfiling of daily collection records and the total amount of K143, 223.50 collected revenue had since been reconciled with banking records. Bank reconciliations, deposit slips and bank statements were available for audit verification. The Town Clerk reported that the daily collection sheets were being maintained and reconciled to banked amounts on a daily basis. The Council had since resolved to involve the audit section to audit all revenues so as to ensure that collected amounts tallied with the receipted amounts and subsequently banked amounts. This process was being done on a daily basis to ensure accuracy and timeliness in accounting for revenues.

7 c a a] h h Y Y Ð g s and Recommendations b

The Town Clerk is directed by the Committee to ensure that erring officers are disciplined for this failure. The Committee will await a progress report on the matter.

ii) Missing Receipt Books (17)

Response by the Town Clerk

The Town Clerk regretted that the Council could not avail seventeen receipt books at the time of audit. However, he reported that the said receipt books could not be traced as they suffered a number of transfers, thereby missing trail of the documentation. The Council had since written to Zambezi Town Council where the former sales officer had been transferred to enable the officer to exculpate herself on missing receipt books. The Town Clerk also reported that he had since transferred the responsibility of handling accountable documents from Stores to the Accounting Section. The Accounting Section was now custodian of the Strongroom. The Accountable Document Register had since been put in place to safeguard and recording of returned receipt books.

7 c a a] h h Y Y Ð g s and Recommendations b

The Town Clerk is directed by the Committee to ensure that erring officers are disciplined for this failure. The Committee will await a progress report on the matter.

iii) Failure to Collect Revenue K173,373

Response by the Town Clerk

Town Clerk reported that the reason for the under collection was that transferred staff left without settling their dues. The Council had since constituted a revenue collection taskforce and had improved collection efficiency through issuance of demand notices, warrants of distress, engagement of bailiffs and community sensitisation through various forms of media. Further, the Town Clerk reported that K84,673 had since been collected, leaving a balance of K88,700 from

the outstanding amount. The Town Clerk reported that the Valuation Section under the Finance Department had been established. The section was expected to handle issues pertaining to property management in conjunction with the Department of Housing. This section would also ensure that there was a constant review of records and follow ups on defaulters on a timely basis. Copies of Tenant Ledgers, receipts for rentals collected and demand notices to defaulting tenants were available for verification.

7 c a a] h h Y Y Ð g s and Recommendations b

The Town Clerk is directed by the Committee to ensure that management enhances its efforts in ensuring that revenue collection is improved to enhance the financial standing of the Council. The Town Clerk is also directed to ensure the remaining amount is collected while also ensure that documents for the amounts collected are submitted to the Auditor General for verification. The Committee will await a progress report on the matter.

d) Unretired Accountable Imprest K19,941

Response by the Town Clerk

The Town Clerk reported that the non-retirement was with respect to non-submission of activity reports, the actual retirements were audited and verified. The Council had since put up a dedicated officer to monitor the issuance of imprest. In this regard, no one officer was given a subsequent imprest before the previous one was fully retired with relevant retirement details (receipts and activity reports). The Council had put up an Imprest Register to constantly monitor the issuance of imprest.

7 c a a] h h Y Y Ð g s and Recommendations b

The Town Clerk is directed by the Committee to ensure that the erring officers are disciplined for this failure and that he submits documents to the Auditor General for verification. The Committee will await a progress report on the matter.

e) Unaccounted for Stores K157,633 (General Stores - K74,650 and Fuel - K82,983)

Response by the Town Clerk

The Town Clerk acknowledged the 5 i X] h c f ' observations. He explained that the unaccounted-for stores were as a result of staff movement, for which no handovers were done at the time of audit. Management had since made efforts to have the handovers done each time a transfer occurs. As the receipt and disposal details for fuel amounting to K82,983 and General Stores amounting to K74,650 had since been traced, adequately supported and accounted for. Documentation was available for audit verification. The Council would endeavour that no officer would be cleared to report to new station without a proper hand over report.

7 c a a] h h Y Y Ð g s and Recommendations b

The Town Clerk is directed by the Committee to ensure that the erring officers are disciplined for

this failure and that he submits documents to the Auditor General for verification. The Committee will await a progress report on the matter.

f) Management of Assets

i) Failure to Insure Motor Vehicles

Response by the Town Clerk

The Town Clerk reported that the cited motor vehicles were non-runners and hence could not be insured. Further, management was in the process of having the non-runner motor vehicles disposed of. The Council had resolved to seek authority to dispose off the non-runner vehicles. The Council management would ensure that process of disposal was expedited and documentation was available for audit verification.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee resolves to close the matter subject to audit verification.

ii) Failure to Avail Motor Vehicle

Response by the Town Clerk

The Town Clerk submitted that, at the time of audit, the vehicle could not be availed as it was in the custody of former Town Clerk who had since been dismissed and had challenged his dismissal in the Industrial Relations Court (IRC). The Council had since reported the matter to the Chongwe Police Station which was working in collaboration with the Ndola Police Office where the vehicle was believed to be. A docket to that effect was opened for theft of motor vehicle. Documentation were available for audit verification. The Council had put up measures to foster adherence to the terms and conditions of service to be monitored at all times.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee observes that the matter is under investigation by the law enforcement agencies and resolves to await a progress report. The Committee urges the Town Clerk to ensure that constant follow-ups are made on the matter

iii) Lack of Title Deeds

Response by the Town Clerk

The Town Clerk reported that applications were made to Ministry of Lands and Natural Resources for the title deeds during the period under review; however, there was no immediate response from the Ministry of Lands and Natural Resources. The Town Clerk also reported that he had written to that Ministry of Lands and Natural Resources to find out on the progress being made on processing of Title Deeds. Ministry of Lands and Natural Resources had since

responded that work was in progress and some properties were at offer stage. Copies of correspondence between the Council and Ministry of Lands and Natural Resources were available for verification. The Council would ensure that title deeds were processed for any properties that would be acquired in future.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee resolves to await a progress report on the matter while the Controlling Officer, Ministry of Local Government is directed to liaise with his counterpart in the Ministry of Lands and Natural Resources to ensure that the title deeds are expeditiously issued to the Council.

f) Failure to Maintain Properties: Fire Station, Police Station and Council House

Response by the Town Clerk

In noting the query, the Town Clerk submitted that the Council had ensured that the Fire Station, Police Station and the council houses had now been budgeted for in the 2021 budget. Specifically, rehabilitation, assessment and cost of maintenance had been included to increase asset value. The Council management would regularly monitor and evaluate maintenance works for all council properties to ensure value for money.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee urges the Town Clerk to ensure that all the properties are maintained without any Z i f h \ Y f ' X Y ` U m" ' = h '] g ' h \ Y ' 7 c a a] h h Y \ may not generate the much needed revenue and hence the need to expedite the process of maintenance. The Committee resolves to await a progress report on the matter.

g) Management of Local Government Equalisation Fund - Contract for Street Lighting

Response by the Town Clerk

The Town Clerk submitted that a phased project was executed by the Council under force account and only procured the LED light fittings from South Hawk Trading limited. The project was temporally halted after the Road Development Agency (RDA) indicated that the road would be expanded to a dual carriageway. There were indications that all the formalities were done to start the construction of the dual carriageway, which would come with all necessary road furniture. He also added that the project experienced a lot of vandalism as street lights were being hit into by untraced vehicles, mostly at night. The Council had written to RDA to find out whether it would continue with the project and a response was being awaited. The Council would endeavour to closely monitor the projects to avoid further lapses.

Committee Ð g ' C V g s and Recommendations

In noting the submission, the Committee resolves to await a progress report on the matter.

h) Management of Constituency Development Fund Projects

Response by the Town Clerk

Kasenga

Town Clerk reported that the outstanding works were being undertaken using allocated funds on CDF minute number CDF/08/07/20 totaling K24,231 and were expected to be completed in January, 2021.

Palabana

The Town Clerk reported that works stalled since April, 2019 due to exhaustion of the funds allocated to the project. He, however, stated that works were being undertaken through the Department of Engineering and were expected to be completed in March, 2021. Progress reports and other relevant documentation were available for audit verification. The Council management would endeavour to engage contractors who had the capacity to perform the contract. A dedicated engineer had been assigned on the project to constantly monitor the progress of works.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is directed urges the Town Clerk to ensure that all the projects are completed without any further delay so that communities can be offered the services required. The Committee will await a progress report on the matter.

i) Management of Liabilities Ę Failure to Remit Statutory Obligations K33,842,203

Response by the Town Clerk

The Town Clerk reported the council could not pay the outstanding debts due to the poor liquidity position. The Town Clerk also reported that the Council had engaged the statutory bodies and so far had agreed on the payment plan with the Zambia Revenue Authority. The Council had made a commitment to pay the principal sum of K2,000,000 in installments of K20,000 per month after which penalties would be waived. With regard to NAPSA, the Council had made an agreement for debt swapping with a piece of land in Meanwood Ndeke. The Council had also committed to be paying K10, 000 per month to LASF. Documentation was available for verification. The Town Clerk furthermore reported that the Council would ensure that statutory and other obligations were settled as and when they fell due and prepare monthly returns timely.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee encourages the Town Clerk to ensure that more revenue sources are explored in order to improve the revenue base and counter the liquidity problems being experienced at the Council. The Secretary to the Treasury is also urged to consider paying off this historical debt on behalf of the Council to relieve it of this burden. The Committee awaits a progress report on the matter.

13.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed various irregularities, to which the Council Secretary responded as set out below.

a) Budget and Income K4,043,913

Response by the Council Secretary

The Council Secretary informed the Committee that management engaged in sensitisation through the public address system and radio programmes to the communities. There was generally apathy and a lack of interest by residents to make payments to the Council. The revenue performance for 2020 improved to 583 from 333 for 2019 after the said interventions. A Receipts and Payments Report together with an invoice for hire of public address system were available for audit for verification. The Task force on Revenue Collection was formed with the mandate to carry out spot checks and door to door sensitisations. The Council would endeavour to apply persuasive measures to improve collection efficiency.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee observes with concern the negative variance on various revenue types projected against what was actually received by the Council. The Council Secretary is directed to ensure that new strategies to enhance their revenue collection and improve the current status quo are put in place. The Committee also encourages the Council Secretary to enhance h \ Y ` 7 c efforts] ` Đ g ` in sensitising the community on the importance of paying rates, fees and other council charges. The Committee awaits a progress report on the matter.

b) Failure to Prepare an Integrated Development Plan (IDP)

Response by the Council Secretary

The Council Secretary submitted that management could not embark on the formulation of the IDP mainly owing to the financial constraints in 2019 as the activity was not budgeted for. The Council Secretary submitted that management had commenced the preparation of the IDP, which started with securing a Council Resolution for the preparation of the IDP on 16th June, 2020. The Council Secretary also submitted that management was at Preliminary Phase and currently at Step 1: ***Undertaking the Planning Survey and Preparing the Issues Report***. This was being done through engaging various stakeholders in updating of the District Situation Analysis (DSA) which was last updated in 2015. The DSA would ensure that information on existing conditions of the district was collected, focusing on the core problems faced by the district, their causes and the existing level of development. The Council Secretary submitted that management had since budgeted for the IDP in the 2021 budget.

~~7 c a a] h h Y Y Đ g s a n d R e c o m m e n d a t i o n s b~~

The Committee notes the 7 c i b W a l l u r e D o g p r e p a r e a n d i m p l e m e n t t h e I D P , c o n t r a r y t o S e c t i o n 19 (3) of the *Urban and Regional Planning Act No. 3 of 2015*. The Committee strongly urges the Council Secretary to ensure that an Integrated Development Plan is prepared and operationalised without any further delay. The Committee awaits a progress report on the matter.

b) Environmental Management - Poor Management of Dumpsite

Response by the Council Secretary

The Council Secretary submitted that management could not fence the dump site because the site was temporary. The Council Secretary also submitted that management had relocated the dump site to a newly identified area along Great North Road which was an old burrow pit formally used by China State Construction Engineering Corp. (CSCEC) Ltd. Furthermore, the Council Secretary submitted that management had written to Zambia Environmental Management Agency (ZEMA) to come and assess the suitability of the proposed site before it was certified and fenced.

~~7 c a a] h h Y Y Đ g s a n d R e c o m m e n d a t i o n s b~~

The Committee notes the submission and urges the Council Secretary to expedite the process of acquiring a permanent dumping site without any further delay. This will prevent disease outbreaks that may arise due to dumping refuse in an unsafe and temporal site. The Committee will await a progress report on the matter.

c) Lack of Firefighting and Prevention Services

Response by the Council Secretary

The Council Secretary submitted that Isoka Town Council was declared a fire authority in 2017. However, it did not have a fire officer during the period under review and management made efforts to request the Local Government Service Commission to send one. This had since been done. A site had been identified which was earmarked to be used as a fire station and it already had offices and adequate space to park vehicles and fire trucks. The site in question was a former roads camp which was handed over to the council by the contractor who was working on urban roads. Management had gone further to budget for firefighting equipment to be procured under the 2021 budget. The Division Fire Officer was engaged in continuous sensitisation and inspection of premises encouraging the Council to procure fire extinguishers before acquiring fire certificates.

~~7 c a a] h h Y Y Đ g s a n d R e c o m m e n d a t i o n s b~~

The Committee notes the submission and urges the Council Secretary to expedite the process of establishing and equipping the fire station. The Committee will await a progress report on the matter.

d) Accounting for Revenue

i. Failure to prepare Valuation roll

Response by the Council Secretary

The Council Secretary submitted that management undertook the preparation of the Main Valuation Roll for 2018 and presented the same before the Rating Tribunal sitting on 12^h December, 2020 in Lusaka. The Report was received and the Council was currently waiting for the Award of the poundage. The Council was committed to budgeting for a possible supplementary roll.

~~7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b~~

The Committee notes the submission and urges the Council Secretary to expedite the process of putting in place a valuation roll. The Committee will await a progress report on the matter.

ii. Missing Receipt Books

Response by the Council Secretary

The Council Secretary informed the Committee that three receipt books 38251 – 39000 for Markets, 3751 – 4500 General and 3051 – 3100 General (Barrier) were misplaced at the time of audit. They were now available for verification and management had constructed a store room for storage of accountable documents to minimise misplacements. Furthermore, the registry section was now being managed by trained and well qualified personnel employed by the Local Government Service Commission.

~~7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b~~

In noting the submission, the Council Secretary is directed to ensure that the officers who misfiled the receipt books are disciplined. The Committee resolves to await progress report on the matter.

e) Failure to Collect Revenue K13, 038

Response by the Council Secretary

The Council Secretary informed the Committee that Management followed up the issue of Mast Levies and Infratel who were debt managers for ZAMTEL and payments were received to that effect. The statement for the payment received was available for verification. Follow ups on billboard payments were done and clients such as World Vision including other clients had also made payments. Details were available for audit verification. The Task force had been formed to follow up on all outstanding billboard payments.

~~7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b~~

The matter is recommended for closure subject to audit verification.

f) Procurement of Goods and Services

i. Unsupported Payment K21, 370

Response by the Council Secretary

The Council Secretary reported that attachments to the payment vouchers which were not available at the time of the audit were now available for verification. Management had built a store room where all accountable documents would be stored. This would minimise the loss of documents.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee recommends that disciplinary action should be meted out against the officers who misfiled the payment vouchers. The Committee will await a progress report on the matter.

g) Management of Local Government Equalisation fund – Non operational system

Response by the Council Secretary

The Committee was informed by the Council Secretary that key officers who were trained to run the system as users were transferred to other councils and the new officers were not familiar with the system. The problem was also compounded by the lack of an IT officer to work on the system whenever it was down. Management was in the process of engaging an IT officer and invite Dove to come and train new officers. Isoka Town Council had since communicated with Dove to come and train new officers who were not trained. Management had also written to the Local Government Service Commission to request for an IT officer to boost the implementation of ICT. Management would ensure that officers were trained after the system was fully operational to encourage practice on live data.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee recommends that the Council Secretary should ensure that the IT system is fully operational without any further delay. She is also directed to lobby for trained officers to avoid lapses. The Committee will await a progress report on the matter.

h) Failure to remit Statutory Obligations K3, 791,727

Response by the Council Secretary

The Council Secretary informed the Committee that the Council had entered into payment plans with ZRA and NAPSA to make a fixed amount towards arrears and current obligations on a monthly basis. The statements from ZRA and NAPSA were available for verification. The payroll officer was tasked to ensure that returns were filed every month to avoid recurrence and accumulation.

In noting the submission, the Council Secretary is directed by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

i) Failure to settle staff obligations K4,901,825

Response by the Council Secretary

The Council Secretary submitted that management had been paying retirees and staff members in small installments due to lack of resources. However, a payment plan to liquidate the debt had been prepared and more payments would be effected once the budget for 2021 was approved. Revenues collected from the dry port would be used to help settle obligations. The payment plans were available for audit verification.

In noting the submission, the Council Secretary is directed to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available options, including debt swaps to expedite the process. The Secretary to the Treasury is also urged to consider helping the Council to offset this historical debt stock to ease up their burden. Committee resolves to await a progress report.

Kabompo Town Council

Paragraph 14

14.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as set out below.

a) Budget and Income K8,347,818

Response by the Council Secretary

The Council Secretary acknowledged the failure to collect revenue and this was due to the Council not receiving the Local Government Equalisation Fund and CDF funds as budgeted. Furthermore, the Council offered plots to the public for development but there was poor response in terms of payments of service charges and the turnout was lower than expected. In addition, the collection of local taxes was lower than expected. The following were the remedial measures put in place: formation of a timber levy committee to enhance timber levy collection; placing of revenue collectors at all timber companies in order to maximise collection of timber levy; introduction of barriers on routes which timber tracks used, sending out of demand letters to all the successful applicants of plots; and the formation of an inter-departmental committee to enhance collection of license fees.

7 c a a] h h Y Y Đ g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Council Secretary is directed by the Committee to ensure that realistic targets are set in the budget and that efforts are enhanced to ensure maximum collection of revenue to help resolve liquidity problems at the Council. The Committee resolves to await a progress report on the matter.

b) Failure to Collect Revenue from Sale of Plots K1,302,295

Response by the Council Secretary

The Council Secretary acknowledged the failure to collect revenue from the sale of plots for the period under review as efforts to collect were made. The advert for these plots received a lower turnout than expected, hence the low collection on application fees. The Council wrote demand notices on 30th July 2019 and 20th January 2020 but the response was poor. Hence, the Council had no option but to report to the Planning and Works Committee for repossession of the plots. It was resolved that the said plots be repossessed. However, the full Council at its sitting on 15th July 2020 resolved against the Committee recommendation to repossess the plots and instead resolved to give the applicants more time to source for funds. Despite this time given, the response had been still poor. So, management wrote a fresh demand notice (dated 22nd December, 2020) for all the applicants to pay by 31st January, 2021. Management would soon re-advertise all the plots that had not been paid for.

7 c a a] h h Y Y Đ g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Council Secretary is directed by the Committee to ensure that efforts are enhanced to ensure maximum collection of revenue from the sale of plots to help resolve liquidity problems and dismantling of debts in time. The Committee awaits a progress report on the matter.

c) Irregular Payment of Sitting Allowance K30, 300

Response by the Council Secretary

The Council Secretary stated that he wrote a memo dated 15th December, 2020 to the Treasurer instructing him to effect deductions starting with the December salaries. The payment of this allowance had been promptly discontinued in accordance with circular number 11 of 2013.

7 c a a] h h Y Y Đ g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Council Secretary is directed to ensure that all allowances irregularly paid are recovered without further delay while erring officers must be disciplined for this failure. The Committee awaits a progress report on the matter.

d) Management of Local Government Equalisation Fund - Landscaping at Musamba Market

Response by the Council Secretary

The Council wrote to the contractor on 10th July, 2020 demanding for the works to be undertaken and the contractor had agreed to work on the same in his response letter dated 16th July, 2020. The works had since commenced but the progress had been slow. Currently the contractor was doing the welding of the gates and road signs. Floodlights had been done and the contractor was yet to start the drainage. Management met the contractor and reprimanded him over the same. Management committed to closely supervise all contractors henceforth.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Council Secretary is directed to ensure that works are completed without further delay. The Committee awaits a progress report on the matter.

e) Management of Constituency Development Fund - Construction of a 1x3 Classroom Block at Chifuwe South Primary School

i) Delayed Completion of the Project

Response by the Council Secretary

The Council Secretary informed the Committee that the first contractor (Necman Zambia Limited) abandoned the project after being paid K86, 287 for the actual works he did. Therefore, the Council terminated the contract and re-advertised the remaining works. After the tendering process, Big Tree Construction was offered the contract to do the remaining works worth K275, 990. This contract was supposed to be completed by end of March 2020. Unfortunately, this contractor had also delayed to finish the works citing difficulties in accessing the area to deliver materials. The Council wrote to the contractor demanding works to be completed by end of February, 2021. During the latest site visit by council engineers on 10th February, 2021, it was revealed that the contractor was on site. He had already done screed finishes, spoon drains and aprons. He was just remaining with glazing and painting before handing over the project. This meant that 98 percent of the works had been done. The interim certificate for the works done was available for audit verification. Management had embarked on inspecting the project every five days to ensure the contractor finished the project by end of February, 2021.

7 c a a] h h Y Y Ð g s and Recommendations b

The Council Secretary is directed to ensure that works are completed without any further delay. The Committee resolves to await a progress report on the matter.

ii) Failure to Redeem the Performance Bond

iii) Completion of Works

Response by the Council Secretary

Relating to the two queries above, the Council Secretary acknowledged the fact that the works were not completed in time. The first contractor for this project was Neczam Zambia Limited who did initial works and abandoned the project after getting paid an amount of K86, 287. The Council terminated the contract and re-advertised for new bidders. Big Tree was the successful bidder who was offered the contract to do the remaining works worth K275, 990 to be completed by end of March 2021. The contractor also delayed to complete the works citing difficulties in accessing the project area. However, a visit by the Council to inspect the Project revealed that the contractor was on site and had done all the contracted works and was only remaining with glazing and painting of the building. Therefore, 98 percent of the works had been done. The performance bond was supposed to be recovered from Neczam Zambia Limited. However, it was not retrieved because the contractor was paid only an amount equivalent to the works done. The Contractor abandoned the works after he was paid for the works done. So, there was no loss incurred. The new contractor (Big Tree Construction) did not have a performance bond. Management was closely supervising the contractor to ensure he completed the works. Management was inspecting the site every five days. Management would ensure all subsequent contractors had performance bonds.

7 c a a] h h Y Y Ð g s a d R e c o m m e n d a t i o n s b

The Council Secretary is directed to ensure that works are completed without any further delay. The Committee resolves to await a progress report on the matter.

f) Management of Liabilities

i) Failure to Remit Statutory Obligations K3,168,055

Response by the Council Secretary

The Council Secretary stated that payment plans had been put in place with ZRA and NAPSA for the Council to be liquidating the outstanding liabilities. ZRA agreed to be paid an amount of not less than K15, 000 per month. With NAPSA, the agreement was for the Council to be paying the monthly K41, 000 in obligations and the K15, 000 monthly installments for the old debts. The Council was very committed to be consistently remitting all its obligations monthly.

7 c a a] h h Y Y Ð g s a d R e c o m m e n d a t i o n s b

The Committee directs the Council Secretary to ensure that more revenue sources are explored in order to improve the revenue base and counter the liquidity problems being experienced at the Council. The Committee awaits a progress report on the matter.

ii) Failure to Settle Staff Obligations

Response by the Council Secretary

The Council Secretary acknowledged the query and stated that payment plans had been put in place to be paying the monthly installments for the old debts. The Council was very committed to be consistently remitting all its obligations monthly.

7 c a a] h h Y Y Đ g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Committee encourages the Council Secretary to ensure that more revenue sources are explored in order to improve the revenue base and counter the liquidity problems being experienced at the Council. The Committee resolves to await a progress report on the matter.

Kabwe Municipal Council

Paragraph 15

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Town Clerk responded as set out below.

a) Budget and Income K56,954,976 (Negative Variance)

Response by the Town Clerk

The Town Clerk reported that the cause of the negative variance was the unfavourable economic factors in the year under review as major companies such as KIFCO and Foresticol Fertilizer were non-operational. Due to the closure and poor operation of major companies, the Council could not collect the anticipated rates. In addition, The Council had budgeted to sale parcels of land from the gazetted Mpima forest but was hampered by the long planning process, and hence the Council could not collect revenue as budgeted. The Council had agreed to enter into a payment plan with both residential and commercial property owners. The Council had constituted a revenue taskforce team aimed at improving revenue collection. The Council was constantly engaging and sensitising the community on matters regarding payment of council fees, charges, property rates among others. in order to maximise revenue collection.

7 c a a] h h Y Y Đ g s a n d R e c o m m e n d a t i o n s b

The Committee observes with concern the huge negative variance on revenue projected against what was actually received by the Council. The Town Clerk is directed to ensure that the Council devises new strategies to enhance its revenue collection and improve its current status. The Town Clerk is further urged to continue sensitising the community on the importance of paying for rates, fees and other council charges The Committee awaits a progress report on the matter.

b) Environmental Management - Poor Management of Dumpsite

i. The Council did not fence the dumpsite for protection from access by unauthorised persons

Response by the Town Clerk

The Council Secretary acknowledged the observation of the Auditor General and reported that they did not fence the dumpsite for protection from unauthorised access due to financial challenges that the Council was facing during the period under review. However, the Zambia Mining and Environmental Remediation and Improvement Project (ZMERIP) provided for an engineered land fill as an alternative. The Council had assigned an officer from the Health Department and council police officer to operate from the dumpsite in order to ensure that there was controlled access to the area at the main entrance.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee urges the Town Clerk to ensure that a permanent and properly prepared dumpsite is secured without any further delay. The Committee awaits a progress report on the matter.

ii. There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite

Response by the Town Clerk

The Town Clerk agreed that the Council did not display warning signs at the dumpsite. He explained that the Council had since erected warning signs at the dumpsite as guided by the Auditor General in accordance with Environmental Management Statutory Instrument. The Council would ensure that sign poles were replaced each time they were stolen or tampered with by unknown people.

7 c a a] h h Y Y Ð g s and Recommendations b

The matter is recommended for closure subject to audit verification.

iii. The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards

Response by the Town Clerk

The Council Secretary acknowledged the 5 ; observation and reported that the Council did not compact or cover the waste with a layer of soil due to non availability of the compactor and breakdown of the Council front end loader. The Council managed to hire a bulldozer and had since cleared the solid waste. The Council reported that Zambia Mining Environment Remediation Project provided under its programme for the engineered landfill which would be used for waste disposal purposes as a long-term measure.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The matter is recommended for closure subject to audit verification.

c) Accounting for Revenue

i. Unpaid Tipping Fees

Response by the Town Clerk

The Council Secretary reported that the unpaid tipping fees were due the transporters not being co-operative. The Council wrote letters to the transporters in question. Subsequently the transporters had committed themselves and started paying. The Council reported that the ZMERIP programme for the Engineered Landfill would be used for waste disposal purposes as a long-term measure.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee urged the Town Clerk to ensure that all outstanding tipping fees are collected without fail and without undue delay. The Committee awaits a progress report on the matter.

ii. Failure to Collect Revenue

< Sale of Plots

Response by the Town Clerk

The Council Secretary reported that the failure to collect revenue from sale of plots was due to non response from offerees even after several demand notices were issued. The Council had managed to collect some monies from the outstanding balance. The Council planned to offer plots on first come first serve basis in future when plots were available to avoid non-payments on plots.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The matter is recommended for closure subject to audit verification.

Ø Rentals from Properties K331, 032

Response by the Town Clerk

The Town Clerk reported that the Council did not collect the rentals amounting to K331, 032 from 100 properties as at 31stOctober, 2020 because the clients were non-compliant. The Council issued demand notices to the listed debtors during the period under review and some debtors had responded through payments and while other debtors had been sued in the courts of law by the Council. The Council signed lease agreements with its tenants. Some tenants had surrendered the

building back to the Council like YMCA. The Council had come up with a system of analysing debtors on a monthly basis and follow up on long outstanding debts in order to collect outstanding arrears. The eviction programmes had been planned to remove bad debts.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee urges the Town Clerk to ensure that all available options are employed to collect outstanding rental fees without any further delay. The Committee awaits a progress report on the matter.

d) Management of Assets

i. Lack of Title Deeds

Response by the Town Clerk

The Town Clerk reported that the lack of title deeds was due to financial constraints that the local authority was undergoing in the period under review. The Council was privileged that the Minister of Lands and Natural Resources rolled out the National Land Titling Programme in Central Province and the Council would use this avenue to acquire title deeds for its eleven properties. The Council managed to insure two properties during the period under review. The Council would ensure that all its properties were on title. The Council would also come up with a payment plan for insurance purposes in order to have its properties insured and minimise the risk of property loss.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee observes with concern the laxity by the Council management regarding the security of its properties. The Town Clerk is directed to ensure that all its properties are secured with title deeds and insured to avoid any possible loss due to unforeseen circumstances. The Committee awaits a progress report on the matter.

ii. Poor Maintenance of Buildings

< Mutende and Mwaiseni Taverns

Response by the Town Clerk

The Town Clerk reported that during the period under review, the Council was facing serious financial challenges which made it difficult for them to maintain the taverns. The Council engaged officers from the Engineering Department to carry out inspections which were made on the above queried buildings to assess their current condition. The Council had developed a maintenance policy for all its assets to avoid lapses and also allocated some funds in its 2021 Budget.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee urges the Town Clerk to ensure that all available options are employed to maintain the properties without fail. The Committee awaits a progress report on the matter.

Ø **Nsaka Minimart and Tavern**

Response by the Town Clerk

The Town Clerk reported that during the period under review, the Council was facing serious financial challenges which made it difficult for them to maintain the taverns. The Council engaged officers from the Engineering Department to carry out inspection which were made on the above queried buildings to assess their current condition. The Council had developed a maintenance policy for all its assets to avoid lapses and allocated some funds in its 2021 budget. The disposal of dilapidated taverns would be done to the general public when authority was granted by the Ministry of Local Government.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee observes with concern the laxity exhibited by the Council management with regard to property maintenance. The Committee b c h Y g ' k] h \ ' Wc b WY only efforts to maintain the properties have been made after audit. The Town Clerk is cautioned for this laxity and directed to ensure that he employs all available options to maintain the properties without fail. The Committee awaits a progress report on the matter.

Ø **Venus Theatre**

Response by the Town Clerk

The Town Clerk reported that during the period under review, the Council was facing serious financial challenges which made it difficult for it to maintain the theatre. The Council engaged officers from the Engineering Department to carry out inspections which were made on the above queried buildings to assess their current condition. A material schedule which was needed to rehabilitate the existing building had been prepared, the Council was just awaiting availability of funding to commence rehabilitation works. In addition, the Council was developing a plan for management of assets to prevent such challenges in the future and building had been secured by vacating the squatters to prevent further damage to the building. Furthermore, rehabilitation of the building had been included in the 2021 annual budget.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee observes with concern the laxity exhibited by the Council management on property maintenance. The Committee further b c h Y g ' k] h \ ' Wc b WY only efforts to maintain the properties have been made after audit. The Town Clerk is sternly cautioned for this laxity and directed to ensure that he employs all available options to maintain the properties without fail. The Committee awaits a progress report on the matter.

Management of Constituency Development Fund - Delayed Completion of Projects (Construction of 1x2crb at Bwafwano Primary School)

Response by the Town Clerk

The Town Clerk reported that the delay on the construction of 1x2 classroom block at Bwafwano Primary School was due to the poor state of roads, especially during the rainy season, which made it difficult to access and transport building materials. After inspection of works, it was noted that works had stalled due to financial challenges that the contractor was facing. Upon realising that the contractor would not be able to finish the works, the Council decided to terminate the contract. In order to finish the works, the Council decided to go for labour based contracts on the unfinished projects. The assessment was done and a comprehensive material schedules were prepared, and the works were on going at the various sites.

Committee Findings and Recommendations

In noting the submission, the Committee urges the Town Clerk to ensure that completion of works is expedited and supervised accordingly to ensure value for money. The Committee awaits a progress report on the matter.

Ø Projects (Rehabilitation of Bwacha Police Station)

Response by the Town Clerk

The Town Clerk reported that the delay in the rehabilitation of Bwacha Police Station was due to poor workmanship by the contractor. The Council reported that the contract had since been terminated. The Council reported that the rehabilitation works were now labour based, that was to say, the Council procured building materials and engaged an artisan who was paid for the work done.

7 c a a] h h Y Y Đ g s and Recommendations b

In noting the submission, the Committee directs the Town Clerk to ensure that completion of works is expedited and supervised accordingly to ensure value for money. The Committee awaits a progress report on the matter.

e) Failure to Remit Statutory Obligations

Response by the Town Clerk

The Town Clerk reported that it was due to the financial challenges that the Council was undergoing and in particular the inadequate funds to pay gross monthly salaries and wages for all council employees. The Council had started remitting statutory obligations; currently a payment K442, 120.54 and K 1,166,727.06 were paid to LASF and NAPSA respectively. Further, The Council had an understanding with LASF and ZRA of the financial payment plan of paying K100, 000 and K20, 000 respectively on a monthly basis to liquidate the outstanding arrears and current statutory obligations. Further The Council had had a number of meetings with NAPSA

where they had requested for a piece of land to do a debt swap. The Council had broadened its revenue base by updating its valuation roll which was implemented in January, 2019 hence the increase in revenue collection from property owners. The Council would continue sensitising the rates payers through the local radio station on the importance of paying rates and other fees / charges to the local authority.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Committee urges the Town Clerk to ensure that all available options are employed to ensure that all statutory obligations are paid without any further delay. The Secretary to the Treasury is also urged to consider paying off this historical debt stock on behalf of the Council. The Committee awaits a progress report on the matter.

f) Outstanding Staff Obligations

Response by the Town Clerk

The Town Clerk reported that the Council had been experiencing serious financial challenges leading to the accumulation of staff obligations such as settling in allowances on transfers and recruitment of new staff. The Council had so far paid a total amount of ZMK 256,769. Further, the Town Clerk reported that the Council had put in place a payment plan where K50,000.00 would be allocated monthly to meet staff obligations. The Council would ensure that it adhered to its approved debt liquidation Plan in order to liquidate the outstanding staff obligations as the local revenue collection kept improving.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Committee urges the Town Clerk to ensure that all available options are employed to ensure that all staff obligations are paid without any further delay. The Committee awaits a progress report on the matter.

Kalomo Town Council

Paragraph 16

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Council Secretary responded as set out below.

a) Budget/Income

Response by the Council Secretary

Local Taxes

The Council Secretary submitted that the variance was mainly due to resistance by property owners to pay the rates, citing a higher rate levy. The Council updated the Valuation roll which had since seen the rate poundage reduced in order to improve compliance. The

Council Secretary issued demand notices to all rate payers with outstanding bills. The Council Secretary would endeavour to adequately engage the stakeholders the next time such an important activity was undertaken to avoid similar mistakes.

Fees and Charges

The Council Secretary submitted that the adverse variance was as a result of the unsold plots caused by a poor public response. The Council resolved to re-advertise the plots to the general public. The Council would endeavour to adequately engage the stakeholders the next time such an important activity was undertaken to avoid similar mistakes in future.

Licences

The Council Secretary planned to collect K 226,737 on licences but collected K 563,887 resulting favorable variance of K337, 1 50 of the total budgeted amount during the period under review. This was due to budgeting based on the old data base for business houses .The Council had since updated the data base for all the business houses in the district. The Council would ensure that the data base was regularly updated to avoid under or over budgeting.

Commercial Venture

The Council did not budget to collect anything in 201 8 on commercial ventures because they were not in operation but collected K 485 ,533 resulting in a favorable variance of K485,533 of the total budgeted amount during the period under review. This was due to unbudgeted for income which was a windfall from two companies which booked the guest house for its employees for almost a year. The Council had adequately budgeted for commercial ventures in the 2021 estimates of revenue and expenditure as the renovations were completed on all the three ventures and they were ready for operations.

Equalisation Fund

The Council budgeted to receive K 16,323,157 from the Ministry of Local Government but only received K14,717,841 resulting in an adverse variance of K 1 , 605,316. This was because the Council did not receive Local Government Equalisation Funds for December 2017, July 2018 and December 2019 du ring the period under review. The Council had since written to the Ministry of Local Government requesting for the undisbursed LGEF for the periods under review. The Council Secretary would be timely writing to the Ministry of Local Government each time there was a delay to disburse the LGEF.

Constituency Development Fund (CDF)

The Council Secretary budgeted to receive K6,000,000 from Ministry of Local Government but only received K3,200,000 resulting in an adverse variance of K2,800,000. This was because the Council did not receive Constituency Development Funds for the year 2019

during the period under review. The Council had since written to the Ministry of Local Government regarding the non-receipt of CDF for the year 2019. The Council Secretary would be timely writing to the Ministry of Local Government each time there was a delay to disburse the CDF.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and urges the Council Secretary to devise ways of meeting targets set in its budgets coupled with detailed analysis of the revenue base to avoid failure to meet the targets. The Council Secretary is also directed to ensure that new strategies for revenue mobilisation are explored in order to ameliorate the shortfalls in revenue. The Committee requests a progress report on the matter.

b) Operational Matters

i) Under Collection of Revenue K8,383,284

Response by the Council Secretary

Local Taxes

The Council Secretary submitted that there had been unwillingness by leaseholders to pay their property rates on the pretext that the rates were higher compared to other councils in the Province. The Council Secretary had updated the valuation roll where all leaseholders were invited to inspect the new valuation roll which had since seen reduced rate poundage with a view to increasing compliance. The Council Secretary offered a discount on all outstanding bills as at 31st December, 2019 ending on 31st March, 2020 to mitigate the outcry of leaseholders and encourage them to clear their outstanding bills. The Council Secretary would endeavour to adequately engage the stakeholders the next time such an important activity was undertaken to avoid similar mistakes.

Fees and Charges

The Council planned to collect K 12,170,509 but only managed collected K4,869,968, resulting in an adverse variance of K7,300,541. This was as a result of the unsold plots caused by poor public response. The Council resolved to re-advertise the plots to the general public and the adverts were run in the print media. The Council would in future avoid reliance on windfall revenue such as sale of plots when budgeting so as to avoid such occurrences as can be seen in the reduction in the budget for Fees and Charges from K 8,078,680 in 2019 to K1, 925,833 in 2020 budget representing a 62 percent per cent reduction in the budget.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee expresses concern at the failure by management to collect the much needed revenue and urges the Council Secretary to devise new strategies of meeting set revenue targets. The Committee resolves to await a progress report on the matter.

c) Environmental Management

Environmental Management - Poor Management of the Dumpsite

Response by the Council Secretary

The Council Secretary submitted that the Council was unable to fence the dump site as no budget for fencing was allocated in the year under review due to a limited resources in the fiscal year of 2019. The Council Secretary also reported that the local authority had budgeted for the fencing of the dumpsite in the 2021 budget and that the signage for the dump site had been successfully erected. An inquiry was sent to Zambia National Service requesting the usage of their machinery to help bury the refuse at the dump site. The local authority would propose to procure either a front-end loader or a grader under Constituency Development Funds in the 2021 allocation. This equipment could be used for the compaction and covering up of waste with a layer of soil to avoid exposure of the community to health hazards.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee urges the Council Secretary to ensure that he acts expeditiously to resolve all the outstanding matters related to the management of the dumpsite. The Committee resolves to await a progress report on the matter.

d) Weaknesses in Accounting for Revenue

i. Missing Receipt Book (14)

Response by the Council Secretary

The Council Secretary submitted that he was regrettably unable to avail the fourteen receipt books to the auditors at the time of the audit as the said receipt books were misplaced. The Council Secretary successfully secured all the fourteen receipt books which were misplaced at the time of the audit. The Council Secretary reported that a senior officer had been put in charge of receipt books to avoid misplacing of the receipt books in future. In addition, a room had been secured specifically for storing of all accountable documents. Further, the Council was in the planning phase of constructing a strong room.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Council Secretary is directed to ensure that officers who misplaced the receipt books are disciplined. The matter is recommended for closure subject to audit verification.

ii. Delayed Banking K46,320

Response by the Council Secretary

The Council Secretary reported that the delayed banking was due to the vastness of the

district and some of these check points were unreachable due to bad road network, especially during the rainy season. This made it impossible to collect and bank the revenues within the stipulated time frames. The Council Secretary was discussing with ZAMTEL Limited on the possibility of coming up with an electronic payment system at the check points to avoid delayed banking.

7 c a a] h h Y Valuations and Recommendations

The Committee b c h Y g ' h \ Y ' 7 c i b W] ` ' G Y Wf Y h U f mĐ go'efsu'eg d c b g Y that officers involved are disciplined for this failure. The Committee further directs the Council Secretary to ensure that details are submitted to the Auditor General for verification and hence an update is being awaited on the matter.

iii. Failure to Update Valuation Roll

Response by the Council Secretary

The Council Secretary reported that the Council was unable to update the valuation roll at the time of audit due to inadequate resources as it required a significant financial commitment. The Council Secretary also reported that the 2020 Valuation Roll had since been updated and approved by the Rating Tribunal. The Council was waiting for the award. The Council Secretary would ensure that the process of updating of the valuation roll was started before the expiry date of the current valuation.

e) Lack of Title Deeds for 36 properties

Response by the Council Secretary

The Council Secretary responded that during the period under review, the local authority faced challenges in initiating the process of title deed acquisition due to institutional memory gaps caused by high staff turnover. The Council also reported that it had initiated the process of acquiring title deed from Ministry of Lands and Natural Resources for all its properties. Site plans for all council properties were being prepared for this particular activity for onward submission as part of the application for title deeds. Further, the title deed for the new bus station had been processed. The Council Secretary would endeavour to ensure that all council properties either newly constructed or procured would be promptly processed with regard to acquisition of title.

Committee D g ' C V g s and Recommendations

The Committee observes with concern the laxity by the Council management regarding the security of its properties. The Council is directed to ensure that all its properties are secured with title deeds to guarantee ownership. The Committee awaits a progress report on the matter.

f) Weaknesses in the Management of Local Government Equalisation Fund

i. Failure to Transfer Funds to the Capital Account K1, 043,905

Response by the Council Secretary

The Council Secretary reported that the inability to remit the 20 percent per cent capital component amounting to K 1, 043,905 of Local Government Equalisation Funds was largely due to the non-disbursement of the Fund from the Ministry of Local Government for December, 2017, July, 2018 and December, 2019 which led to a funding gap for administrative activities. The Council had identified two parcels of land for a shopping mall and an abattoir, which were advertised in the print media on 27th October, 2020. From the proceeds of these transactions, the Council Secretary would reimburse to the capital account the misapplied 20 percent per cent from the Local Government Equalisation Fund. The Council Secretary had since started remitting the 20 percent per cent capital component to the capital account effective January 2021, to avoid occurrence of non-remittance in future.

7 c a a] h h Y Y Ð g s and Recommendations

The Committee strongly cautions the Council Secretary to desist from misapplying funds meant for capital projects. He is also urged to ensure that the remaining amount is reimbursed to the capital account without any further delay. The Committee resolves to await a progress report on the matter.

g) Weaknesses in the Management of Constituency Development Fund (CDF)

i. Construction of 1 x 3 Classroom Block - Magriymond Primary School

Delayed Completion of Work

The Council Secretary responded that under funding to projects by the CDF had been the cause of failure to complete projects and also delayed contribution of upfront materials by the community. The Council Secretary also reported that the community had been mobilised to bring the upfront materials which had since been brought and were on site. In addition, supplementary funds were allocated to the project from the 2020 CDF allocation. The Constituency Development Committees had been advised to consider allocating sufficient funding to projects and also ensure that all upfront materials from the community were on site before the project implementation could begin.

Committee's Comments and Recommendations

The Committee strongly cautions the Council Secretary to ensure that works are adequately funded, supervised and inspected. The Committee also urges the Council Secretary to ensure that works are completed expeditiously and a progress report is awaited.

ii. Construction of Relative's Shelter and VIP Toilets - at Request Muntanga Hospital

Delayed Completion of Work

Response by the Council Secretary

The Council Secretary responded that under funding to projects by the CDF had been the cause of failure to complete projects and also delayed contribution of upfront materials by the community. The Council Secretary further reported that the community had been mobilised to bring the upfront materials, which had since been brought and were on site. In addition, supplementary funds were allocated to the project from the 2020 CDF allocation. The Constituency Development Committees had been advised to consider allocating sufficient funding to projects and also ensure that all upfront materials from the community were on site before the project implementation could begin.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee strongly cautions the Council Secretary to ensure that works are adequately funded, supervised and inspected. The Committee also urges the Council Secretary to ensure that works are completed expeditiously and a progress report submitted to it.

iii. Completion of 1 x 3 Classroom Block at Kantini Community School

< Delayed Completion of Work

Response by the Council Secretary

The Council Secretary responded that under funding to projects by the CDF had been the cause of failure to complete projects and also delayed contribution of upfront materials by the community. The Council Secretary further reported the Community had been mobilised to bring the upfront materials, which had since been brought and were on site. In addition, supplementary funds were allocated to the project from the 2020 CDF allocation. The Constituency Development Committees had been advised to consider allocating sufficient funding to projects and also ensure that all upfront materials from the community were on site before the project implementation could begin.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee strongly cautions the Council Secretary to ensure that works are adequately funded, supervised and inspected. The Committee also urges the Council Secretary to ensure that works are completed expeditiously and a progress report submitted to it.

i. Construction of 1 x 3 Classroom Block - Habulile Primary School

Response by the Council Secretary

The Council Secretary responded that under funding to projects by the CDF had been the cause for failure to complete projects and also delayed contribution of upfront materials by the community. The Council Secretary also reported that the community had been mobilised to bring the upfront materials, which had since been brought and were on site. In addition, supplementary funds were allocated to the project from the 2020 CDF allocation. The Constituency Development Committees had been advised to consider allocating sufficient funding to projects and also ensure that all upfront materials from the community were on site before the project implementation began.

7 c a a] h h Y Y D o n s a n d R e c o m m e n d a t i o n s

The Committee strongly cautions the Council Secretary to ensure that works are adequately funded, supervised and inspected. The Committee also urges the Council Secretary to ensure that works are completed expeditiously and a progress report submitted to it.

v Construction of a 1 x 3 Classroom Block - Kasukwe Basic School

Response by the Council Secretary

The Council Secretary responded that the underfunding to projects by the CDF had been the cause of failure to complete projects and also delayed contribution of upfront materials by the community. The Council Secretary also submitted that the community had been mobilised to bring the upfront materials, which have since been brought and were on site. In addition, supplementary funds were allocated to the project from the 2020 CDF allocation. The Constituency Development Committees had been advised to consider allocating sufficient funding to projects and also ensure that all upfront materials from the community were on site before the project implementation could begin.

7 c a a] h h Y Y D g s a n d R e c o m m e n d a t i o n s b

The Committee strongly cautions the Council Secretary to ensure that works are adequately funded, supervised and inspected. The Committee also urges the Council Secretary to ensure that works are completed expeditiously and a progress report submitted to it.

h) Management of Liabilities

a) Failure to Remit Statutory Contributions K6,218,240

Response by the Council Secretary

The Council Secretary reported that the Council was unable to remit statutory contribution amounting to K6, 218,240 due to liquidity problems faced in the period under review. The Council Secretary also submitted that the Council had engaged its creditors and had come up with payment plans which were now in effect with the Zambia Revenue Authority where

the Council was making a monthly contribution of K10,000. The Council was in talks with NAPSA to agree on the payment plan. The Council Secretary would ensure that all the statutory obligations were met on monthly basis to avoid further accumulation of debt in future.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Council Secretary is directed to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Secretary to the Treasury is also urged to consider helping councils to pay off this historical debt. The Council Secretary is also directed to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report on the matter.

ii. Outstanding Staff Obligations K1,243,818

Response by the Council Secretary

The Council Secretary reported that h \ Y ' 7 c i n a b i l i t y t o Ð s e t t l e outstanding staff obligations amounting to K 1, 243,818 was due to liquidity problems faced by the institution during the year under review. The Council Secretary had made a payment plan and a provision had been made in the 2021 budget to settle the outstanding staff obligations. Progress had been made and some amounts had been paid so far to some staff. To ensure that all the staff obligations were met to avoid further accumulation of debt in future.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Council Secretary is directed to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Council Secretary is further directed to explore all available options, including debt swaps, to expedite the process. The Secretary to the Treasury is also urged to consider helping councils to pay off this historical debt. The Committee resolves to await a progress report on the matter.

Kalumbila Town Council

Paragraph 17

17.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2018 and 2019 a physical inspection of selected projects revealed various irregularities, to which the Council Secretary responded as set out below.

a) Budget and Income Ę K 25, 179,039

Response by the Council Secretary

The Council Secretary reported that Constituency Development Funds provided in the 2019 budget were received in 2020. The Permanent Secretary in the Ministry of Local Government

was also communicated to over the Local Government Equalisation Fund variance captured in the Audit Report. The letters were hereto available for audit verification. As a remedial measure, the Council had stopped over budgeting on fees and charges and Local Taxes. The Council had, however, no control on what was received against what was budgeted under national support (Local Government Equalisation Fund and Constituency Development Fund)

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to set realistic budgets coupled with detailed analysis of revenue base to avoid failure. The Council Secretary is also urged to ensure that turn-around strategies are devised and implemented promptly. The Committee resolves to close the matter.

b) Accounting for Revenue – Failure to Provide Receipts Books for Audit

Response by the Council Secretary

The Council Secretary reported that eighteen receipt books meant for collection of revenue at markets and bus stations were availed for audit and verified. The matter was recommended for closure in the Status Report on Controlling Officers responses to the Audit Reference Sheet for Kalumbila Town Council for the Financial Year Ended 31st December 2019 on page 5. The Status Report was hereto attached available for verification. The Council Secretary reported that all accountable documents both used and unused were now kept under lock and key.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The matter is recommended for closure subject to audit verification.

c) Procurement of Goods and Services

i) Missing Payment Vouchers - K K251, 962

Response by the Council Secretary

The Council Secretary reported that Sixteen (16) payment vouchers in amounts totalling K251, 962 processed during the period under review were availed for audit and verified. The matter was recommended for closure in the Status Report on Controlling Officers responses to the Audit Reference Sheet for Kalumbila Town Council for the Financial Year Ended 31st December 2019 on page eight. The Status Report was available for audit verification. The Council Secretary reported that all payment vouchers were properly filled and kept.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The matter is recommended for closure subject to audit verification.

ii. : U] ` i f Y ` H c ` 8 Y `] j Y f ` - **K27,931** ` :] [\ h Y f g Ð ` l b] Z c f a g

Response by the Council Secretary

The Council Secretary reported that the Fire Fighters Uniforms were delivered after 31st October 2020. The Fire Fighters Uniforms and a Goods Received Note were available for Audit verification. The Council Secretary also reported that, she would ensure that all goods and services paid for were delivered according to specifications, quality and time frame agreed with suppliers.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y W c a a Y b X U h

The matter is recommended for closure subject to audit verification.

d) Management of Constituency Development Fund (CDF) - Construction of a Staff House at Mushingashi Basic School

Response by the Council Secretary

The Council Secretary reported that construction of the staff house at Mushingashi Basic School was completed and verified. The matter was recommended for closure in the Status Report on Controlling Officers responses to the Audit reference Sheet for Kalumbila Town Council for the Financial Year Ended 31st December 2019 on page 18. The Status Report was available for audit verification. The Council Secretary reported that a recommendation had been made to the Constituency Development Fund Committee to adequately fund Constituency Development Fund projects. Council would also ensure that only qualified contractors with capacity were engaged to undertake construction works.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y W c a a Y b X U h] c b

The matter is recommended for closure subject to audit verification.

Kanchibiya Town Council

Paragraph 18

18.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as set out below.

a) Budget and Income K5,548,139

Response by the Council Secretary

The Council Secretary acknowledged the observation made by the Auditors and reported that the query of the uncollected revenue included K1,640,000 plot allocation fees, K461,500 survey fees, K 240,000 scrutiny fees, K159,250 application form fees and K40,000 sketch plan which were fees related to plots that were anticipated to be created in 2019 but the process of survey

and demarcation was only completed at the end of the year 2020. Further, the query was caused by K1,475,870 of Equalisation Funds that was not funded from Central Government in the years under review but were not received. The query was also caused by K1,600,000 of the Constituency Development Fund for 2019 which was not received in 2019 as anticipated but was received in 2020. Management reported that the process of creation of plots was completed in 2020. Correspondence from the Ministry of Lands and Natural Resources to commerce numbering, demarcation and survey works was received in 2020 and not 2019 as was anticipated. The same was available for verification. Demand notices had since been given to applicants and the council had started collecting plot fees. Copies of demand notices and bank statement for plot fees account called Kanchibiya Town Council Planning Functions Account was available for verification. Management had since been in touch with the Ministry of Local Government concerning the issue of the grants that were not received in the years under review and they were waiting for Ministry of Local Government to make available the funds. Management would ensure that all revenue types such as plot fees were only budgeted for once the process of creation was completed.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that management sets realistic budgets coupled with detailed analysis of the revenue base to avoid failure. The Council Secretary is also urged to ensure that turn-around strategies are devised and implemented promptly. The Secretary to the treasury is urged to consider helping the Council to offset this debt. The Committee resolves to close the matter.

b) Operational Matters – Failure To Prepare An Intergrated Development Plan

Response by the Council Secretary

The Council Secretary acknowledged the observation made by the Auditors and reported that the was caused by the lack of in-house and local capacity within the district as the district was still new and not fully fledged in terms of personnel. The Council Secretary also reported that the council with the assistance of TRALAD(Transforming Landscapes for Resilience and Development) held a technical support meeting to initiate the process of preparing integrated Ward Development Plans (IWDP) from 9th to 11th September 2020. The purpose of the meeting was to consolidate the data from all sectors for all eight wards to input into the IDP assisted by TRALARD. A circular from Provincial Administration, Muchinga province dated 24th August 2020 was available for verification. Consultations had been made with the Wards Development Committees in the wards with the support of TRALARD and the information collected from the wards was already with the Provincial Planning Office for validation.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by Council to put in place an Integrated Development Plan. The Council Secretary is directed to ensure that an IDP is put in place by 30th June 2021 and further that they are consistent in adherence to Section 19 (3) of the *Urban and Regional Planning Act No. 3 of 2015* in the preceding years. The Committee awaits a progress report on the matter.

c) Unsupported Payments K171,962

Response by the Council Secretary

The Council Secretary acknowledged the observation made by the Auditors and reported that the query occurred because the Council at the time did not have adequate and qualified staff. The Council Secretary also reported that the supporting documents were available for verification. The Local Government Service Commission had now deployed adequate and qualified staff who now were handling this task efficiently these were the Deputy Treasurer and the new Treasurer. Further, they would continue to ensure that the payments made had adequate supporting payments attached.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against the officers responsible for the failure to adhere to Local Authorities Financial Regulation No. 98 (1). The Committee directs the Council Secretary to ensure that documents are submitted to the Office of the Auditor General for verification. An update will be awaited by the Committee.

ii) Unaccounted for Stores K125,176

Response by the Council Secretary

The Council Secretary acknowledged the observations made by the auditor and reported that the query occurred because of the challenge of office space that had denied the stores officer of a conducive office for proper storage and maintenance of stores items. The Council was currently housed at a Mission hospital where office space was a challenge. The Council Secretary reported that the disposal details had been provided and were available for verification. The Government had commenced the process of construction of the Civic Centre that would now provide adequate accommodation for stores officer and stores items. Further, management would ensure through the stores officer that all disposal details and receipts continue to be recorded as required.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against officers responsible for failure to adhere to Local Authorities Financial Regulation No. 145. The Committee directs the Council Secretary to ensure that documents are submitted to the Office of the Auditor General for verification. An update will be awaited by the Committee.

d) Management of Liabilities

i) Failure To Remit Statutory Obligations K466,178

Response by the Council Secretary

The Council Secretary acknowledged the observations made by the auditor and reported that the failure to remit sh U h i h c f m` c V`] [U h] c b g` k U g` U g` U` f Y g i` h` locally generated revenue base was limited to seasonal activities such as fishing and caterpillar harvesting. The Council Secretary acknowledged the observation made by the Auditors and reported that payments to reduce the statutory obligations have been made towards NAPSA, ZRA and LASF. Payment vouchers were available for verification. Management had engaged statutory bodies to allow the Council to be paying the current monthly obligations to avoid accumulation and pay arrears in two installments for each month. The Council would endeavor to prioritise settlement of obligations using some of the funds from the plot premiums that were being collected.

7 c a a] h h Y Y Ð g` C Recommendation c b` U b X`

In noting the submission, the Council Secretary is directed to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Secretary to the Treasury is also urged to consider paying off this debt stock to help the Council. The Committee resolves to await a progress report.

ii. Failure To Settle Staff Obligations K75,000

Response by the Council Secretary

The Council Secretary acknowledged the observations made by the auditor and reported that the failure to settle staff obligations was as a result of financial constraints as the councils locally generated revenue base was limited to seasonal activities such as fishing and caterpillar harvesting and only made up 20 percent of the total income. The Council Secretary reported that payments to reduce the staff obligations had been made. Payment vouchers were available for verification. Management would endeavor to liquidate staff obligations using enhanced local revenue such as the revenue that would be obtained from ZESCO Wayleave contract of 103 kilometres, Council guesthouse and bulking centre for storage of various goods among others which were capital projects budgeted for in 2021.

7 c a a] h h Y Y Ð g` C V g Y f j U h] c b` U b X` F Y Wc a a Y b X U h] c b

In noting the submission, the Council Secretary is directed to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available options including lobbying for more funding to expedite the process. The Secretary to the Treasury is also urged to consider paying off this debt stock to help the Council. The Committee resolves to await a progress report.

19.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as set out below.

a) Budget and Income K43,369,285

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' 5 i X] h
variances were due to the fact that the Council was not able to collect the charges under lands Premium as it was taken to the Lands Tribunal resulting into failure to collect K30,818,126 which was budgeted for in 2018 and 2019. The injunction was still in effect hindering the Council from collecting Plot Premiums. Further, Kapiri Mposhi Town Council was among the 21 Councils which were sued by the Truckers Association of Zambia. This also had an adverse effect on the collections in the years under review. In 2018 the Council did not receive the December 2018 Local Government Equalisation Funds (LGEF) amounting to K861, 713.94 from Ministry of Finance. The same applied to 2019 where LGEF for November and December, 2019 amounting to K926, 609.32 and K926, 609.32 respectively was not received. The Total LGEF amounts not received in 2018 and 2019 from Ministry of Finance was K2, 714,932.58 and this was budgeted for in 2018 and 2019. The Council Secretary also reported that the Court had ruled in favour of the 21 councils in the case were the Truckers Association of Zambia took the matter to court. The Council was still waiting for the verdict from Lands Tribunal. The Council had constituted a Taskforce Team focused on improving revenue collection and constant engagement with the community on matters affecting them regarding payment of Council fees, charges and other revenue.

7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee observes with concern the huge negative variance on revenue projected against what was actually received by the Council. The Council Secretary is directed to ensure that new strategies are devised to enhance revenue collection and improve the current status quo. The Committee further directs the Council Secretary to enhance the sensitisation of the community on the importance of payment of rates, fees and other council charges. The Committee resolves to close the matter.

b) Environmental Management - Poor Management of Dumpsite

Response by the Council Secretary

The Council Secretary apprec] U h Y X ' h \ Y ' 5 i X] h c f g Ð ' Z] b X] b [g ' U b X ' dump site, display warning signs at the site and compact or cover with a layer of soil on the waste was due to lack of resources to carry out the cited activities by the Council. The Council

had started working on the dump site and had so far installed the warning signs for the dump site. The Council would continue with improvements at the dumpsites as funds were made available from locally generated funds.

7 c a a] h h Y Y Đ g ' C V g ~~Y f j U h]~~ c b ' U b X ' F Y W

The Committee notes the submission but urges the Council Secretary is directed to ensure that all the shortfalls including compacting, installing warning signs and provision of security at the dumpsite is attended to without further delay. The Committee will await a progress report on the matter.

c) Accounting for Revenue - Delayed Banking

Response by the Council Secretary

H \ Y ' 7 c i b W] ' ' G Y Wf Y h U f m' U d d f Y W] U h Y X ' h \ Y ' 5 i X] h c delayed to be deposited due to the check points not being in close proximity with Banks. Kapiri Mposhi Council had since designed a schedule of all check points in far flung areas for making deposits. The Council would ensure that banking was done in accordance with Local Authorities Financial Regulation No. 19 and as per designed schedule.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

In noting the submission, the Council Secretary is cautioned to ensure that all funds are banked in accordance with Local Authorities Financial Regulation No. 19. The Committee resolves to close the matter subject to audit verification.

d) Procurement of Goods and Services

i) Missing and Unsupported Payments - K156, 816 and K27, 984

Response by the Council Secretary

The Council Secretary appreciated the Auditor of Đ g ' Z] b X] b [g ' U b X ' f Y d c f h Y X unsupported payments was due to the fact that the vouchers were misfiled while some documents were with user departments and suppliers. The Council had since traced all the twenty seven (27) payment vouchers and has retrieved all the documents pertaining to the expenditure of K27, 984 for the four (4) payments. The Council had assigned officers to ensure that all documentation would be availed to auditors during future audits.

7 c a a] h h Y Y Đ g ' C V g Y ~~f j U h]~~ c b ' U b X ' F Y Wc a

In noting the submission, the Council Secretary is directed to ensure that officers who misfiled the documents are disciplined. The Committee directs the Council Secretary to ensure that disciplinary action is meted out on erring officers and hence an update will be awaited.

ii) Unaccounted for Stores K310, 183

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' 5 i X] h c
for stores items totaling K310, 183 at the time of audit were due to inadequate time to obtain documents from user departments and suppliers as officers were operating on rotation due to covid 19 regulations. The Council Secretary reported that, it had since traced and obtained all the supporting documents amounting to K310, 183 for the stores items that were cited in the report. The Council had since assigned officers to ensure that all stores items are properly accounted for and necessary documents attached and availed for audit.

7 c a a] h h Y Y Ð g ' C V g Y f jndation c b ' U b X ' F Y Wc a a Y

In noting the submission, the Council Secretary is directed to ensure that officers who misfiled the documents are disciplined. The Committee directs the Council Secretary to ensure that disciplinary action is meted out on erring officers and hence an update will be awaited.

e) Management of Assets - Lack of Title Deeds

Response by the Council Secretary

The Council Secretary reported that title deeds for parcels of land on which twenty properties like toilets at the market, the main civic centre and council lodge valued at K18, 302, 505 were located but could not be secured as the Council was still organising sufficient documents for the cited properties. These properties were built a long time ago and the Council did not have adequate funds to insure all the cited properties. The Council had since started the process of acquiring title deeds by capturing coordinates, production of survey diagrams and site plans for onward submission to the Ministry of Lands and Natural Resources. The Council Secretary also reported that management had engaged an insurance company with the view to insure all its properties. The Council Secretary further reported that management would ensure that all properties were titled and insured this year.

7 c a a] h h Y Y Ðion and Recommendation

The Council Secretary is directed to ensure that all its properties are secured with both title deeds and insurance cover. The Committee will await a progress report on the matter.

f) Management of Liabilities

i. Failure to Remit Statutory Obligations K10,319,737

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U d d f Y W] U h Y X ' h \ Y ' 5 i X] h c f
LASF and NAPSA were not remitted to the statutory bodies due to liquidity challenges. The

Council had since made part payments to the statutory bodies as shown below and has further written to LASF and NAPSA for a possible debt swap.

No.	Details	Amount K	Payment K	Balance K
1	ZRA	5,574,790	35,000 30	5,539,790
2	LASF	2,334,437	30,000	2,304,437
3	NAPSA	2,410,509	0	2,410,509
	Total	10,319,737	65,000	10, 254,737

The Council would ensure that all statutory contributions were paid as and when they fell due.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

In noting the submission, the Council Secretary is directed to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is encouraged to explore all available options including debt swaps to expedite the process. The Secretary to the Treasury is also urged to consider helping the Council by paying off this historical debt to relieve them of this burden. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K8,269,935

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y W f Y h U f m ` U d d f Y W] U h Y X ` h \ Y ` 5 i X] h c f
Z c f a Y f ` U b X ` Y I] g h] b [` Y a d ` c m Y Y g Ð ` U a c i b h g ` h c h U `

obligations like terminal benefits, long service bonus and settling allowances. This was due to low revenue collections. The Council had since made some payments as shown below.

No.	Details of Obligation	Amount K	Payment K	Balance K
1	Terminal Benefits	3,348,672	147,800	3,200,872
2	Long Service Bonus	1,958,641	94,406	1,864,235
3	Leave Travel Benefits	2,009,455	103,000	1,906,455
4	Social Holiday	56,750	0	56,750
5	Commuted Leave Days	152,180	113,000	39,180
6	Salary Arrears	113,948	24,790	89,158
7	Settling in Allowance	630,289	179,483	450,806
	Total	8,269,935	662,479	7,607,456

The Council Secretary reported that the Council would ensure that statutory and other obligations are settled as and when they fall due and prepare monthly returns timely. He assured the Committee that all strategies submitted would be enhanced to improve on the accountability function in order to attain expected service delivery to the community.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Council Secretary is directed to ensure that all outstanding liabilities relating to staff are paid without any further delay. He is encouraged to explore all available options to improve the revenue base. The Secretary to the Treasury is also urged to consider helping the Council by paying off this historical debt to relieve them of this burden. The Committee resolves to await a progress report.

Kasama Municipal Council

Paragraph 20

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Town Clerk responded as set out below.

a) Governance - Lack of Chiefs' Representation

Response by the Town Clerk

The Town Clerk reported that the Lack of Chiefs attending Council Meetings or even making efforts to send their representatives. There was lack of understanding from the chiefs as to them being part of the council proceedings. The Town Clerk reported that it had since engaged the Ministry of Chief and Traditional Affairs to assist with the matter, and had further written to the Senior Chief requesting for representation. The Council would continue to engage the Chiefs and sensitise them on the importance of participating in the affairs of the Council as key stakeholders.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with concern the laxity by the Council to engage the chiefs on the matter until the audit period. The Town Clerk is directed to ensure that the Council is proactive with regard to governance issues to avoid recurrence of this matter. He is also encouraged to enhance their efforts in sensitising the chiefs on the importance of participating in the governance systems. The Committee awaits a progress report on the matter.

b) Budget and Income K25,167,347

Response by the Town Clerk

Local Taxes

The Town Clerk responded that the percent query was caused by under collections in the Local

Taxes arising from the disputes between the Council and potential high value rate payers such as Kalungwishi Estates, Northern Coffee Corporation among others. The companies contended that the drastic upward adjustment on the levies was alarming and that the Council needed to reconsider. They argued that the adjusted total payment for some properties rose from K29, 509 to K67, 464 representing an increase of 228.60 percent.. The rate payers protested and resorted to go to Court over the matter. This scenario prompted the Council to enter into negotiations with individual rate payers on case by case basis. These matters were resolved and subsequently the Council passed a resolution which awarded a rebate on the rates payable to the Council. Another matter which accounted for the biggest part of the variance was rates payable by Tanzania Zambia Railway Authority (TAZARA). As at close of 2020 Tanzania Zambia Railway Authority owed the Council the sum of K721,235 for property rates on plot 19994/1996 and K130.50 on plot C27 OF LOT 1. This matter had been outstanding for a long time now and several correspondences had been made. The latest correspondences were availed for audit verification. The Council delivered demand notices to property owners in the same period. A number of them responded by clearing their balances but the Council still had a number of clients who had not cleared their balances. The Council had gone ahead to issue warrants of distresses on the affected properties as per list which was available for audit verification. The Council had put measures to continue sensitising and educating the public on the importance of paying the taxes on time.

Fees and Charges

The Council budgeted to raise K17, 053,482 in Fees and Charges against which it raised K 9,274,366 resulting in adverse variance of 55 percent. The poor performance was due to the low turnover of people buying the plots. The Council had reposed unpaid plots and re-advertised them to the public. The Council would endeavor to always educate the clients on the procedures of acquiring land and processes of making prompt payments.

Licences

The Council budgeted to raise K725,314 in Licences against which it raised K237,429 resulting in an adverse variance of 34 percent. The variance was due to the re-designation of some business areas such as Chambeshi, Chikumanino and Newtown that were categorised as Central Business District but were downgraded to medium class areas and hence licences were charged under this category. TAZARA, Musenga, Chiba and Mulenga Hills which were earlier under medium class were re-designated to other settlement areas and Licences were charged under this category. This was in accordance with SI 20 of 2012. The re-reignited areas had shift from the high budgeted fees to the lower fees that were being obtained hence under collection according to the budgeted amount which resulted into adverse variance. The Council had budgeted licenses based on new category of charges according to areas of concern as required by SI 20 of 2012 for 2020 and 2021 budgets. The Council would always endeavor to budget Licenses and other fees in conformity with existing By-Laws and Statutes.

National Support

Local Government Equalisation Fund (LGEF)

The Council budgeted to receive funding of K 28,218,485 under LGEF against which it received

K24,182,528 resulting in an adverse variance of 85 percent. This was as a result of the Council not receiving the budgeted amount from Central Government. The Council would always notify the Ministry of Local Government.

Constituency Development Fund (CDF)

The Council budgeted to receive K6,400,000 under CDF against which it received K3,200,000 for the year 2018 resulting in adverse variance of 50 percent. This was as a result of the Council did not receive the budgeted amount for CDF in 2019 from Central Government. The Council would always notify the Ministry of Local Government.

Other Receipts

The Council budgeted to raise K 17,832,530 in Other Receipts against which it raised K10,625,252 resulting in adverse variance of 60 percent. The variance was due to the uncollected revenue from Kapongolo Motel which was projected to generate revenue when the renovation of the Motel was completed and operational by mid-2019. However, due to unforeseen circumstances the motel renovation was still in progress and resulted in non-collection of projected amount hence the adverse variance was recorded. The Council had continued to invest in the construction of the Motel.

7 c a a] h h Y Y Ð g · C V g Y f j U h] c b · U b X · F Y Wc a a Y b X U h] c b

The Committee observes with concern the huge negative variance on revenue projected against what was actually received by the Council. The Town Clerk is directed to devise new strategies to enhance revenue collection and improve the current status. The Committee also encourages the Town Clerk to enhance the sensitisation of the community on the importance of paying for rates, fees and other council charges. The Committee awaits a progress report

c) Failure to Collect Debt K1, 941,829 (petroleum levy Ę K73, 000 and property rates - K1, 868,829)

Response by the Town Clerk

Petroleum Levy

The Town Clerk reported that failure to collect petroleum levy was due to anomalies in the stated invoice amounts caused by misinterpretation of the *Petroleum Act, Chapter 435 of the Laws of Zambia* on units to charge per litre. The Council did invoice the correct amount to the clients and they had since paid. The Council would always endeavor to invoice Petroleum levy and other fees in conformity with existing By-Laws and Statutes.

Property Rates

The Town Clerk submitted that this query was caused by under collections in the Local Taxes arising from the disputes between council and potential high value rate payers such as Kalungwishi estates, Northern Coffee Corporation among others. They contended that the drastic

upward amount levied on their properties was alarming and that the change in the previous amount paid for the same properties had risen by 228.60 percentpercent.. The rate payers resorted to go to court over the matter. This scenario prompted the Council to enter into negotiations with individual rate payer on case by case basis. These matters were resolved and the Council subsequently passed a resolution which awarded a rebate on the rates payable to Council.

The Council had put measures to continue sensitising and educating the public on the importance of paying the Taxes on time.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with concern the failure by the Town Clerk to aggressively pursue their clients and collect the much needed revenue. The Town Clerk is directed to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status. The Committee also encourages the Town Clerk to enhance the sensitisation of the community on the importance of paying for rates, fees and other council charges. The Committee awaits a progress report on the matter.

d) Unsupported Bank Deposits K258, 953

Response by the Town Clerk

The Town Clerk reported that the Council always kept the deposits slips after the deposits were made. The query was caused by the deposits made to the bank not tallying with receipts issued by licensing to individual revenue collectors. Management approved depositing a pool of revenue from all sources according to percentages. For instance, 5 percent of total collection went toward fund, 50 percent went to salaries and wages and 45 percent went to service delivery splitted into different accounts such as fire account, solid waste management and market account respectively. However, the Council had no specific procedure in place to indicate receipted amount from the revenue collectors which should had been exactly equal to the deposited amount at the bank. The Council had embarked on introducing cashless system that eventually would do away with handling of cash by use of ZANACO Express, ZAMTEL, MTN and Airtel mobile money services.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urged the Town Clerk to ensure that officers responsible for the query are disciplined. The Committee directs the Town Clerk to ensure that all the funds are reconciled and details availed for audit verification. The Committee awaits a progress report on the matter.

e) Management of Payroll and Staff Related Matters Ę

i) Failure to Recover Over paid Lunch Allowance

Response by the Town Clerk

The Town Clerk reported that failure to recover over paid lunch allowances on D- washer activities sponsored by Care International Zambia was due to errors in computation of the cited amounts. The Town Clerk reported that management had since written to the affected officers and recoveries had since been made. In future the Council would endeavor to follow the budget of projects funded by cooperating partners to avoid the overpayment of allowances and other activities.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Town Clerk to ensure that officers responsible for the query are disciplined. The Committee resolves to await a progress report until details relating to action taken are availed to the Auditor General.

f) Procurement of Goods and Services

i. Unretired Accountable Imprest K157,958 (2018 - K77,823 and 2019 - K80,135)

Response by the Town Clerk

The query was caused as results of not presenting retired imprest to the auditors at the time of audit due to the fact that the Council had a system of filling retirements separate from the d U ma Y b h ` j c i W \ Y f g Ð ` h \ Y ` Town Clerk reported that all retirements Y a Y b h g had since been made. The Council had since implemented the imprest retiring system were imprest holders retire within 48 hours of getting imprest and further improved internal control measure in finance.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission with concern and urges the Town Clerk to ensure that officers responsible for the query are disciplined. The Committee resolves to await a progress report until supporting documents and details relating to action taken are availed to the Auditor General.

ii. Undelivered Billing System

Response by the Town Clerk

The Town Clerk reported that the failure to deliver the software was due to an un paid balance of K70,342.40, which did not satisfy the terms of sale resulting in the non-delivery of the software. The Council had since entered into an agreement with the supplier by paying the balance in six installment starting with K30,000 as an initial to be paid by 31st March 2021 followed by K8,068.48 for next five months. The Council would in the future ensure that all preparatory works were attended to before commencing procurement and all funds are mobilised.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by the Town Clerk to carry out due diligence before engaging into a contract. The Committee directs the Town Clerk to ensure disciplinary action is meted out on the officers responsible and that the matter should be resolved without any further delay. The Committee awaits a progress report on the matter.

iii. Missing and Unsupported Payments K869,237

Response by the Town Clerk

The Town Clerk reported that the cited payments were unsupported due to misfiling of payment vouchers during the period under review. The payment vouchers had since been traced supported and filed appropriately. The staff involved had since been charged. The Council had introduced periodic audit reviews to be done quarterly and spot unresolved issues and rectify them to minimize audit queries.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Town Clerk to take disciplinary action against officers responsible for failure to adhere to Local Authorities Financial Regulations No.98 (1). The Committee resolves to await a progress report until supporting documents and details relating to action taken are availed to the Auditor General.

iv. Irregular Drawing of Fuel K20,270 for Mayoral Vehicle and K21, 213 Private Car

Response by the Town Clerk

The Town Clerk reported that the Mayoral Office had only one vehicle which was used both as a personal-to-holder as well as a pool vY \] W` Y `] b ` f i b b] b [` h \ Y ` Wc i b W programs. Further, the fuel amounting to K21, 213 cited as being drawn by private motor vehicles, relates to fuel allocated and drawn to devolved government departments at the time when the council had no vehicles. The Council after consultation with the Ministry of Local Government had since recovered fuels used by the Mayor using accrued leave days worthy K80,982. Further, recoveries worthy K15,570.36 were made from individual council workers. The Council would endeavor to provide an additional pool vehicle to the office of the Mayor to undertake official duties, and to encourage council workers to be sharing available pool vehicles to undertake filed programs The Council would endeavor to advise the Mayor accordingly for future engagements.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and sternly cautions the Town Clerk to adhere to laid down procedure on fuel drawings. The Committee, however, resolves to close the matter subject to audit verification.

g) Management of Assets

i. Lack of Title Deeds

Response by the Town Clerk

The Town Clerk informed the Committee that the query was caused by the fact that, at the time of audit, the application process with the Ministry of Lands and Natural Resources in the acquisition of title deeds had not been completed leading to the titles not being available at the time of audit. The Town Clerk reported that the process of acquiring title deeds has advanced and the Titles were at offer stage for the cited council properties. The Council would ensure that it acquired title deeds for the property it owns promptly.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Town Clerk to ensure that he follows up the matter on the issuance of title deeds with the Ministry of Lands and Natural Resources. The Committee resolves to await a progress report on the matter.

ii. Failure to Register and Insure Tractors

Response by the Town Clerk

The Town Clerk reported that these were vehicles that were initially insured centrally by the Ministry of Local Government. However, due to a lapse in communication, the council did not immediately assume the responsibility of insurance. The Council had since insured all procured vehicles in accordance with Sections 11 and 86 of the *Road Traffic Act No. 11 of 2002* except the tractor which was donated by the ministry and had no papers to initiate the registration. The Council would endeavor to crosscheck with the Ministry to ensure that all vehicles procured centrally had their insurance policies taken over by the council when they expire.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

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

h) Irregular Payment of Value Added Tax (VAT) K268,750

Response by the Town Clerk

The Town Clerk reported that the tax registration details such as the tax clearance certificate were not availed at the procurement stage leading to the reliance on the submitted documents such as the quotations and invoices. The Town Clerk reported that the companies had since been contacted to reimburse the wrongly paid taxes and recoveries had been made from some companies. The Council would in the future scrutinise and make confirmation with ZRA for suppliers who included VAT in the prices if they were VAT registered and made them provide VAT certificate before they were procured or awarded contracts.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee expresses concern at the failure by management to carry out due diligence during the process of engaging contractors. The Town Clerk is directed to take disciplinary action against officers responsible for their failure to adhere to the laid down procedure on procurement. The Committee Directs the Town Clerk to submit details of the recoveries and action taken on the erring officers to the Auditor General for audit verification. The Committee awaits an update on the matter.

i) Management of Liabilities

i. Failure to Remit Statutory Obligations K21,073,311

Response by the Town Clerk

The Town Clerk submitted that the query was due to non-payment of statutory obligation due to financial challenges the Council was facing. The Town Clerk reported that the Council had entered into the payment plan with LASF, ZRA and NAPSA to dismantle the debt and had so far paid K840,000 with an outstanding amount of K20,233,311

No.	Institution	Amount K	Amount Paid To Date K	Balance K
1	LASF	2,064,228	360,000.00	1,704,288
2	NAPSA	6,006,792	240,000.00	5,826,792
3	ZRA	13,002,291	240,000.00	12,762,291
	Total	21,073,311	840,000.00	20,233,311

The Council would ensure it widened revenue base to continue dismantling debts and settle obligations as they fell due.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

In noting the submission, the Committee urges the Town Clerk to ensure that all available options are employed to ensure that all statutory obligations are paid without any further delay. The Secretary to the Treasury is particularly urged to consider helping the Council to pay off this huge and historical debt to relieve them of this burden. The Committee awaits a progress report.

ii. Failure to Settle Staff Obligations K4,864,610

Response by the Town Clerk

The Town Clerk acknowledged that the payment of statutory obligation was due to financial challenges the Council was facing during the period under review. The Town Clerk reported that management had prepared and implemented a payment plan and has paid K1,304,107.99 and an outstanding amount of K3,560,502.01.

No.	Staff Obligation	Amount K	Amount Paid to date K	Balance K
1	Long Service Bonus	1,285,136	178,840.63	1,106,295.37
2	Settling In Allowance	1,226,157	1,087,267.36	138,889.64
3	Terminal Benefits	2,353,317	38,000.00	2,315,317
	Total	4,864,610	1,304,107.99	3,560,502.01

The Council would ensure that it widened its revenue base to continue dismantling debts and settle obligations as they fell due.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Committee urges the Town Clerk to ensure that all available options are employed and that all staff obligations are paid without any further delay. The Secretary to the Treasury is particularly urged to consider helping the Council to pay off this huge and historical debt to relieve them of this burden. The Committee awaits a progress report.

iii. Acquisition of a Loan without Authority

Response by the Town Clerk

The Town Clerk reported that the loan was contracted before the enactment of the *Public Financial Management Act No. 1 of 2018* which required the Council to seek authority from the Secretary to the Treasury. However, the Bank disbursed the loan when the Act was in effect. The Town Clerk reported that it wrote to the Ministry of Local Government to seek authority from the Secretary to the Treasury to normalise the loan. The Council would ensure adherence to Section 26 (2) of the *Public Finance Management Act No.1 of 2018* and continue engaging the Ministry of Local Government to help in the matters of interpreting the law as and when needs arose.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by the to seek prior authority and only to do so after the auditors visited his office. The Town Clerk is sternly cautioned to desist from abrogating procedure at will and also that he must desist from seeking retrospective authority as it is not in line with the legislation. The Committee awaits a progress report on the matter.

Katete Town Council

Paragraph 21

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as set out below.

a) Budget and Income K8,179,762

Response by the Council Secretary

The Council Secretary submitted that the above stated revenue streams were due to the reasons stated hereunder.

i) Sale of Plots

The Council budgeted to offload some parcel of land but only one client came to buy the plot and some of the ratable properties had only bare land whose owners were difficult to locate.

ii) Licences, Levies and permits

Under Licences, Levies and permits, there was less activities in the District thus the under performance.

iii) Inadequate Manpower

The Council had only three (3) revenue collectors to collect revenue around the District.

iv) Grants and CDF

The Council budgeted to collect K2,200,000 under Constituency Development Fund (CDF) which was not disbursed. Further under LGEF the Local Authority did not receive the grant for two (2) months amounting to K1,635,102.60 (K817,555.30 X 2). Despite the challenges stated above, the Council had formed a revenue task force which was headed by Council Treasurer, District Planning Officer, Chief Administration Officer and assisted by Assistant Commercial Manager. Since the creation of the task force, the revenue collection had so far improved. Other interventions included; placing of revenue collectors in strategic revenue check points, the recruitments of 3 more revenue collectors by Local Government Service Commission and the Local Authority was now offering parcels of land in batches and the response was overwhelming. Further, demand notices had been issued to non-compliant rate payers according to section 24 (1) of the *Rating Act No.21 of 2018*. The Local Authority would ensure that it prepared its budget using updated database and trend analysis.

7 c a a] h h Y Y Ð g · C V g Y f j U h] c b · U b X · F Y Wc a a Y b X U h] c b

The Committee observes with concern the negative variance on various revenue types projected against what was actually received by the Council. The Council Secretary is directed to ensure that the Council devises new strategies to enhance their revenue collection and improve the 7 c i b current status. The Committee also encourages the Council Secretary to enhance the sensitisation of the community on the importance of paying for licenses, rates, fees and other council charges. The Committee resolves to await a progress report on the matter.

b) Environmental Management Æ Poor Management of the Dumpsite

Response by the Council Secretary

The Council Secretary reported that the dump site was not fenced due to limited financial resources in the period under review. The Council Secretary also reported that it had budgeted K218, 877.34 in its 2021 budget towards the maintenance of dumpsite and had commenced the fencing of dumpsite by first constructing a guard room. The Local Authority would ensure that it adhered to the laid down regulations concerning management of dumpsites.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to expedite the process of constructing a dumpsite without further delay. The Councils Secretary is directed to ensure that the matter is acted upon expeditiously to avoid disease outbreaks that may arise due the dumping of refuse in unsafe and temporal sites. The Committee will await a progress report on the matter.

c) Accounting for Revenue Ę Failure to Update Valuation Roll

Response by the Council Secretary

The Council Secretary reported that there was a lapse of time in updating the Valuation Roll since 2015 due to financial limitations faced in the period under review. The Council Secretary also submitted that it had updated the valuation roll which was presented to the Tribunal and had been approved. The Council Secretary submitted that it had put in place a system of updating the Valuation Roll every five years or before the current valuation roll expired.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by council management to update its valuation roll. This is a serious omission capable of lowering their revenue collection. The Council Secretary is directed to ensure that a valuation roll is in place by 30th August, 2021 and further that the Council should be consistent in adherence to Section 9(4) of the *Rating Act No. 21 of 2018*. The Committee awaits a progress report on the matter.

d) Management of Payroll and Staff Related Matters - Unsupported Payments K71,419

Response by the Council Secretary

The Council Secretary reported that the supporting documents were regrettably misfiled at the time of Audit. The cited missing supporting documentations had been traced and attached to the relevant payment vouchers. The Council would ensure that filing management systems were strengthened to guarantee document availability.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Council Secretary is directed to ensure that officers who misfiled receipts are disciplined. The matter is recommended for closure subject to audit verification.

Management of Assets

i. Lack of Title Deeds

Response by the Council Secretary

The Council Secretary reported that it did not acquire the title deeds for its properties under its charge at the time of audit due to facing financial challenges the Council was facing. This hindered the engagement of surveyors from surveying the properties. The Council Secretary reported that the process of acquiring title deeds had been initiated and the Local Authority had since secured offer letters from the Commissioner of Lands for various properties. Some of these properties sat on customary land and required approval from three authorities. The Local Authority had been unable to initiate the process of titling for these properties as consent from Traditional leaders had not been given. The Council would ensure that Section 41(4) of the *Public Finance Management Act No. 1 of 2018* was adhered to.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that all properties are secured with titles deeds to guarantee ownership. The Committee awaits a progress report on the matter.

ii. Failure to Maintain Properties

Response by the Council Secretary

The Council Secretary reported that the non-maintenance of some of the properties was due to maintenance being undertaken in phases, with priority given to the Council Motel, council houses and the Civic Centre. The Council had budgeted in its 2021 budget a sum of K102, 176.13 towards maintenance of said properties as per schedule of rehabilitation works. The Council would ensure that its maintenance policy was followed closely to avoid degradation of assets.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that all properties are secured by way of maintenance to guarantee value for money and continued appreciation of the properties. The Committee further directs him to ensure that a maintenance plan is put in place to avoid degradation of the properties. The Committee awaits a progress report on the matter.

iii. Outstanding Receivables K216,362

Response by the Council Secretary

The Council Secretary reported that the Local Authority acknowledged the observation of the Auditor and submitted that this was due to some land which was bare or undeveloped and had been difficult to locate the owners of the same properties when delivering rate bills. Management had written to Food Reserve Agency and property owners concerning their outstanding bills. The

Council had since collected K28,222.50 leaving a balance of K188,140.50 and would report to the appropriation Committee to obtain authority to revoke undeveloped land ownership. The Council would ensure that it collected contact details of the rate payers for easy delivery of bills in an event that the payer was not at his/her property for easy communication.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by the Council Secretary to collect revenue in accordance with the Local Authorities Financial Regulation No. 12 (h). The Committee urges the Council Secretary to ensure that the outstanding amounts are collected without further delay. The Committee resolves to await a progress report.

f) Management of Constituency Development Fund

Response by the Council Secretary

The Council Secretary reported that the contracts were still on defect liability period at the time of audit. The Council Secretary reported that it wrote to the contractors to attend to all outstanding works and defects that arose within the maintenance obligation period. He also submitted that the contractors had since worked on all outstanding works and observed defects. The Council would ensure that contractors were monitored more closely during the construction period to avoid low quality of work.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that all its projects are thoroughly and expeditiously completed to ensure value for money. The matter is recommended for closure subject to audit verification.

g) Management of Liabilities

i) Failure to Remit Statutory Obligations K3,725,945

Response by the Council Secretary

The Council Secretary submitted that the Local Authority failed to remit statutory contribution as indicated in the table above as required by the law due to financial challenges. The Council Secretary reported that it paid in full the current liabilities for LASF and a K10,000 towards the arrears, K10,000 to ZRA on monthly basis and for NAPSA we paid half of the monthly contributions. The Local Authority had so far paid K117,399.02 to NAPSA, K127,390.31 to LASF and K60,000 to ZRA and had budgeted in the 2021 budget K347,400 to liquidate the liabilities. The Council would continue to reduce the debt as per payment plan which was budgeted for in 2021 budget estimates and it had broadened its revenue base by updating the Valuation Roll.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Council Secretary is directed to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including lobbying for more funding and increasing the revenue base to expedite the process. The Committee resolves to await a progress report.

ii Failure to Settle Staff Obligations K3,234,658

Response by the Council Secretary

The Council Secretary reported that K3,234,658 had not been paid out as staff debts as at December 2019 due to financial constraints faced by the Local Authority as a result of limited resources and low revenue base. The Council Secretary reported that it had been settling the outstanding debts as and when funds become available. Further, the Council had a payment plan in place to pay K18,000 per retirees and deceased every month. For the year 2020 K360,073.18 had been paid out. The Local Authority would always ensure that reducing staff debtors were done on a regular basis whenever funds were available.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Council Secretary is directed to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available options including lobbying for more funding to expedite the process. The Committee resolves to await a progress report.

Kawambwa Town Council

Paragraph 22

22.1. Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as set out below.

a) Budget and Income K12, 682,664

Response by the Council Secretary

The Council Secretary informed the Committee that the failure to meet their targets was due to the reasons listed hereunder.

- i. On Fees and Charges, the Council included in the budget revenues from survey fees and subdividing the 6000 hectares which was given by the Ministry of Land in Luena farm block for small scale farmers.

- ii. Under Levies, the Council had budgeted maize levy which was being collected from FRA. During the years under review, this revenue did not fall due following a circular to cease the collection of maize levy.
- iii. Under National Support, the council had budgeted to receive 100 percent of Local Government Equalisation Fund but only received 82 percent of the Grant. Further, the Council did not receive Constituency Development Fund for the period under review resulting in a huge negative variance.

The Council Secretary informed the Committee that Kawambwa Town Council had worked on the surveying and subdividing of the 6000 hectares of land and the plots were being sold in the Luena farm block. A total of K2, 775,534.84 had so far been collected from developers. Further, the Council had strengthened its revenue collection by setting targets for revenue collection. The Council Secretary informed the Committee that Kawambwa Town Council had resolved that subsequent budgets were prepared realistically and would ensure preparations were based on updated databases to avoid over budgeting.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the effort made by the Council Secretary and urges him to ensure that realistic budgets coupled with detailed analysis of the revenue base are prepared to avoid failure. The Council Secretary is also urged to ensure that revenue collection efforts are enhanced and implemented promptly. The Committee resolves to close the matter.

b) Operational Matters

i. Failure to Develop an Integrated Development Plan

Response by the Council Secretary

The Council Secretary informed the Committee that Kawambwa Town Council did not prepare Integrated Development Plan (IDP) due to financial constraints. However, the Council was using a strategic plan during the period under review. The Council Secretary further informed the Committee that Kawambwa Town Council had started the Integrated Development Plan by participating in the preparatory orientation workshop which was organised by the Provincial Administration for Luapula which was held in Samfya. A draft IDP had been prepared and availed to the council for adoption. The Council Secretary also informed the Committee that Kawambwa Town Council would ensure that the Integrated Development Plan (IDP) is in place and concluded by the end of the year.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by council management to put in place an Integrated Development Plan. The Council Secretary is directed to ensure that this is done by 31st December 2021 and further that they are consistent in adherence to Section 19 (3) of the *Urban and Regional Planning Act No. 3 of 2015*. The Committee awaits a progress report on the matter.

ii. Lack of Firefighting and Prevention

Response by the Council Secretary

The Council Secretary informed the Committee that Kawambwa Town Council was established as a fire authority in 2018. And therefore did not have the resources and infrastructure to provide fire services during the period under review. The Council Secretary further informed the Committee that Kawambwa Town council since the pronouncement by the Ministry of Local Government the Council had since engaged the Ministry of Local Government and the Local Government Service Commission to assist in the provision of equipment and the much needed human resource. Meanwhile the Council had come up with a local temporal arrangement by engaging Zaffico Company who had fire equipment in case of fire emerges. Going forward, the Council Secretary informed the Committee that management would continue to mobilise resources to operationalise fire prevention and rescue services to ensure efficient service delivery adherence to the provisions of the Local Government Act.

Cc a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the efforts made and encourages the Council Secretary to ensure that the process of putting up a fire station is expedited. The Committee awaits a progress report on the matter.

c) Failure to Collect Outstanding Revenue K384, 931

Response by the Council Secretary

The Council Secretary submitted that management failed to collect revenue due to the reasons listed hereunder.

- i. Under billboard, h \ Y ` X Y V h ` k U g ` \] g h c f] WU ` ` U b X ` h \ Y f Y Ð g that by the time they billed them, the client had removed the billboard in question.
- ii. Under Personal levy, Tea levy and Property levy amounting K161, 290 for former Kawambwa Tea Company had been outstanding since 2017 and the Company was liquidated. The new Kawambwa Tea Company (ZAFFICO) has refused to pay.
- iii. Under Property rates, under collection of Commercial, Residential, Industrial and shop rentals amounting to K219, 055 was due to noncompliance by taxpayers.

The Council Secretary informed the Committee that management had taken action as set out below.

- i. Under billboard, and amount totaling K4, 586 had been reported to the council as bad debt.

- ii. Under Personal levy, Tea levy and Property levy amounting to K161, 290 for former Kawambwa Tea Company had been outstanding since 2017 and the Company was liquidated. The debt had been referred to Industrial Development Cooperation (IDC), who had been promising to pay.

The table below shows the performance for the year 2019 and 2020

Type of Revenue	Closing balance as at 31/12/ 2018	Billing for 2019	Total Amount	Collected Amount	Closing Balance as at 31/12/2019	Collect efficiency
Property rates commercial	169,913.35	282,457	452,370.35	446,258.35	6,112	98 percent
Property rates Residential	181,348.25	263,067	444,415.25	273,342.30	171,073	61 percent
Property rates Industrial	320	-	320	-	320	
Shop rentals	9,800	52,800	62,600	21,050	41,550	33 percent
Total	361,381.60	598,324	959,705.60	740,650.65	219,055	77 percent

Under property rates commercial, residential and shop rentals the council managed to collect 98 percent on commercial rates. However the Council only collected 61 percent on residential property rates and 33 percent on Shop rentals respectively. The Council had sort authority to engage court bailiff on residential property. Going forward, the Council Secretary informed the Committee that management would ensure that its databases were periodically updated, strengthen its revenue task force and would be making follow ups and issue demand notice on time.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee is disappointed with the Council Secretary for his failure to collect the much needed revenue. The Committee sternly cautions the Council Secretary to ensure that matters relating to revenue collection are seriously pursued. The Committee awaits a progress report on the matter.

d) Management of Payroll and Staff Related Matters

i. Irregular Payment of Allowances K55, 590

Response by the Council Secretary

The Council Secretary informed the Committee that this was due to lapses in internal controls and the Council had since started recovering from the concerned officers through the payroll. The Council Secretary informed the Committee that Kawambwa Town Council had stopped the

practise of paying allowances within the District as per Cabinet Office Circular dated 30th December 2020.

7 c a a] h h Y Y Ð g ´ C V g Y f j U h] c b ´ U b X ´ F Y Wc a a Y b X U h] c b

The Committee expresses concern at the abrogation of procedure by officers with impunity. The Council Secretary is directed to ensure that the officers responsible for the query are disciplined, and further that the funds are recovered without further delay. The Committee awaits a progress report on the matter.

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Response by the Council Secretary

The Council Secretary informed the Committee that management made irregular payment through accommodation and meals to officers on transfer and first appointment due to lack of resources to accommodate newly transferred staff. The Council would recover the funds immediately through the payroll. The Council had since stopped the practice and would ensure that it abides by the proj] g] c b g ´ c Z ´ h \ Y ´ f Y [i ` U h] c b g Ð

7 c a a] h h Y Y Ð g ´ C V g Y f j U h] c b ´ U b X ´ F Y Wc a a Y b X U h] c b

The Committee expresses concern at the abrogation of procedure by officers with impunity. The Council Secretary is directed to ensure that the officers responsible for the query are disciplined, and further that the funds are recovered without further delay. The Committee awaits a progress report on the matter.

d) Management of Assets - Failure to Maintain Munkanta Council Lodge

Response by the Council Secretary

The Council Secretary informed the Committee that management noted the failure to rehabilitate Munkanta Lodge due to lack of funds. However, the Council had since managed to rehabilitate the dilapidated state of the lodge. He also assured the Committee that they would be doing periodical maintenance of all council building.

7 c a a] h h Y Y Ð g ´ C V g Y f j U h] c b ´ U b X ´ F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the funding for completing the maintenance of properties is prioritised as and when funds were made available. The Committee resolves to close the matter subject to audit verification.

f. Management of Constituency Development Fund Æ Unauthorised Retention of Interest

Response by the Council Secretary

The Council Secretary informed the Committee that retention of interest was due to the fact that

the council was planning to use interest in case the project was not completed with the allocated amount due to fluctuating prices of raw materials. The Council Secretary informed the Committee that management had since transferred the interest earned in question to the Treasury Account. The Council Secretary informed the Committee that the Council would ensure it adhered to the *Public Finance Management Act No. 1 of 2018*.

7 c a a] h h ~~Verdict and Recommendation~~

The Committee notes the submission and cautions the Council Secretary to desist from using interest without Treasury Authority, despite having well meaning intentions. The Committee counsels him to ensure that Treasury authority must be sought at all times. The matter is however resolved for closure subject to audit verification.

g) Management of Liabilities

i. Failure to Remit Statutory Obligations K3, 415,356

Response by the Council Secretary

The Council Secretary noted the failure to remit statutory obligations to ZRA, LASF and NAPSA due to lack of funds. The Council Secretary informed the Committee that management had been paying monthly bills to various institutions since 2018. However, for the historical debts, the Council had put up a payment plan for 2021 amounting to K395, 626.92 against the outstanding amount.

See the table below to show the performance for 2019 and 2020.

No	Institution Name	Opening balance	Accrued amount	Amount paid	Balance
1	ZRA	1,958,152	39,389.77	39,389.77	1,958,152
2	NAPSA	1,315,832	36,610.60	36,610.60	1,315,832
3	LASF	141,372	12,648.40	12,648.40	141,372
	TOTAL	3,415,356	88,648.77	88,648.77	3,415,356

The Council Secretary informed the Committee that Kawambwa Town Council would ensure to implement the payment plan for 2021 amounting to K395, 626.92 to settle the history debts.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Council Secretary is directed to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. She is also directed to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

Kitwe City Council

Paragraph 22

An examination of accounting and other records maintained at The Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Town Clerk responded as set out below.

a) Budget and Income

Response by the Town Clerk

The Town Clerk submitted that the local authority collected K257,612,279 against a budget of K362,176,737 representing a 71 percent collection efficiency during the period under review into the 2020 financial year. The Council conducted a promotion on certain categories of its income last year (2020) in order to encourage the residents to pay their outstanding obligations and the response was fairly good. Formation of revenue task teams, timely distribution of bills to enhance revenue collection in order to increase the revenue collection efficiency.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by the Town Clerk to collect revenue resulting into the current liquidity problems. The Town Clerk is directed to ensure that revenue collection is enhanced and prioritised while also ensure that realistic budgets coupled with detailed analysis of the revenue base is done to avoid this failure. The Town Clerk is directed to ensure that the strategies are implemented promptly and implemented promptly. The Committee resolves to close the matter.

b) Operational Matters - Failure to Control and Manage Markets

Response by the Town Clerk

The Town Clerk submitted that at the time of audit, trading activities were found taking place along nine streets at Mufuchani Bridget, KCC Bus Stop, St. Anthony, Twibukishe, Malembeka, Morning Market, Luangwa Stage two, Kampwena and Kapenta Market which were not designated markets. The said trading centres had been verified as not designated markets but could be designated as Market Streets in accordance with section 7 of the *Markets and Bus Stations Act No 7 of 2007* after which the Local Authority would provide amenities and assume control of them. The Local Authority would assign Market Masters and Revenue Collectors to manage the Market Streets when all the procedures were fulfilled.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Town Clerk is directed to ensure that all the available options are explored to enable the collection of revenue from the traders without any further delay. The Committee resolves to await a progress report on the matter.

c) Accounting for Revenue

i. Loss of Revenue Ę Dilapidated Buildings K124, 525

Response by the Town Clerk

The Town Clerk informed the Committee that the Council did not have adequate resources to rehabilitate the buildings in the year under review. This was due to a narrow fiscal space owing to a backlog of retirement benefits which dated as far back as 2011 thus crowding out infrastructure rehabilitation. The Council had now budgeted for K2, 604, 000 in the 2021 budget for the repair of the cited buildings. Works would commence as soon as resources were mobilised. A copy of the extract of the 2021 budget was available for verification. Council would continue to budget for rehabilitation of its buildings until all were brought to repaired state.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Town Clerk is directed to ensure that all available options are explored to enhance liquidity and to enable the Council to have enough to help renovate the dilapidated properties. The Committee resolves to await a progress report.

ii. Failure to Avail Tenancy or Lease Agreements K1,482,780

Response by the Town Clerk

The Town Clerk submitted that the tenancy agreements had expired and it took longer to renew them due to resistance by marketeers induced by some associations, hence the non-availability of lease agreements at the time of audit. The tenancy agreements had been signed and were available for audit verification. The Council would ensure that tenancy agreements were renewed without delay.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee cautions the Town Clerk to ensure that the matter does not recur. The matter is recommended for closure subject to audit verification.

d) Management of Payroll and Staff Related Matters

i. Questionable Payments of Long Service Bonus and Terminal Benefits K517, 699 (terminal benefits Ë K476,066, long service bonuses Ë K25,733 and gratuity Ë K15,900)

Response by the Town Clerk

The Town Clerk reported that the Council had kept the letters of appointment/termination on the Y a d ` c m Y Y g Ð ` Z] ` Y g ers for the outstanding dues. The Council had retrieved and attached to the payment vouchers all the supporting documentation such as letters of appointment/termination, pay slips, and account ledgers to show outstanding balances and amounts paid and the supporting calculations. Ledgers, appointment/termination letters and pay were available for verification. The Council had put all the ledger cards in the personal files for retirees/deceased employees to avoid misplacement of records.

7 c a a] h h Y Y **Findings and Recommendations**

In noting the submission, the Town Clerk is directed to ensure that the officers responsible for the query are discipline. The matter is recommended for closure subject to audit verification.

ii. Irregular Payment of Subsistence and Meal Allowances K241, 895

Response by the Town Clerk

The Town Clerk submitted that activities which officers were discharging were urgent in nature and therefore, officers were required to work for eight (8) hours without breaking. The Council had started the process of recovering all meal allowances paid to the affected employees. The Council had so far recovered K52,335.33 out of the total of K241, 895 leaving a balance of K189,559.67. The payroll reports showing the deductions were available for verification. The Council had fully implemented the contents of the Cabinet Office Circular dated 30th December 2015.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with great concern the omission by the Town Clerk and sternly cautions her. She is directed to ensure that the outstanding amount is collected without any further delay. The Committee will await a progress report on the matter.

iii. Failure to Recover Salary Advances K264, 758

Response by the Town Clerk

The Town Clerk informed the Committee that the cited advances consist of K20,835 salary advances and K243,923 staff loans which were obtained by officers who at the time of the audit had been transferred to other Councils. The Council had written to the respective Councils to help recover the salary advances and staff loans. Letters to other Councils were available for verification. The Council would ensure that all outstanding matters of transferred officers were promptly communicated to the receiving Council at the point of clearing the officer.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Town Clerk to ensure that the matter is resolved without any further delay. The Committee will await a progress report on the matter.

e) Procurement of Goods and Services

i. Unsupported and Missing Payment Vouchers K5, 001, 283

Response by the Town Clerk

The Town Clerk reported that the missing payment vouchers were wrongly filed in different

files, while the supporting documents for most of the cited payment vouchers (most of them to do with terminal benefits) were filed in a separate box file. The Council had since traced the missing payment vouchers, while the cited unsupported payments had also been supported with relevant documents. All missing payments and unsupported vouchers labeled were available for verification. Council had assigned specific officers in Finance Department with a specific task of filing payment vouchers on daily basis.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with great concern the above omission and urges the Town Clerk to ensure that the officers responsible for the query are disciplined. The matter is recommended for closure subject to audit verification.

ii. Unacquitted Wages K152, 313

Response by the Town Clerk

The Town Clerk reported that the folder consisting of the acquittal sheets for the cited transactions which largely involved winning bonus wages for the Kitwe United Football Club was at the time of audit being kept by a club official who was not around. Acquittal sheets had now been attached to the payment vouchers. Payment vouchers were available for verification. Council would ensure that all accountable imprests were retired within the required timeframe (48hrs). Council had created a company limited by guarantee to independently run the affairs of Kitwe United Football Club as per Football Association registration requirements so the Council only concerned itself with disbursement of monthly grants to the club and not the day to day running of the club.

Commih h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with great concern the omission above and urges the Town Clerk to ensure that the officers responsible for the query are disciplined. The Council Secretary is directed to ensure that all documents relating to the query are submitted to the Auditor General matter is recommended for closure subject to audit verification.

f) Management of Stores

i. Unaccounted For Stores K470, 401

Response by the Town Clerk

The Town Clerk submitted that the cited unaccounted for stores were paid for using the online payment system and the suppliers delayed to issue receipts/tax invoices which consequently resulted into delays in completing some of the disposal details at the time of audit. The Council had obtained receipts/tax invoices from the affected suppliers and disposal details had now been completed. Payment vouchers attached with the receipts/tax invoices and other stores disposal details available for verification. The Council would ensure that all suppliers promptly issue

receipts/tax invoices whenever they received a payment or supply the commodities to the Council to avoid delays in completing disposal details.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with great concern the serious omission by the officers and urges the Town Clerk to ensure that the officers responsible for the query are disciplined. The Committee also directs the Town Clerk to ensure that documents relating to the query are submitted to the Auditor General and an update is being awaited.

ii. Fuel Drawn by Non Ē Runner Motor Vehicles

Response by the Town Clerk

The Town Clerk informed the Committee that the cited vehicles were working in the year under review but had regular breakdowns and the fuel register was not fully reconciled and updated at the time of audit. Fuel register had now been reconciled and updated and copies of the log books for the cited vehicles were available for verification. The Council would ensure continuous reconciliation of the fuel register on a weekly basis.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with great concern the serious omission above and recommends that officers responsible for the query are disciplined. Committee also directs the Town Clerk to ensure that documents relating to the query are submitted to the Auditor General and an update is being awaited.

g) Management of Assets

i. Lack of Title Deeds

Response by the Town Clerk

The Town Clerk submitted that most Council properties were sitting on land that was not surveyed and numbered and therefore, the titling process could not be finalised in the year under review. The Council had commenced preparation of the local area plans for its properties for purposes of numbering by the surveyor general, after which the properties would be surveyed and recommended to Ministry of Lands and Natural Resources for Issuance of title deeds. The Council would ensure that land was immediately titled after it was acquired and for any property that it may assume ownership of in the future.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Town Clerk to ensure that all properties are secured with title deeds and subsequently insured without further delay. The Committee awaits a progress report on the matter.

ii. Failure to Maintain Properties

Response by the Town Clerk

The Town Clerk reported that the Council did not have adequate resources to rehabilitate the buildings in the year under review. Council had budgeted for phased rehabilitation at an amount of K2, 604, 000 in the 2021 budget. A copy of maintenance policy and an extract of the 2021 approved budget respectively were available for verification. The Council would ensure that it implements its asset maintenance policy to avoid further dilapidation of its assets.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Town Clerk to ensure that all its properties are maintained without further delay. The Town Clerk is also urged to ensure that a budgetary provision is put in place to fund maintenance of all properties. The Committee awaits a progress report on the matter.

h) Management of Local Government Equalisation Fund (LGEF)

i. Wasteful Expenditure - Palmsoft Accounting and Financial Management Information System (PAFMIS)

Response by the Town Clerk

The Town Clerk informed the Committee that three (3) officers who were trained to use the procurement and asset system modules were all transferred to other Councils after being trained. The Council had engaged the supplier of the system to conduct a fresh training on the procurement and fixed asset module to the new officers so that the system can be used. The training would be conducted in the second quarter of this year. The Council management would ensure that a good number of officers were trained whenever a new system is introduced to avoid system disruptions due to personnel transfers.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Town Clerk to ensure that trainings are conducted for all staff each time new equipment is procured to avoid recurrence. The Town Clerk is also urged to ensure that a budgetary provision is put in place to fund trainings to prevent the misuse of equipment. The Committee awaits a progress report on the matter.

ii. Questionable Payment of VAT

Response by the Town Clerk

The Town Clerk informed the Committee that there was an element of misrepresentation by the company since accounting for and to the payment of VAT was a responsibility of a company. Section 22 (2) (c) provided that 'U b m ` Ushwri dn invoice as tax chargeable shall be recoverable as tax from the person issuing the invoice whether the person issuing the invoice was

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as a registered supplier. The Council wrote to the supplier to show proof of VAT registration on
supply. The proof of payment and the bank statement indicating the refund was available for
verification. The Council was fully undertaken at procurement stage.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee notes with concern the Town Clerk's failure to include a requirement for the
provision of a Zambia Revenue Authority Tax Registration clause in the solicitation documents.
The Committee sternly cautions the Town Clerk to ensure that the matter does not recur. The
matter is recommended for closure subject to audit verification.

i) Management of Liabilities

**i. Failure to Remit Statutory Obligations K39,399,483
Response by the Town Clerk**

The Town Clerk submitted that the Council only managed to liquidate the recurrent bills but
could not liquidate the arrears due to cash flow challenges in the period under review. The
Council did reconciliation with Zambia Revenue Authority (ZRA) as at 31st July 2020 and an
amount of K42, 498, 882 was established as outstanding at the close of July 2020. Consequently,
ZRA issued a garnish order of the same amount on their property rates from Mopani Mines. The
reinstated outstanding balance as at 31st December 2020 in respect of property rates books was K2, 939, 296 and would be settled before June 2021. Garnish order labelled Appendix
L was available for verification. The Council was also pursuing land debt swap options with
LASF. The Council was preparing a supplementary valuation roll to widen the fiscal space in
order to be current with statutory deductions as they fall due.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

In noting the submission, the Committee urges the Town Clerk to ensure that all available
options are employed to ensure that all statutory obligations are paid without any further delay.
The Secretary to the Treasury is also urged to consider helping the council to offset this debt.
The Committee awaits a progress report.

ii. Failure to Settle Staff Obligations

Response by the Town Clerk

The Town Clerk submitted that the Council could not manage to liquidate all outstanding staff
obligations in the year under review due to limited fiscal space. Council further paid a total
amount of K3, 766, 479 in respect of the outstanding amounts as at 31st December 2019 as
indicated below:

S/N	Name	Amount	Payments	Balance as at 31 st December 2020
1	Terminal Benefits	6,444,170	(2, 373, 196)	4, 070, 974
2	Long Service Bonus	4,670,557	(997,733)	3,672, 824
3	Gratuity	395,550	(395,550)	Nil
	Total	11,510,277	3, 766, 479	7, 743, 798

The Council would liquidate the outstanding balance before the end of this year (2021). The ledgers were available for verification. Council had dedicated an account in which a proportion of its daily bankings were being deposited in order to liquidate staff obligations as and when they fall due.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Town Clerk is directed to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to enhance resource mobilisation capabilities in order to reduce the debt stock. The Secretary to the Treasury is also urged to consider helping the council to offset this debt. The Committee resolves to await a progress report.

Livingstone City Council

Paragraph 24

24.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Town Clerk submitted as set out below.

a) Governance - Lack of Chiefs' Representation

Response by the Town Clerk

The Town Clerk submitted that the boundary demarcations for Livingstone District were in line with the *Provincial and District Boundaries Act, Chapter 286 of the Laws of Zambia*, which excluded chiefdoms in the area of Livingstone City Council jurisdiction. The records at the Council indicated that the Chiefs' representation had been confined to the districts of Kalomo, Zimba and Kazungula. The Council had endeavored to adhere to the provisions of *Article 153(2) (a)(b) of the Constitution of Zambia (Amendment) Act No. 2 of 2016* and *Section 15 of the Local Government Act, No. 2 of 2019* when convening meetings of the Council while also observing *the Provincial and District Boundaries Act, Chapter 286 of the laws of Zambia*. Livingstone City Council would observe the provisions of the laws of Zambia and abide by Government guidance.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

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

b) Budget and Income É K47,515,215

Response by the Town Clerk

The Town Clerk acknowledged the observations of the Auditor General on budget variance in respect of the years 2018 and 2019. The following were the causes of the query on each source of revenue:

Local Taxes

The prolonged drought in the Southern region of Zambia in 2018 and 2019 rainy seasons resulted in the Victoria Falls having low volume of water, thereby causing the low inflow of tourists in the District. This affected the payment of local taxes and charges with a total budget of K36,126,231 as the Council was dependent mainly on businesses in the tourism industry.

Fees and Charges

The Council budgeted to collect revenues from the new modern market and bus station but these could not be completed within the planned timeframe, thereby causing the Council to fail to collect in full the 2018/2019 total budgeted income of K57,485,241 from market fees, giving an adverse variance of K31,005,211.

Further, the Council budgeted to raise revenue from the sale of newly created plots but due to the poor response from the general public during the period under review, the council could not manage to raise the budgeted amounts in full.

Licences

The low inflow of tourists in the District affected businesses negatively and as a result not all business entities renewed their liquor licences. Further, the Council did not perform well in collection of money in occupancy licences due to the slow pace at which the offered plots were being developed by approved applicants.

Permits

The adverse variance of K2,370,144.00 was as a result of an unfavourable business environment during the period 2018/2019 in the tourism sector and other businesses, which resulted in the Council issuing a lesser number of permits than was budgeted.

National Support

The National Support funding receipt adverse variance of K4,310,370 was due to the following:

- < Land Development Fund: The Council did not receive the total budgeted funds amounting to K4,700,000 as requested from the Ministry of Lands, instead, only K1,000,000 was received and resulted in the adverse variance;
- < Constituency Development Fund: The funds for the 2019 financial year were not received; and

- < Local Government Equalisation Fund: The Local Government Equalisation Fund was only funded for eleven months in 2018 and ten months in 2019 instead of twelve months in respect of each financial year.

Local Taxes

The business entities which owed the Council unpaid property rates had been engaged in the introduced flexible payment plans in order for the leaseholders to clear the outstanding balances.

Fees and Charges

The Council and the Government had engaged a financier, namely National Pension Scheme Authority (NAPSA) to provide capital to complete the bus station and market projects which when completed would enhance the collection of fees and charges from the two facilities while repaying the financier. The introduction of the e-Levy in the existing markets and bus stations had boosted the revenue collection in fees and charges. The Council had developed a strategy which promoted leaseholders to pay for property rates in conjunction with renewal of licences and permits yearly. The Council would endeavour to strengthen the revenue collection strategies put in place, in order to enhance efficiency in revenue collection from local revenue sources such as local taxes, fees, charges, permits and licences.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee notes the strategy put in place by the Town Clerk and urges him to ensure that realistic budgets based on a detailed analysis of the revenue base are made in order to avoid recurrence of such variances. The Town Clerk is also urged to ensure that the strategies are implemented promptly. The Committee recommends the closure of the query subject to audit verification.

c) Environmental Management - Dumpsite not Fenced

Response by the Town Clerk

The Town Clerk submitted that the total area involved for fencing was approximately 10 hectares and required capital expenditure of about K2,800,000. Further, the ownership of the land was under Zambia Airports Corporation Limited, so it was only being used in the interim as a stop gap measure. The Council had plans to secure land for the new dump site. The Council had commenced negotiations with the Ministry of Lands and Natural Resources, through the Forestry Department to secure land to be used as a dump site for Livingstone City Council. The Council had further made project proposals to German International Cooperation Agency, Turkish International Cooperation Agency and United Nations Industrial Development Organisation to finance the fencing and construction of an engineered landfill as a permanent solution. Therefore, the Council was securing land for a permanent dump site which would be fenced while the temporary dump site was currently secured from scavengers by placing public notices prohibiting trespassers and council officers were placed on guard on rotational basis.

The Committee urges the Town Clerk to ensure that a permanent dumpsite is secured without any further delay. The Committee awaits a progress report on the matter.

d) Management of Assets

j) Lack of Title Deeds and Insurance of Two Motor Vehicles Ē K104,000

Response by the Town Clerk

The Town Clerk acknowledged the observations of the Auditor General and submitted that the survey of the land and valuation for cited properties had not been concluded in order to proceed with the processing of title deeds. As for the lack of insurance cover on two vehicles valued at K104,000, the two vehicles were not insured at the time of audit as the Council was insuring motor vehicles in batches because of the constrained cash flow during the period.

The Council commenced the process of acquiring the title deeds and progress made was as shown below.

- < twenty eight properties had had site plans created and numbered.
- < two properties had had offers from the Commissioner of Lands.
- < twelve properties had had titles obtained from the Ministry of Lands.
- < nine properties were currently being surveyed.

The two vehicles in question had been insured. The Council would ensure that existing properties and any future acquired properties were put on title. The Council would also ensure that the vehicles were all insured before the end of each year.

The Committee urges the Town Clerk to ensure that all properties are secured with title deeds and all motor vehicles insured without further delay. The Committee awaits a progress report on the matter.

ii. Failure to Maintain Assets

Response by the Town Clerk

The Town Clerk acknowledged the audit findings, and submitted that the constrained cash flow during the period under review affected plans to rehabilitate the houses. The Council had developed a property maintenance policy which provided for a yearly budgetary allocation towards the repair and rehabilitation of council buildings, and rehabilitation of properties had commenced. The Council would ensure that buildings were maintained so that their economic life spans were improved, and they could in turn add to revenue generation.

The Committee urges the Town Clerk to ensure that all its properties are maintained without

further delay. The Town Clerk is also urged to ensure that a budgetary provision is made for maintenance of all its properties. The Committee awaits a progress report on the matter.

e) Management of Liabilities Ę Failure to Remit Statutory Obligations Ę K84,998,084

Response by the Town Clerk

The Town Clerk submitted that the failure to remit statutory obligations was due to constrained cash flow to meet the gross payroll. This had been exacerbated by the provision of social services on a monthly basis. The Council was in the process of signing an agreement with National Pensions Scheme Authority (NAPSA) regarding a payment plan and debt swap on 100 identified stands in liquidating the K39,746,444 debt. Management had a standing agreement with the Zambia Revenue Authority (ZRA) of paying a sum of K100, 000 on a monthly basis towards the outstanding debt of K37,673,077 and also paying the current accrued amount whenever it fell due. They also had an agreement with the Local Authorities Superannuation Fund (LASF) to be paying K20, 000 towards offsetting statutory obligations arrears amounting to K7,578,563 and also paying the current accrued amount on a monthly basis. The Council would strive to ensure that its cash flow improved by implementing strategies regarding revenue collection mechanisms in order to manage the payment of statutory obligations as they fell due on a monthly basis.

7 c a a] h h Y Y Đ g s and Recommendations b

In noting the submission, the Committee urges the Town Clerk to ensure that all available options are employed to ensure that all statutory obligations are paid without any further delay. The Secretary to the Treasury is also urged to consider supporting the council to liquidate the debt in order to relieve it of this historical burden. The Committee awaits a progress report.

Luampa Town Council

Paragraph 25

a) Budget and Income K3,928,162

Response by the Council Secretary

The Council Secretary submitted that the overall variance of K3, 928,162 was as a result of the Local Government Equalisation Fund (LGEF), which was not remitted to the local authority for the months of October, November and December 2019. In addition, the variance was as a result of the Constituency Development Fund not being disbursed. From plot premiums, the Council did not collect any amount as no plots were sold, hence the of K525, 000 variance. The under collection from fees and charges was due to the drought experienced in the 2018-2019 farming season, which affected most of the farmers, since most of the revenue from fees and levies came from farm produce. The Council Secretary also reported that Luampa Town Council had applied for Land Development Fund through the Ministry of Lands to enable them service the plots and make them more accessible. The Council had written through the Permanent Secretary to request for the opening of township roads. The Council had also advertised in both in print media and local radio stations in Kaoma and Mongu. In addition, the Council had engaged the Ministry of Local Government to be disbursing the Local Government Equalisation Fund on time to avoid

such variances on income. As a way forward, the Council Secretary would ensure that plots or land available for sale were adequately serviced before inclusion in the budget. Management resolved to make sure that the Finance Department would follow up with the Ministry of Local Government on the disbursement of funds to avoid such variances.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the strategy put in place by the Council Secretary and urges him to ensure that realistic budgets, based on a detailed analysis of the revenue base, are made in order to avoid recurrence of such variances. The Council Secretary is also urged to ensure that the strategies are implemented promptly. The Committee recommends the closure of the query subject to audit verification.

b) Procurement of Goods and Services – Irregular Payment of Subscription Fees - K146,640

Response by the Council Secretary

The Council Secretary reported that the payment of subscription fees to professional bodies was done in accordance with the conditions of service for council officers and were budgeted for in the 2019 approved budget as guided in the 2019 budget guidelines. The Cabinet Office Circular was made available to the local authorities in 2019. However, he argued that local authorities were guided by the Ministry of Local Government through the 2020 budget guidelines and during national budget hearing for 2020- 2022. Out of the queried amount of K146,640, a total of K8,290 involving three professional bodies for subscriptions was still outstanding at the time of audit, whereas the amount of K138,350 was due to mispostings as these comprised allowances. The payments were verified by the internal auditors and arrived at the actual figure of K8, 290 which was indicated in their report. Further, payment vouchers totalling K138, 640 for payments not related to the subscriptions were now available for audit scrutiny. The Council had taken note of the guidance from the Ministry of Local Government to local authorities which was issued during the budgeting period for 2020– 2022 and the council started implementing the directive in 2020 and onward. Management had put in place an orientation/ training for finance officers on postings to avoid such mispostings.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee recommends that disciplinary action be meted out against the officers who failed to provide the necessary details at the time of audit. Further, the outstanding amount of K8,290 relating to subscriptions should be resolved without undue delay. All relevant documents should further be submitted to the Auditor General for verification. The Committee will await an update report on the matter.

c) Management of Assets – Lack of Title Deed

Response by the Council Secretary

The Council Secretary submitted that management was of the view that being a new council and the lodge being on state land, the title would be processed at a later date. He, however informed the Committee that through the Plans and Works Committee and Full Council Meeting Minute No.CM/82/07/20, it was resolved to recommend to Ministry of Lands and Natural Resources for acquisition of title deeds. The Council Secretary \ U X ' h U _ Y b ' b c h Y ' c Z ' h \ Y ' U i relation to acquisition of title deed and he would be adhering to the Ministry of Lands on procedures and guidelines regarding the acquisition of title deeds.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to ensure that the process of acquiring title deeds for all properties belonging to the Council is expedited. The Committee will await a progress report on the matter.

d.) Management of Local Government Equalisation Fund - Misapplication of Funds

Response by the Council Secretary

The Council Secretary reported that funds were borrowed to pay November, 2019 salaries with the hope of reimbursement when the Council was going to receive the LGEF for the same month of November, 2019. However, the Ministry of Finance did not disburse the funds. The funds were reimbursed on 21st May 2020. Documents were available for audit verification. He also reported that funds borrowed would always be reimbursed in order for funds to be applied as intended.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and sternly cautions the Council Secretary to desist from misapplying funds meant for capital projects. The Committee, however, resolves to close the matter subject to audit verification.

Luano Town Council

Paragraph 26

26.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December, 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Council Secretary submitted as set out below.

a) Budget and Income K9,910,882

Response by the Council Secretary

Owners Rates

The Council Secretary reported that the under collection in the Owners Rates was as a result of the supplementary valuation roll that the Council was undertaking with Mkushi Town Council. The supplementary valuation roll was effective 2019.

Local Tax- Personal Levy

The Council Secretary stated that the under collection in Local Taxes was as a result of the Personal Levy component which was the largest that was owed by the Government of the Republic of Zambia through Ministry of Local Government for the civil servants in various ministries in the District.

Fees and charges

The Council Secretary submitted that the underperformance was as a result of the reasons listed hereunder.

- i) Low demand for the advertised residential plots, so no plot application fees were received as budgeted.
- ii) The District had experienced a drought in 2019 and this affected the farm production and in turn no grain levy was collected in Luano District. This resulted in low collection of the budgeted amount on levies during the period under review, thereby affecting the Council's performance adversely.
- iii) The Council had invoiced Zamtel for the telecommunication mast in 2019, but that was not paid in the period under review despite several efforts made to collect the said levies.

Licenses

The Council Secretary reported the variance in the Actual when compared with the Budgeted revenue was as result of not collecting anything from Kabombo Market because of the boundary issues with Rufunsa Town Council which claimed the market was in their District. In addition, there were issues with some shop owners that were budgeted for in 2019 closing at Masansa and Coppermine Markets due to loss of business.

Levies

The underperformance was as a result of the following reasons:

- i. Pole Levy - This was budgeted for in 2018 and 2019 but Zambia Electricity Supply Company (ZESCO) had not honoured the invoices despite many reminders from the Council;

- ii. Sand levy - The transporters for sand had been avoiding the Luano side due to the poor road network and had opted to collect from the Mkushi side because the roads were better as they were maintained by the white farmers in the farming block which fell under Mkushi District; and
- iii. Geographical location of certain areas in Luano had proved to be a challenge to access in certain periods when they became active. For example, the valley became active during the rainy season but the road was closed during the rainy season so collecting certain revenues was a huge challenge. There was also no network and the people who lived there were seasonal.

Permits

The underperformance was as a result of the reasons highlighted below.

Health permits

Health and fire certificates were also affected by a number of business houses closing down due to lack of business. This affected the revenue collection in the periods under review.

Charges

The underperformance was as a result of low demand for the advertised plots. This affected the revenue collected from plot premium. The general public seemed to be interested in the farm plots as opposed to the residential or commercial plots.

Other income

The drilling machine had developed a fault that required about K350,000 to repair so it stayed for a long time without being available for hiring out to the public. This affected the planned performance of the revenue. The irregular funding of the Local Government Equalisation Fund also affected the planning on how to save funds to enable the Council to take it for repair.

Local Government Equalisation Fund

The underperformance in the Local Government Equalisation Fund was due to the non-remittance of the monthly grant by the Ministry of Finance. The Council had budgeted to receive K7,764, 895 and only received K6,732,746 in 2019.

Grants in Lieu of Rates

The underperformance on Grants in Lieu of Rates was due to the non-remittance of the grant by Ministry of Finance, which was beyond the control of Luano Town Council.

Constituency Development Fund

The underperformance in the CDF fund was due to the non-remittance of the said CDF funds for 2019 by Ministry of Finance.

Owners Rates

The Council Secretary reported that the Supplementary Valuation had been done and presented to the Rating Valuation Tribunal and was awaiting award.

Local Taxes/Rates

The Council Secretary reported that the Ministry of Finance was engaged and funds were remitted in the year 2020.

Fees and charges

The Council Secretary reported the following:

1. The roads leading to and around the advertised plots for sale in the district had been serviced, making it accessible for the potential owners of the plots.
2. The plots had been re-advertised in the print media with overwhelming response.
3. Zamtel had been engaged with regard to its outstanding debt. The company had assured its settlement within the first quarter of 2021.

Licenses, Levies, and Permits

The Council Secretary reported the following:

1. The boundary disputes with Rufunsa District Council had been resolved and collections had commenced from the market as of 8th February, 2021.
2. The market registers had since been updated to capture all business shops in all the markets.
3. Sensitisation of business owners in various markets on the importance of payment of business levies to the local authorities and business communities had been done.

Charges

The Council Secretary reported the following:

1. Plots for sale had been re-advertised in the print media
2. Service roads in our District had been rehabilitated so as to make the plots more accessible and increase demand.

Local Government Equalisation Fund, Grants in Lieu of Rates and Constituency Development Fund

The Council Secretary reported that the Local Government Equalisation, Grants in Lieu of Rates and the Constituency Development Fund were received as and when the Ministry of Finance disbursed the requisite funding to the Ministry of Local Government.

Local Taxes/Rates - Personal Levy

The Council Secretary would ensure invoicing was done promptly to give sufficient notice to debtors.

Fees and charges

The Council had created active checkpoints to ensure it collected targeted revenue.

Licenses, Levies and Permits

The Council had developed an active and up to date database and created a revenue taskforce team to ensure targeted monthly collections were met. A WhatsApp group had also been created with the clients to enable the transmission of various reminders, account information and to facilitate direct transfer of funds into h \ Y ` 7 c h a n k a c c o u n t b y c o n f i r m a t i o n o f s e n t d e p o s i t s l i p s .

Charges

The Council had developed a system of individual ledgers which were reviewed monthly for subscribed plots.

Other income

The Council had invested in a drilling machine and had allocated sufficient funds to service the vehicle so as to ensure it could meet set targets.

Local Government Equalisation Fund, Grants in Lieu of rates and Constituency Development Fund

The Council Secretary would continue to engage the Ministry of Finance, through the Ministry of Local Government to secure the requisite funding.

7 c a a] h h Y Y Đ g s a n d R e c o m m e n d a t i o n s b

The Committee notes the strategy put in place by the Council Secretary and urges him to ensure that realistic budgets, based on a detailed analysis of the revenue base, are made in order to avoid recurrence of such variances. The Committee further urges the Council Secretary to ensure that the strategies are implemented promptly. The Committee recommends the closure of the query subject to audit verification.

b) Operational Matters

i) Lack of Firefighting and Prevention Services

Response by the Council Secretary

The Council Secretary reported that during the period under review, the cost of constructing a fire station was evaluated. However, the Council could not meet the cost of implementing the project due to liquidity challenges. The Council Secretary also reported that an office block has been constructed in order to expand office accommodation. This block would also accommodate officers from the firefighting unit. The completion date for the office block was 19th March 2021. The Council had engaged Mkushi Town Council with a view to entering into a Memorandum of Understanding for the joint provision of firefighting services in Luano District.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to ensure that the process of building a fully fledged fire fighting unit is expedited and prioritised with corresponding budgetary provisions. This is to ensure that the provisions of *the Local Government Act, No. 2 of 2019* is adhered to. The Committee resolves to await a progress report on the matter.

ii) Lack of an Approved Integrated Development Plan

Response by the Council Secretary

The Council stated that during the period under review, the council did not have a valid Integrated Development Plan (IDP) because the Ministry of Local Government had guided councils to await guidelines regarding the formulation of Integrated Development Plans. The Council Secretary submitted that budget provision of K70,700 had been provided for in the 2021/2022 budget for the preparation of the Integrated Development Plan. The Council Secretary reported that they would endeavour to review the IDP in order to ensure non usage of outdated documents.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to ensure that *Section 19 of the Urban and Regional Planning Act, No. 3 of 2015* is adhered to without fail. The Committee is seriously concerned that the Council failed to prioritise such a key function which is meant to guide the Council with regard to developmental issues in the district. The Committee strongly urges the Council Secretary to ensure that this matter is accorded the urgency it deserves. The Committee further urges the Permanent Secretary, Ministry of Local Government to ensure that guidance is given promptly to avoid the influx of uncoordinated construction in the district. The Committee resolves to await a progress report on the matter.

iii) Environmental Management & Poor Management of Dumpsite

Response by the Council Secretary

The Council Secretary reported that, regrettably, the dumpsite did not have the required fencing and warning signs during the period under review due to inadequate resources. The Council Secretary submitted that a sign post indicating the presence of the dumpsite had since been erected and resources were being mobilised to undertake the fencing and routine compacting of the waste. The Council had recruited additional guards at the dumpsite to deter unauthorised access to the dumpsite by the general public.

Committee's Findings and Recommendations

The Committee notes the submission and urges the Council Secretary to ensure that the *Environmental Management (Licensing) Regulations, Statutory Instrument No. 112 of 2013* are strictly adhered to. In addition, the Committee advises the Council Secretary to ensure that he acts expeditiously by prioritising environmental management in the budget so as to avoid disease outbreaks that may arise due to the dumping of refuse in unsafe sites. The Committee will await a progress report on the matter.

iv) Failure to Control and Manage Markets

Response by the Council Secretary

The Council Secretary reported that Luano District was a relatively new district created in the year 2013. Prior to the creation of the district, most markets were administered and managed by the chiefs of the District. The Council Secretary reported that the traditional leadership was being engaged to resolve the issue of ownership of the cited market which were built and operated by the chiefs prior to the establishment of Luano Town Council in 2013. Further, the Council had embarked on the construction of market shelters at Chikupili Market at an estimated cost of K305, 765.40, Old Mkushi Market at an estimated at K120, 000 and Natwange Market in Masansa which were under the control of the Council. The Council would endeavor to resolve the ownership of the markets with the chiefs.

Committee's Findings and Recommendations

The Committee notes the submission and urges the Council Secretary to expedite the process of securing ownership of the markets and improve on market management without further delay. The Council Secretary is strongly urged to ensure that *Section 5 (1) of the Markets and Bus Stations Act, No. 7 of 2007* is strictly adhered to and to liaise with local authorities on the need for them to relinquish their authority on management of markets. The Committee will await a progress report on the matter.

c) Accounting for Revenue – Failure to Collect Revenue from Lease of Council Properties K96, 000

Response by the Council Secretary

The Council Secretary submitted that at the time of audit the total amount of K96, 000 f Y [f Y h h U V ` m ` f Y a U] b Y X ` i b Wc ` ` Y Wh Y X ` Z f c a ` h \ Y ` 7 c i The Council Secretary reported that, Management had since issued distress notices to all sitting tenants in the Council houses and K7,250 had been collected leaving a balance of K88,750 to be paid according to signed payment plans. The Council had strengthened enforcement of the tenancy agreement clauses to tenants.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes that there is laxity to collect revenue on the part of management despite the Council grappling with serious liquidity problems. The Committee emphasises that the Council Secretary must ensure that the outstanding balance is collected without any further delay. The Committee will await a progress report.

d) Procurement of Goods and Services

i) Missing Payment Vouchers K109, 990

Response by the Council Secretary

The Council Secretary reported that, at the time of audit, the cited payment vouchers were not availed for audit due to misfiling. The Council Secretary reported that the two payment vouchers for Toyota Zambia for the servicing of a motor vehicle and Kazuma plastics for the purchase of the banana boat amounting to K16, 239.90 and K93, 575 respectively which were not availed at the time of audit due to misfiling had been retrieved. The Council had strengthened the filing and registry system to secure and ease retrieval of documents.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee recommends that disciplinary action be meted out against the officers who misfiled the payment vouchers. All relevant documents should further be submitted to the Auditor General for verification. The Committee will await an update report on the matter.

i) Unaccounted for Fuel K9,949

Response by the Council Secretary

The Council Secretary reported that the receipt and disposal details for fuel amounting to K9,949 had since been traced, adequately supported and accounted for. The Council had strengthened the filing and registry system to secure and ease retrieval of documents.

~~7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b~~

In noting the submission, the Committee recommends that disciplinary action be meted out against the officers who misfiled the receipt and disposal details. All relevant documents should further be submitted to the Auditor General for verification. The Committee will await an update report on the matter.

e) Management of Assets Ę Lack of Title Deeds

Response by the Council Secretary

The Council Secretary reported that an application to Ministry of Lands had not been made. He further submitted that all properties had since been surveyed by the Regional Surveyor in Central Province and survey diagrams were being awaited to complete the process of obtaining title deeds.

~~7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b~~

The Committee urges the Council Secretary to ensure that all its properties are secured with both title deeds and insurance cover without further delay. The Committee will await a progress report on the matter.

f) Management of Local Government Equalisation Fund - Failure to Reimburse Borrowings K2,229,277

Response by the Council Secretary

The Council Secretary reported that during the period under review, funds that were borrowed had not yet been reimbursed. The Council Secretary reported that it had resolved to reimburse the funds within the first quarter of 2021. The Council Secretary would ensure strict adherence to the *Local Government (Amendment) Act, No. 12 of 2014* by disbursing the stipulated 20% capital component of received funding into the capital project account.

~~7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b~~

The Committee strongly cautions the Council Secretary against misapplication of the funds meant capital and developmental projects. The Committee emphasises that the Council Secretary must desist from delaying development at the expense of funding of administrative expenses. The Committee further directs the Council Secretary to ensure that the amount outstanding is paid back without any further delay. The Committee resolves to await a progress report on the matter.

g) Management of Liabilities - Failure to Remit Statutory Obligations K1, 435,165

Response by the Council Secretary

The Council Secretary reported that the council could not pay the outstanding debts due to financial challenges. He reported that the Council had since started making part payments to ZRA, NAPSA and Local Authorities Superannuation Fund (LASF) and amounts totaling K161, 180.20 had been paid, leaving a balance of K1, 273, 985. Going forward, council management now paid statutory contributions the same time they paid salaries.

Conclusions and Recommendations

In noting the submission, the **Council Secretary is urged** to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is encouraged to explore all available options including debt swaps to expedite the process. The Secretary to the Treasury is particularly urged to consider providing support to the Council to liquidate this historical debt stock on behalf of the Council in order to relieve it of this burden. The Committee resolves to await a progress report.

Luanshya Municipal Council

Paragraph 27

27.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed various weaknesses, to which the Town Clerk responded as set out below.

a) Budget and Income K45,590,000

Response by the Town Clerk

The Town Clerk listed the following as reasons for the negative variance on revenue collection:

- i. understaffed revenue section;
- ii. lack of reliable data base for some revenue streams;
- iii. unrealistic revenue budget estimates;
- iv. closure of mine which impacted negatively on the district business activities and led to closure of some companies; and
- v. non release of 2019 CDF funds by Government.

The Town Clerk submitted that, to counter the undesired outcome, the Council had:

- i. requested the Local Government Service Commission to fill up key positions in the Revenue Section and the Commission had accordingly provided the staff;
- ii. updated the database for markets, business premises, plots and telephone booths;
- iii. intensified effective monitoring enforcement mechanism in revenue mobilization;
- iv. engaged the Administrator General in order to recover funds owed to the council by the companies under receivership and liquidation;

- v. started budgeting realistically to avoid over budgeting;
- vi. established automated points of sale to avoid officers handling cash and for real time monitoring of revenue generation; and
- viii. enhanced Revenue collection efficiency.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the strategy put in place by the Town Clerk and urges him to ensure that realistic budgets based on a detailed analysis of the revenue base are made in order to avoid recurrence of such variances. The Town Clerk is also urged to ensure that the strategies are implemented promptly. The Committee recommends the closure of the query subject to audit verification.

b) Operational Matters

i) Inadequate Firefighting Equipment

Response by the Town Clerk

The Town Clerk submitted that the query arose due to liquidity challenges that the Council was going through and non-maintenance of the fire hydrants by Kafubu Water and Sewerage Company. The Council had procured some fire extinguishers as well as protective clothing in a bid to procure all tools and equipment required for firefighting services. Management had also made a budgetary provision in the 2021 budget for procurement of more firefighting equipment and a letter had been written to Kafubu Water and Sewerage Company to carry out rehabilitation works on the fire hydrants since they fell under the company's mandate. Management would provide adequate funds in the annual budget for fire services and prioritise expenditure relating to the same in order to ensure that the fire brigade was adequately and appropriately equipped. The Council was also regularly monitoring and engaging Kafubu Water and Sewerage Company management on maintenance of fire hydrants so that they could be kept in good state of repair. Other measures included broadening the revenue base and increasing the collection efficiency as well as increasing the allocation of funding to the function.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee urges the Town Clerk to ensure that all the requirements to operate the fire prevention unit are procured. The Committee resolves to await a progress report on the matter.

ii) Failure to Develop an Integrated Development Plan

Response by the Town Clerk

The Town Clerk submitted that delayed formulation of regulations governing preparation of Integrated Development Plans (IDPs) was a major cause of the query. Other reasons included delayed review and approval of the draft IDP by Ministry of Local Government and the limited

resources to fund the costly processes involved in formulation of IDPs. The Council secured financial support from the European Union and UK Department for International Development managed to draft an IDP which was submitted to Ministry of Local Government awaiting final review and approval by the Ministry. The Council would ensure timely preparation of the IDP in future.

7 c a a] h h Y Y Đ g s and Recommendations b

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

iii) Environmental Management - Poor Management of Dumpsite

Response by the Town Clerk

The Town Clerk informed the Committee that the Council had been experiencing inadequate cash flows to attend fully to all its commitments. A budgetary provision of K30,000 had been made to buy trees to be used for fencing the dumpsite as a preferred option by the Council. In addition, management had already secured 150 trees from the Forestry Department for this purpose. The warning signs had been placed at the dumpsite and the Council had put in place a monthly schedule of compacting and covering of the waste with soil although it was facing challenges arising from the use of old equipment. The Council had budgeted for K3,000,000 in the 2021 budget to acquire one piece of machinery to help in the management of the dump site. Workers operating at the dumpsite had been re-oriented and given strict instructions not to allow unauthorised persons to access the site. Going forward, there had been strict adherence to planned activities at the dumpsite coupled with engagement of stakeholders with interest in the use of combustible waste for production of electricity. Other measures included constantly replacing the aging equipment, proper maintenance of hedgerow to foster the healthy growth of the trees and establishment of an engineered landfill as a long term measure.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee notes the efforts but encourages the Town Clerk to ensure that all the necessary requirements to enable the establishment of a fully operational engineered dumpsite are put in place without undue delay. The Committee resolves to await a progress report on the matter.

c) Accounting for Revenue

i. Under Collection of Revenue - Public Markets K1,292,839

Response by the Town Clerk

The Town Clerk informed the Committee that the collections were overestimated based on the number of stands which at times remained without traders on them. The proliferation of trading outside the established markets had also negatively affected the collections from markets. The other reasons were lack of an updated data base in the markets and understaffing of the revenue section, especially in 2018. The Council had since updated the database of all the stands and

traders in the markets and effected rotation of revenue collectors to counter the effects of familiarity. Further, additional revenue collectors had been deployed to the Council by the Local Government Service Commission. The Town Clerk assured the Committee that the Council was now keeping the database updated at all times and using the database when budgeting to come up with realistic revenue estimates. The Council was also strengthening the monitoring and supervision of revenue collection, controlling traders from trading in undesignated areas and making timely requests for staff from the Local Government Service Commission in key areas.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is seriously concerned with the Council Ð g ` Z U] ` i f Y ` h c ` Wc ` ` Y Wh having liquidity problems. The committee directs the Town Clerk to ensure that a turn-around strategy is put in place to improve the situation. The Committee resolves to close the matter subject to audit verification.

ii Failure to Collect Revenue from Lease of Council Properties K1,512,827

Response by the Town Clerk

The Town Clerk submitted that the reason for the query was the lack of updated data base resulting in billing of properties which were unoccupied. There was also lack of enforcement during the period under review. The Council had now updated the data base for all the properties of the council and engaged the lessees and come up with payment plans. The Council had also secured qualified personnel under the Legal Department to carry out legal enforcements. Going forward, the Council was engaging in aggressive follow-up action on defaulting tenants on monthly basis through the new operational Legal Department. The Town Clerk would ensure continued maintenance of updated data base.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is concerned with the 7 c i b W] failure to collect revenue despite having liquidity problems. The Committee directs the Town Clerk to ensure that a turn-around strategy is put in place to ameliorate the situation. The Committee resolves to close the matter subject to audit verification.

iii. Management of a Commercial Venture

Irregular Lease Agreement and Failure to Obtain Approval Ę Baluba Motel

Response by the Town Clerk

The Town Clerk informed the meeting that the query arose as a result of misinterpretation of the provisions of section 49(1) of the *Public Finance Act, No.15 of 2004*" ` H \ Y ` 7 c i b W] ` understanding was that the said provision was not applicable to it. The Council had since terminated the lease and it was in the process of rehabilitating the Motel to make it viable. Management had written to the Attorney General for guidance as regards the interpretation of the

provision in question. The Council would henceforth endeavour to follow the laws applicable to leasing of council property.

~~7 c a a] h h Y Y Đ g s and Recommendations b~~

The Committee notes the submission and directs the Town Clerk to ensure that turn around strategies are put in place to renovate and make fully operational the Baluba Motel. The Committee urges the Town Clerk to treat the matter with the urgency it deserves so as to boost the revenue base and help] a d f c j Y ' h \ Y ' 7 c i b W] ` Đ g ' `] e i] X] h m" progress report on the matter.

Failure to Avail Tender Documents

Response by the Town Clerk

The Town Clerk informed the Committee that the lease agreement was not a subject of tender process because the Motel was not operational as it was in the dilapidated state. He explained that the lessee approached the Council with a view of establishing a temporary camp while working on the Ndola dual carriage way. Therefore, the Council decided to allow the lessee to establish a temporary camping site at the Motel premises at a fee. The contract had since been terminated and the council would always follow the laws regarding procurement processes whenever there was need to lease out its properties.

~~7 c a a] h h Y Y Đ g s and Recommendations b~~

The Committee is disappointed with the Town Clerk for his to adhere to tendering procedures. The Controlling Officer is directed to ensure that the officers who failed in their duty to seek prior authority before engaging in this transaction should be disciplined without further delay. The Committee resolves to await a progress report.

Unsettled Rentals K300,000

Response by the Town Clerk

The Town Clerk informed the Committee that the client was not in compliance alluding to non-payment on the road construction project it was doing for the Government. Legal proceedings were instituted against the tenant and had since settled the debt in full. The Council would in future endeavour to make sure that all the clients adhered to the conditions of the lease agreement and to collect rentals from the clients on due dates.

~~7 c a a] h h Y Y Đ g s and Recommendations b~~

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

Failure to Maintain Motel

Response by the Town Clerk

The Town Clerk informed the meeting that non-adherence to the maintenance policy due to other perceived higher competing priorities coupled with poor management of the facility were the main causes of the query. The other reason was the poor liquidity position the Council was experiencing at the time. The Council had provided for K4,100,000 in the 2021 budget for rehabilitation and capital outlay for the Motel. The Council had secured a qualified commercial manager to run the business venture sustainably and management would ensure that maintenance of the property was done on a regular basis in accordance with Council policy.

7 c a a] h h Y Y Ð g s a d M R e c o m m e n d a t i o n s b

The Committee is disappointed with the 7 c i b W i l l u r e Ð g n a i n t a i n B a l u b a M o t e l a n d d i r e c t s the Town Clerk to ensure that the building is renovated without further delay so as to give it a facelift and maximise the return on investment. The Committee resolves to await a progress report.

Irregular Sub Division of Plot Number Property F/3338 - Baluba Motel

Response by the Town Clerk

The Town Clerk submitted that non availability of approval documents from Ministry of Local Government for subdivision of property F/3388 was a major problem. Management recommended to the Council at its sitting held on 14th October, 2020 minute number LMC/C/320/10/20 to cancel the subdivision and restore the plot to its original position. However, the Council resolved to constitute an ad hoc Committee to investigate the matter and report back to Council in the first quarter of 2021. The Council would endeavour to follow laid down procedures in subdividing council property.

7 c a a] h h Y Y Ð g s a d M R e c o m m e n d a t i o n s b

The Committee is concerned with the 7 c i b W i l l u r e Ð g s e e k a u t h o r i t y b e f o r e u n d e r t a k i n g subdivision of council property. The Committee directs the Town Clerk to ensure that the matter is quickly resolved conclusively. The Committee resolves to await a progress report on the matter.

iv. Outstanding Receivables K60,885,052

Response by the Town Clerk

The Town Clerk submitted that an over estimated revenue budget, un-updated database during the period under review coupled with lack of enforcement to recover the debt were the major causes of the query. The data base had now been updated and the Council was encouraging payment plans and issuing demand notices to individual customers regularly. The Council had written to Administrator General to remit the funds owed to the Council for companies in liquidation. Revenue and compliance task forces had been instituted to focus on revenue

mobilisation related matters and the Council would aggressively pursue defaulting customers on a monthly basis through the Legal Department. The Council would also ensure that regular update of the revenue data base was done to avoid similar problems in future.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes with concern the lack of enforcement of the law on receivables. The Town Clerk is directed to ensure that efforts are enhanced to improve the status quo. The Committee resolves to await a progress report on the matter.

d) Management of Payroll and Staff Related Matters

i) Non-recovery of Salary Advances K9, 000

Response by the Town Clerk

The Town Clerk bemoaned the lapse by his officers and had requested Lusaka City Council to recover the advances on their behalf since the officers in question were transferred to that council. Management would ensure that advances were recovered within the stipulated period of six months as stipulated by the conditions of service.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and directs the Town Clerk to ensure that the remaining amount is recovered, while officers who failed in their duty to ensure that the recoveries were effected should face disciplinary action without further delay. The Committee resolves to await a progress report on the matter.

ii. Irregular Payment of Housing Allowance K31, 200

Response by the Town Clerk

The Town Clerk submitted that there were some lapses in departments managing the payroll at the time but recoveries had been effected from the c Z Z] t w i f a l g e benefits, leaving a balance of K 2,134.40 for one employee whose benefits were not enough to carter for the amount owing in full. The officer had since been written to, to pay back the remaining amount. Management had written to Lusaka City Council, where the officer was working before he was transferred to Luanshya Municipal Council, to recover the balance on their behalf if that council owed him some money. The Director of Finance and Director of Human Resource and Administration as responsible officers had been written warning letters and directed to avoid such lapses in future. Evidential documents were available for audit verification and the Town Clerk would henceforth ensure strict adherence to the conditions of service.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee notes the submission and directs the Town Clerk to ensure that the remaining amount is recovered without further delay. The Committee resolves to await a progress report on the matter.

e) Procurement of Goods and Services

i. Unsupported and Missing Payments K1,258,885 and K9, 205,217

Response by the Town Clerk

The Town Clerk submitted that documents were not properly filed and secured at the time of audit. All the payments had since been supported and were available for audit verification. The box files and files were bought to ensure that accountable documents were filed and secured and were available for audit. The erring officers had been written warning letters and post audits were being carried out on weekly basis to ensure that all payments were properly filed. Officers had been tasked to ensure that accountable documents were filed promptly and properly secured and regular internal audit inspections were instituted.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee notes the submission and directs the Town Clerk to ensure that the documents are availed for audit verification without further delay. The Committee resolves to await a progress report on the matter.

ii. Unretired Accountable Imprest K18,630

Response by the Town Clerk

The Town Clerk submitted that the query arose due to documents being misplaced at the time of auditing. The acquittal had been traced and available for verification and a warning letter had been written to the imprest holder for failure to adhere to regulations. The Town Clerk would ensure that weekly post audit was undertaken on imprest retirement documentation and they would also ensure that financial regulations were adhered to in discharging their duties. He would also enhance efforts to improve record keeping.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee notes the submission and directs the Town Clerk to ensure that the documents are availed to the Auditor General for verification, while the officers who failed in their duty to institute recovery of the imprest should also be face disciplinary action without further delay. The Committee resolves to await a progress report on the matter.

iii. Unaccounted for Stores K1,246,228

Response by the Town Clerk

The Town Clerk pointed out that poor records management coupled with non-adherence to the supply chain processes were the main cause of the query. Most of the receipt and disposal details had been traced and were available for verification. User departments, stores and procurement had been written to, to strictly adhere to the goods/services supply chain and avoid the recurrence of a similar situation in future. The Town Clerk also submitted that the Council had introduced monthly internal audit inspections on stores to ensure strict adherence. Other measures undertaken to curb this irregularity included strict observance of steps involved in the supply chain, prompt and regular internal audit inspections of the supply chain system and orientation of all officers involved in the supply chain.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and directs the Town Clerk to ensure that the documents are availed to the Auditor General for verification, while officers who failed in their duty resulting in this query must face disciplinary action without further delay. The Committee resolves to await a progress report on the matter.

f) Management of Assets – Lack of Title Deeds

Response by the Town Clerk

The Town Clerk reported that the Council had in the past neglected its obligation to secure title deeds for some of its properties. The Council had since initiated the process of acquiring title deeds for all its properties. So far numbering had been done for all the properties and applications had been submitted to the Ministry of Lands and Natural Resources for further processing. Management had requested for duplicate titles for properties registered with Ministry of Lands and Natural Resources in cases where the Council had failed to trace the title deeds. The whole portfolio of assets had been insured and certificates were available for verification. The Town Clerk assured the Committee that he would endeavour to adhere to the provisions of *Public Finance Management Act, No 1 of 2018* as regards titling of council property. He added that he would ensure that all assets were insured in due time to prevent loss of property as required by the Local Government Regulation No.154.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the efforts made on the issue of title deeds but strongly cautions the Town Clerk to ensure that matters relating to security of assets are given priority to avert possible loss. The Committee awaits a progress report on the acquisition of title deeds for all council properties.

g) Management of Local Government Equalisation Fund - Failure to Supply and Deliver Garbage Compactor

Response by the Town Clerk

The Town Clerk informed the Committee that non adherence to the contractual obligations by the supplier and scanty information being shared with the local authority by the Provincial Administration which was managing the contract was the main cause of the query. Several follow up correspondences had been done to the Office of the Permanent Secretary, Copperbelt Province, regarding the matter. The contract was being managed by that office as the council was not a signatory to the contract and as such not in a position to enforce contractual obligations under that contract. The Town Clerk suggested that in order to curb recurrence of this matter, procurement thresholds must be elevated to ensure that the Council managed its own procurements to avoid third party involvement. Additionally, the Provincial Administration should effectively manage procurements undertaken on behalf of local authorities. The Office of the Auditor General must consider follow up the matter with Provincial Administration.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is concerned with the delay by the Provincial Administration in having the compactor delivered. to this effect, the Committee directs the Permanent Secretary, Copperbelt Province, to follow up the delivery as a matter of urgency. The Committee resolves to await a progress report.

Management of Constituency Development Fund Ę Unaccounted for Fertiliser K124,850

Response by the Town Clerk

The Town Clerk reported that the query was due to poor records management which resulted in the misplacement of the documents required for audit at the time. The distribution list had since been traced and was available for verification. The Council would endeavour to improve on records management of CDF activities and strictly comply with the supply chain processes.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is concerned with the Council Ð g ` Z U] ` i f Y the stock and W a t o n s t h ` Z c f ` Town Clerk to ensure that in future, audits are taken seriously to avoid recurrence. The Committee resolves to close the matter subject to audit verification.

I. Management of Liabilities

I) Failure to Remit Statutory Obligations K55,753,773

Response by the Town Clerk

The Town Clerk submitted that the query arose due to financial challenges the council had been experiencing in meeting statutory obligations and paying the salaries at net instead of gross payments .The debt was historical and contained penalties accrued on unpaid obligations. They had since engaged the above mentioned institutions and entered into a payment plan with each of

the institutions respectively. Documentary evidence of payments on a monthly basis was available for audit verification. Going forward the Council was endeavoring to honour the payment plans entered into with the individual institutions whereas Government was being urged to consider bailing out the council to liquidate its huge historical debt which had a negative impact on the councils capacity to handle its current obligations. The Council was also broadening its revenue base and increased collection efficiency.

Coma] h h Y Y Ð g ' ~~and Recommendations~~

In noting the submission, the Town Clerk is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay.. He is also encouraged to explore all available options including debt swaps to expedite the process. The Secretary to the Treasury is also urged to consider liquidating this historical debt stock on behalf of councils in order to relieve them of this burden. The Committee resolves to await a progress report.

i. Failure to Settle Staff Obligations K26,954,306

Response by the Town Clerk

The Town Clerk submitted that the query arose due to financial challenges that the council was experiencing. He informed the Committee that the Council had come up with a payment plan and in the 2021 budget, an amount of K1,950,000 had been staggered to liquidate this budget line. Further, management had come up with a plan to allow all staff to be proceeding on leave where necessary to avoid accumulation of leave days by staff. Management also submitted that they would endeavour to improve revenue collection to help them pay outstanding staff obligations.

7 c a a] h h Y Y Ð g ' ~~and Recommendations~~

In noting the submission, the Committee urges the Town Clerk is urged to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Secretary to the Treasury is also urged by the Committee to consider liquidating the debt on behalf of councils in order to relieve them of this historical burden. The Committee resolves to await a progress report.

Lusaka City Council

Paragraph 28

28.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Council Secretary submitted as set out below.

a) Budget and Income K329,599,529

Response by the Town Clerk

The Town Clerk submitted that projected revenues in amounts totaling K329, 599,529 could not be actualised because the financial year 2018 was affected by the outbreak of cholera from October, 2017 to May, 2018, which saw a number of markets and trading places closed. This affected the ability by the Council to collect revenue as planned, resulting in revenue loss of K20, 000,000. During the Financial year 2019, the Council was adversely affected by gassing incidents across the city, that made it impossible for Council revenue collectors to reach certain places especially the peri-urban areas. These incidents, which ended at the beginning of 2020, Council could not collect all the budgeted revenues as it had challenges with most of its databases that had inconsistencies especially for billable revenues such as bill boards, containers and booths, poles, Ground Rent, among others.

In order to deal with the above cited challenges and improve revenue collection, Lusaka City Council had put in place a number of interventions as set out below.

- i. Council had commenced a clean-up of all revenue database in order to validate and ascertain what was correct. This process was being done in partnership with the private sector as well as the Council's Internal Audit Unit which had been tasked with auditing all database in the Council's Revenue Management System – PAFMIS such as Billboards, Rates, Pole Levy, among others. The private sector firm would, through the deployment of GIS technology geo-reference all billboards, poles and telephone masts as well as trace them to the database under the Council's billing system.
- ii. The Council had introduced an e-billing system that was aimed at providing a seamless and hassle free bill delivery method to its customers across all revenue streams on the Council's billing system. This system would further enhance efficiency in bill distribution, thereby freeing more time for the Council debt collectors to follow up on payments.
- iii. Council had commenced the implementation of an online payment platform through a Fintech/Aggregator that would enable its clients to pay from the comfort of their homes and offices without having to come to civic centre through mobile wallets, card payments (VISA), electronic funds transfers and other methods that were available via individual bank platforms.
- iv. The Council had commenced the process of regularisation of all illegal settlements so as to legitimise the levying of ground rent on all developers in improvement areas. This would be done by issuance of ownership documents such as occupancy licences (Council title deeds). Currently, the Council was not able to enforce the payment of Ground Rent through the engagement of bailiffs or other means as property owners in the various Council peri-urban areas had not been issued with ownership documents.
- v. The Council had further enhanced the collection of parking levies and other levies through the introduction of mobile point of sale machines. These machines were remotely linked to

h \ Y ` Wc i b W] ` Đ ge usd u h c o l l e c t i n g f e e s s o f a k a number of them had been deployed in the central business district and were working effectively. The same would be rolled out to markets and bus stations so as to enhance accountability for the funds collected.

The Town Clerk stated that, going forward, he would ensure that the Council concluded automation of all revenue collection systems as soon as possible in order to safeguard all Council revenues and ensure prompt delivery of bills and invoices. This would ensure timely collection and receipt of all revenues. He further reported that the Council had engaged a private company, Medici Land Governance, to provide services involving, among other deliverables, issuance of 250,000 title deeds to the property owners in the peri-urban areas. This would result in properties captured underground rent being captured on the Council's main Valuation Roll through the Supplementary Valuation Roll.

7 c a a] h h Y Y Đ g s a n d R e c o m m e n d a t i o n s b

The Committee is disappointed that the biggest Council in the country with various sources of revenue is failing to ensure that revenue collection is pursued aggressively. The Committee notes the strategy put in place by the Town Clerk and urges him to ensure that realistic budgets based on a detailed analysis of the revenue base are made in order to avoid recurrence of such huge variances. The Town Clerk is also urged by the Committee to ensure that the strategy is implemented promptly. The Committee recommends the closure of the query subject to audit verification.

b) Environmental Management - Failure to Maintain the Dumpsite

Response by the Town Clerk

The Town Clerk regretted that the wall fence at the Chunga landfill had in the last few years been vandalised by scavengers. On the other hand, the wall fence was demolished in some sections in order to create a through way at the time the Council was installing the weighbridge. The Council had commenced reconstructing the demolished wall fence at the Chunga landfill in order to secure the area and the newly installed weighbridge. The Council had engaged Recyclemania, a private sector organisation seeking increased collaboration with the scavengers by organising them in order to formalise their activities. This would help in dealing with scavengers demolishing the wall fence by formally allowing them access in the dumpsite.

7 c a a] h h Y Y Đ g s a n d R e c o m m e n d a t i o n s b

The Committee expresses concern at the failure by management to secure the landfill. The Committee reminds the Town Clerk that the landfill in Chunga has been neglected for a long time. The Town Clerk is directed by the Committee to find a lasting solution to this matter expeditiously. He is also urged by the Committee to ensure that the *Environmental Management (Licensing) Regulations, Statutory Instrument No. 112 of 2013* are adhered to. The Committee resolves to await a progress report on the matter.

c) Accounting For Revenue - Failure To Collect Revenue K1,318,014

Response by the Town Clerk

The Town Clerk submitted that it was regrettable that an amount totaling K1, 318,014 was uncollected at the time of audit. Although the four franchise contractors were owing in tipping fees as at 31st October 2020, three of them were settling their obligations in accordance with the various payment plans signed with them. The Town Clerk also reported that three of the franchise contractors were put on payment plans and they recovered K447, 012. However, GL Carriers sued the Council over the cited debt and the matter was in the High Court awaiting determination. The amounts owed would be recovered through bailiff action as soon as the matter was settled by the court. The Council would henceforth ensure that it collected all revenue as soon as it fell due and would not allow any client to fall behind and get into arrears. The Council had also installed a new weighbridge at the landfill to avoid disputes with customers when it came to the weight of the garbage.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is concerned with the 7 c i b Willure to collect the much needed revenue from the transporters. The Committee observes that the matter has been left to drag on until the auditors unveiled it. The Committee sternly cautions the Town Clerk to ensure that matters relating to revenue collection are seriously pursued. The Committee also cautions the Town clerk to desist from engaging questionable contractors to avoid such anomalies. The Committee awaits a progress report on the matter.

d) Operations Of The Intercity Bus Terminus And City Market

i) Intercity Bus Terminus

< Unaccounted For Gate Fees Ę Bus Loading K431, 995

Response by the Town Clerk

The Town Clerk submitted that there was a difference in the number of buses passing through the gates and recorded by the Council through management at Intercity Bus Terminus and that collected and recorded by the Road Transport and Safety Agency during the period under review. The disparities in the data collected by the two institutions were as tabulated below.

No.	Year	INTERCITY(LCC)	RTSA	Variance
1	2018	41,116	28,295	12,821
2	2019	35,559	36,966	-1,407

Despite Intercity recording more buses in 2018 than those recorded by the Road Transport and Safety Agency by 12,821, resulting in over collection of over K3,598,548, the Council recorded fewer buses in 2019 than the Road Transport and Safety Agency by 1,407 translating into an under estimation collection of K431,995. The Town Clerk submitted that it had written to the Road Transport and Safety Agency to understand how the agency captured their data in order to establish why there were such huge disparities in the data collected by RTSA and those collected by Intercity management. The Council through minute number FV&CU/59/10/20 approved a proposal to enter into a Memorandum of Understanding with the Road Transport and Safety Agency in order to ensure that the two organisations worked together in collecting data not only for buses leaving Intercity Bus Terminus but also to capture additional information such as receipt numbers and amounts paid by each bus as it left the station.

Further, the proposed MOU provided for the two institutions to reconcile data collected on a monthly basis so that corrective measure were put in place to resolve any possible disparities. The Council would ensure that it reconciled all data collected on a monthly basis in order to ensure completeness in the accounting for revenue collected from buses in form of Gate Fees at the Intercity Bus Terminus.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is disappointed with the Council management for the failure to account for revenue. It worries the Committee that efforts to resolve this matter have only been put in place after the audit. The Committee sternly cautions the Town Clerk to ensure that matters relating to revenue collection are taken seriously and that strategies are devised to reduce human cash contact to the barest minimum. The Town Clerk is directed to report this matter to the investigative wings for thorough investigations. A progress report will be awaited by the Committee.

< Irregular Payment Of Bonuses

Response by the Town Clerk

The Town Clerk submitted that 206 staffs at Intercity Bus Terminus were paid Christmas bonuses in amounts totalling K129, 800 in line with their conditions of service. He explained that until 2011, the operations of the station were managed by a board which was responsible for running of the Terminus as well as setting conditions of service for the workers. These contracts granted to these employees included, among other conditions of services, Christmas bonus. The Town Clerk submitted that he Council had commenced the process of aligning the conditions of service for workers at the Terminus to the conditions of service for Division IV. Council would ensure that all contracts for Council employees in markets and bus stations would be aligned to the 7 c i b W h d i t i o n s of service.

7 c a a] h h Y Y Ð g s and Recommendations

H \ Y ' 7 c a a] h h Y Y '] g ' Wc b WY f b Y X ' k] h \ ' h \ Y ' H c k t b ' 7 ` Y f the time of audit. He is directed to ensure that the documents are availed to auditors, while

officers who failed in their duty should face disciplinary action without further delay. The Committee resolves to await a progress report on the matter.

ii) Lusaka City Market

< Failure to Maintain a Register of Receipt Forms

Response by the Town Clerk

The Town Clerk submitted that City Market management kept a register of accountable documents which at the time of audit was not updated. The Council had since ensured that the Accountable register was updated and properly maintained. The Council would ensure that the accountable documents register was updated daily and checked by the Internal Audit Unit on a monthly basis.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is disappointed with the Town Clerk for his failure to avail documents to the auditors at the time of audit. He is directed by the Committee to ensure that the documents are availed to auditors, while officers who failed in their duty to update and avail the registers to auditors are disciplined without further delay. The Committee resolves to await a progress report on the matter.

< Unaccounted For Revenue K241,650

Response by the Town Clerk

The Town Clerk submitted that all revenue collected by all cashiers operating at City Market was aggregated by the revenue manager and deposited in the City Market Revenue Account. However, the Office of the Auditor General cited that an initial total of K8, 074,860 could not be reconciled with banking records availed for audit such as cash summaries and bank deposits. The cash deposited was made as a block figure and recorded in the cashbook for City Market. During the Financial year 2019, the cash collected from the market, car park and ablution block amounting to K 15,579,497 was all deposited in the revenue account. The Council was asked to analyse by way of splitting the amount collected by revenue type that is to say Market Levy, Car Park and Ablution Fees. The Town Clerk submitted that all cash collection summaries were prepared for all cash banked. The total cash collection in the financial year 2019 amounted to K15, 579,497 and included the sampled receipts under each revenue type cited as unaccounted for totaling K241, 650. Bank statements were available for verification. The Town Clerk submitted that all cash collected going forward was recorded on the cash collection summaries with references given to the receipt books on a daily basis.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is concerned that the officers failed to avail the records to auditors at the time of audit. In this regard the Committee directs the Town Clerk is to ensure that the documents are

availed to Auditor General for verification while the officers who failed to avail the documents to auditors should face disciplinary action without further delay. The Committee resolves to await a progress report on the matter.

e) Failure To Recover Staff Advances K55, 000

Response by the Town Clerk

The Town Clerk regretted that salary advances in amounts totaling K55, 000 paid to fourteen officers were cited not to have been recovered as at 31st October, 2020. The Town Clerk submitted that all the salary advances drawn by the fourteen officers amounting to K55, 000 had since been recovered. The Council would henceforth ensure that all salary advances were recovered in line with the terms and conditions of service.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and directs the Town Clerk to ensure that the documents are availed to Auditor General for verification, while responsible officers who failed to effect the recoveries should be disciplined without further delay. The Committee resolves to await a progress report on the matter.

f) Procurement Of Goods And Services

i) Unsupported Payments K1, 071,527

Response by the Town Clerk

The Town Clerk submitted that it was regrettable that a total of sixty five payments were not adequately supported with relevant documents such as receipts and purchase orders. This was due to some payments being made directly to the client using electronic bank transfers while other supporting documents were not attached to the payment vouchers but filed separately. All relevant supporting documents had now been attached to the respective payment vouchers and these documents were available for verification. The Council would in future ensure that all receipts and other relevant supporting documentation are attached to payment vouchers. The Council had since provided adequate storage facilities at civic centre for proper storage of all accountable documents. A stores officer had been identified and had been assigned to, among other duties, ensure that all documents were filed and properly referenced in order to avoid loss and misfiling.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is disappointed that the biggest Council is struggling with records management and wonders what example the Lusaka City Council can give to the upcoming councils. The Committee directs the Town Clerk to ensure that the documents are availed to the Auditor General for verification while the officers who failed to ensure proper filing should be disciplined without further delay. The Committee resolves to await a progress report on the matter.

ii) Unretired Accountable Imprest K126,204

Response by the Town Clerk

The Town Clerk reported that imprest totaling K126, 204 was outstanding at the time of audit because of the transfer of officers who had outstanding imprest to other councils before they retired the imprest . The Town Clerk submitted that all imprest had since been retired and documents were available for verification. The Town Clerk submitted that the Council would henceforth ensure that all officers were cleared before they were allowed to leave. A clearance form had been provided to all Councils by the Local Government Service Commission that would ensure that an officer was cleared before being accepted by the receiving Council.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is disappointed over the matter and directs the Town Clerk to ensure that the documents are availed to the Auditor General for verification, while the officers who failed to ensure that the imprest was retired or recoveries instituted timely should face disciplinary action without further delay. The Committee resolves to await a progress report on the matter.

g) Unaccounted for Stores K235, 672 (General Stores Ę K187, 168 and Fuel Ę K48, 504)

Response by the Town Clerk

The Town Clerk informed the Committee that, at the time of audit, stores items recorded in the stores disposal books were not referenced by date of payment for the general stores items. Further, the details on the utilisation of fuel worth K48, 504 could not be provided as this was referred to as a cancelled payment of K60, 000. The general stores items had not been properly recorded and referenced in the disposal books. A statement from the filling station was available for verification, indicating the said reversed payment of K60, 000. The Council would henceforth ensure that all transactions and reconciliations were undertaken every month in order to detect all unusual transactions.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is disappointed that the biggest Council is struggling with records management and wonders what example the Lusaka City Council can give to the upcoming councils. The Committee directs the Town Clerk to ensure that the documents are availed to the Auditor General for verification, while the officers who failed to maintain proper records should face disciplinary action without further delay. The Committee resolves to await a progress report on the matter.

h) Management of Assets

i) Lack of Title Deeds

Response by the Town Clerk

The Town Clerk submitted that the Council had around 215 properties that included the civic centre, residential houses, council play parks and other council buildings. At the time of audit, thirty two properties were on title while 183 were not titled. In order to be sure that all properties were on title deeds, the Council in 2018 engaged Datum Surveying Consultants under contract No. LCC/PSU/CP/11/17 to survey all council properties in order for the Council to obtain title deeds for these properties. As at 1st February, 2021 a total of 141 properties had not been surveyed and the Council had so far obtained three title deeds while the forty of the properties were awaiting approval of the survey diagrams by the Office of the Surveyor General. The Town Clerk assured the Committee that the Council would ensure that all Council properties were surveyed and put on title to avoid recurrence of this query in future.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the efforts made with the regard to obtaining the title deeds by the Town Clerk but he is strongly cautioned by the Committee to ensure that matters relating to security of Council assets are given priority to avert possible loss. The Committee awaits a progress report on the acquisition of title deeds for council properties.

ii) Leasing of Council Property - Kabwata Orphanage and Transit Centre

Response by the Town Clerk

The Town Clerk regretted and informed the Committee that Lusaka City Council gave the property on 28th August 2017 to Angels in Development for use as an orphanage. Angels in Development was a registered charitable and non-profit making organisation. However, the lease agreement or memorandum of understanding signed by the two parties could not be traced at the time of audit. The Council had commenced the process of replacing the lease agreement and or memorandum of understanding by engaging Angels in Development. Correspondence between the parties was available for verification. The Council would ensure that all rented properties had valid tenancy agreements. Further, the Council had included it in its Enterprise Resource Planning (ERP) and had implemented a contracts management module as well as an asset management module.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee is disappointed with the recurrent misplacement and misfiling of documents at the Council. In this regard, the Committee urges the Town Clerk to ensure that disciplinary action is taken against erring officers and also strongly cautions the Town Clerk to ensure that a lasting solution is put in place to avoid recurrence. The Committee awaits a progress report on the matter.

iii) Failure to Deliver an Integrated Car Wash and Business House Equipment

Response by the Town Clerk

The Town Clerk submitted that the cited equipment was procured using CDF through the Ward Development Committee at a total cost of K137, 995. However, due to lack of land to operate from, the business could not take place. The equipment was delivered and the Council had written to the area Councillor requesting the ward to surrender all the equipment to the Council until the land matter was resolved. The Council would ensure that all equipment procured using public funds was delivered on time.

7 c a a] h h Y Y Ð g s and Recommendations b

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

i) Management of Local Government Equalisation Fund - Construction of Mini Civic Centres

Response by the Town Clerk

The Town Clerk submitted that it was regrettable that the mini civic centres had not been completed and the contractors were not on site at the time of audit. The cited projects could not take place due to financial challenges. He submitted that six contractors had mobilised and were on site. The mini civic centres for Matero and Kanyama were currently at 90 percent completion and were earmarked for commissioning by end of March, 2021. The Council had made a provision of 20per cent capital component of the Local Government Equalisation Fund to complete all the seven Mini-Civic Centres. The Council would ensure that it adhered to LGEF guidelines and timelines for all current and future capital projects.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the efforts made with regard to the construction of mini civic centres and strongly urges the Town Clerk to ensure that contractors are aggressively pursued and supervised to deliver and complete the projects timely. The Committee awaits a progress report on the matter.

j) Management of Constituency Development Fund (CDF)

Completion of the Assembly Hall at Thorn Park Primary School (Phase 2) - Lusaka Central

Response by the Town Clerk

The Town Clerk submitted that the contractor was not on site at the time of the audit due to delays in honouring the payment of completion certificates. The project was approved in 2018 to be funded from the 2017 CDF. However, only K655, 922.59 was approved for the project as opposed to the entire project cost of K968, 191.11. The contractor could not proceed with the

works after exhausting the allocation awaiting the approval of additional funding to the project. Following an application to the Minister of Local Government, the request for an additional amount of K312, 268.52 from the 2019 CDF was approved on 30th September, 2020. The contractor had since moved on site and the works were in progress. The Town Clerk further submitted that all Constituency Development Fund Committees (CDFCs) would ensure that all projects being recommended for funding were appraised by the Council's engineering department in order to avoid under funding of projects.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee strongly urges the Town Clerk to aggressively pursue and supervise the contractor to complete the project on time. The Committee awaits a progress report on the matter.

< **Chawama Constituency Fencing and Water Connection and Electrification of Kuku Health Post**

Response by the Town Clerk

The Town Clerk responded that the project was not completed in the agreed timeline due to the challenges on the ground, such as rock formation, that affected the excavation works of the trenches for laying of water lines. Further, the delay to connect electricity by ZESCO affected the subsequent works. The Project had now been completed and handed over to the Ministry of Health. The Town Clerk would henceforth ensure that all projects were completed within the specified timelines.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

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

k) Management of Liabilities

i) Failure To Remit Statutory Obligations K912,769,625

Response by the Town Clerk

The Town Clerk informed the Committee that the Council at the time of the audit owed statutory bodies a sum of K912, 769,625 due to financial challenges. The Council had entered into payment plans with Local Authorities Superannuation Fund (LASF) and Workers' Compensation Fund Control Board (WCFCB) on how to liquidate their debts. As for NAPSA, the Council had requested the matter to be settled out of court for the recovery of unremitted benefits. The Council would ensure that it adhered to the agreed payment plans.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee urges the Town Clerk to ensure that all outstanding liabilities relating to

statutory obligations are paid without any further delay. The Committee also urges him to explore all available options, including debt swaps, to expedite the process. The Committee urges the Secretary to the Treasury to consider paying this historical debt stock to relieve the council of this burden. The Committee resolves to await a progress report.

ii) Failure to Settle Staff Obligations K54,889,742

Response by the Town Clerk

The Town Clerk submitted that the Council was owing staff obligations amounting to K54,889,742 due to financial challenges. The Council had put in place a debt liquidation plan for the liquidation of all staff debt. So far, all the hitherto outstanding gratuities had been paid in full while terminal benefits and long service bonuses were paid monthly and the Council had prepared to pay in the financial year 2021 a sum of K10, 000,000 and K6, 000,000 towards terminal benefits and service bonus, respectively.

No.	Details	Amount owed K	Amount paid K	Balance
1	Terminal Benefits	18,965,338	10,000,000	8,965,338
2	Long Service Bonus	34,843,457	6,000,000	28,843,457
3	Gratuity	1,080,947	1,080,947	0
	Total	54,889,742	17,080,947	37,808,795

The Town Clerk assured the Committee that the Council would ensure that all liabilities were paid as and when they arose in order to avoid further accumulation of the debt. The Council would adhere to the agreed debt liquidation plan so that all outstanding terminal benefits were paid, starting with the oldest.

7 c a a] h h Y Y Đ g s and Recommendations b

In noting the submission, the Committee directs the Town Clerk to ensure that all outstanding liabilities relating to staff obligations are paid without undue delay. The Committee also urges him to enhance resource mobilisation to reduce the debt stock. The Secretary to the Treasury is also urged to consider paying this historical debt stock so as to relieve the council of this burden. The Committee resolves to await a progress report.

Luwingu District Council

Paragraph 29

29.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019, a physical inspection of selected projects revealed various weaknesses, to which the Council Secretary responded as set out below.

a) Budget Income

Response by the Council Secretary

The Council Secretary submitted that the underperformance in revenue collection was due to the local economic hardships, low compliance levels and interference by the local traditional leadership. The Council had since come up with a weekly radio programme designed to increase community awareness and promote stakeholder involvement in the council's operations. Further, the Council passed a resolution via minute number SC 02/11/20 to set up a committee which should engage the traditional leadership on the revenue collection at Kamumango Market. The Council would continue with the involvement of other stakeholders to ensure an improvement in revenue collection.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and urges the Council Secretary to ensure that management sets realistic revenue targets based on detailed analysis of the revenue base to avoid this failure. The Council Secretary is also urged to ensure that turn-around strategies are put in place to avoid recurrence of this query. The Committee resolves to close the matter.

b) Operational Matters – Lack of firefighting and prevention services

Response by the Council Secretary

The Council Secretary informed the Committee that he was in constant engagement with the Local Government Service Commission and the Ministry of Local Government to consider deploying fire fighters and procuring the necessary fire equipment for the smooth running of the fire station at Luwingu Town Council. The Council would always send staff returns to inform the Local Government Service Commission so that they were up to date with the staffing levels at the Council.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Committee directs the Council Secretary to ensure that a fire station is established and equipped with relevant staff to serve as mitigation for possible losses due to fire in the district.

c) Accounting for Revenue - Failure to Collect Property Rates

Response by the Council Secretary

The Council Secretary submitted that the Council had set up a revenue collection task force to help in the collection of property rates. The task force was also sensitising property owners on the importance of paying rates and the legal implications of non payment. In an effort to improve revenue collection, the Council had set targets to ensure that at least 50 per cent of the outstanding property rates were collected by June, 2021. The bench marks would help identify weaknesses and corrective measures.

The Committee expresses concern at the failure by the Council to collect revenue despite grappling with liquidity problems. The Committee cautions the Council Secretary for this failure and urges him to put measures in place to ensure that officers tasked with the responsibility of collecting rates perform their duty. In addition, the Committee strongly recommends that a lasting solution is found to forestall the failure to collect property rates in the future. The Committee awaits a progress report.

d) Procurement of Goods and Services – Missing Payment Vouchers K16,010 and Unsupported K11, 100

Response by the Council Secretary

The Council Secretary reported that the payment vouchers that were reported missing were all retrieved and the receipt for the unsupported payments had been attached while recovery from the officer who did not retire the K1,000 had been carried out. Management had since resolved to ensure that an officer was assigned and charged with the responsibility of making sure the filling of documents was done on a daily basis. The evidence to show the actions taken was available for verification..

In noting the submission, the Committee directs the Council Secretary to ensure that the officers who misplaced the documents face disciplinary action. The Committee will await an update on the matter.

e) Management of Assets

iii. Lack of Title Deeds

The Committee was informed that the Council had started the process of acquiring title deeds for properties named in the query except for Kamumango Market and the kiosk. So far, the numbering had been done and the Invitation to Treaty had been received; it was awaiting payment. The Invitation to Treaty documents were available for audit verification. The kiosk building was in the district administration premises, hence it could not be numbered separately. In order to keep track and ensure that all council property had legal ownership documents, the Council had come up with a Property Maintenance Policy that would be reviewed annually.

The Committee urges the Council Secretary to ensure that all council assets are secured with title deeds without undue delay. The Committee resolves to await a progress report on the matter.

iv. Failure to Maintain Assets - New Civic Centre and Chulungoma Guest House

Response by the Council Secretary

The Committee was informed that the Council had started maintaining its properties and the status was as shown in the table below.

Project Name	Audit Observation	Action taken	Response by the Council Secretary
The New Civic Centre	It was in a deplorable state such as ceiling board required replacement roof leakages, damaged wall plates, non-functional urinals and peeled off wall tiles among others.	The leaking roof had been replaced, the wall plate and urinals had been worked on and where currently functional. The wall had been painted.	Works were complete
Chulungoma Guest House	The Chulungoma Guest House was in a deplorable state. The roof had leaking pipes and some doors had no handles. The walls were cracked and unpainted. There were no taps	-Galvanised pipes had been replaced with poly pipes; and -the door handles and all taps had been replaced.	Rehabilitation of Chulungoma was included in the 2021 budget and the Council awaits the approval of the budget by the Ministry to start executing the remaining works.

To ensure that all Council property was well maintained, a property maintenance policy had been formulated and would be reviewed annually.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee urges the Council Secretary to ensure that all outstanding works are completed without further delay. The matter relating to the new civic centre is recommended for closure subject to audit verification while the Committee awaits a progress report on the matter relating to Chulungoma Guest House.

v. Management of the Local Government Equalisation Fund Ë Rehabilitation of the Ablution Block at the Civic Centre

i. Overpayment

Response by the Council Secretary

The Council Secretary submitted that the total sum for the rehabilitation of the civic centre ablution block was K109, 123.20 and a variation of K7,990 was raised, bringing the total to K117, 113.20 and not K129,325. In order to ensure that no overpayments were made, the Council would always ensure that it stuck to the terms and conditions of the contract. The vouchers and payment schedules were available for verification.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee directs the Council Secretary to ensure that all documents relating to this query are availed to the Office of the Auditor General for verification, subject to which the matter should close.

ii. Failure to follow procurement procedures

Response by the Council Secretary

The Council Secretary stated that the award of the contract was based on Section 32(d) of the *Procurement Act, No 12 of 2008* which stated that no additional goods, works or service of a similar nature and no advantage could be obtained by the procurement of such goods, works or services if they are available for procurement from a supplier who is a resident of the Republic of South Africa. The Council Secretary stated that the award of the contract was based on Section 32(d) of the *Public Procurement Act, No 12 of 2008* which supported the action taken were available for verification. In order to ensure that adherence to procurement procedures was observed, the Council would always adhere to the provisions of the Act.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee expresses concern at the abrogation of procedure with impunity. The Committee sternly cautions the Council Secretary to ensure that he desists from this practice and also directs him to ensure that erring officers are disciplined accordingly. The Committee resolves to await a progress report.

i) Management of Liabilities

i. Failure to Remit Statutory Obligations K9,027,765

Response by the Council Secretary

The Council Secretary submitted that some efforts had been made to reduce the debt in spite of the liquidity challenges faced by the local authority. The payment vouchers showing the commitment made were available for verification. In an effort to avoid further accumulation of the debt, the Council had started making full payments for NAPSA and LASF for the current months and partial payments to ZRA whenever the payroll was processed.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Committee encourages the Council Secretary to explore all available options, including debt swaps, to expedite the process. The Committee also urges the Secretary to the Treasury to consider offsetting this debt stock on behalf of the council to relieve it of this historical burden. The Committee resolves to await a progress report.

ii. Failure to settle Staff Obligations K1,300,094

Response by the Council Secretary

The Council Secretary submitted that a debt liquidation plan had been put in place to service the outstanding amounts and a monthly payment of at least K15,000 was made towards the

retirement benefits and K5,000 towards long service bonus. The table below showed the reduction in the figures.

No.	Institution	Queried Amount K	Amount Paid K	Status on the Queried Amount K	Action plan 2021
1	Long Service Bonus	796,887	21,500	775,387	Monthly payment of at least K5,000
2	Retirement	503,207	176,647	326,560	Monthly payment of at least K30,000
	Total	1,300,094	198,147	1,101,947	

In order to ensure that the debt was constantly serviced, the Council had increased the monthly minimum commitment from K15, 000 to K30, 000 per month for the retirees. The documents to show this commitment were available for verification.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Committee encourages the Council Secretary to explore all available options to expedite the process. The Committee also urges the Secretary to the Treasury to consider offsetting this debt stock on behalf of the council to relieve it of this historical burden. The Committee resolves to await a progress report on the matter.

Mafinga Town Council

Paragraph 30

30.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December, 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Council Secretary responded as set out below.

a) Budget and Income K5,548,139

Response by the Council Secretary

The Council Secretary reported that the query regarding the uncollected revenue included K1,640,000 plot allocation fees, K461,500 survey fees, K240,000 scrutiny fees, K159,250 application form fees, and K40,000 sketch plan fees. These fees were related to plots that were anticipated to be created in 2019 but the process of survey and demarcation was only completed at the end of the year 2020. Further, the query could partly be attributed to the amount of K1,475,870 which was expected from the Local Government Equalisation Fund but was not received. The query was also partly caused by an amount of K1,600,000 from the Constituency Development Fund which was not received in 2019 as anticipated but was received in 2020.

The Council Secretary informed the Committee that correspondence from Ministry of Lands and Natural Resources to commence numbering, demarcation and survey works was received in 2020 and demand notices had since been issued to the applicants. The Council had started

collecting plot fees. Management had since contacted the Ministry of Local Government concerning the issue of the grants that were not received in the years under review; feedback was being awaited. The Council Secretary also submitted that he would ensure that all revenue types, such as plot fees, were only budgeted for once the process of creating new plots was completed.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee observes with concern the negative variance on various revenue types projected against actual collections by the Council. Committee urges the Council Secretary to ensure that new strategies are put in place to enhance revenue collection and improve the status quo. The Committee also directs the Council Secretary to enhance his efforts towards sensitising the community on the importance of paying rates, fees and other Council charges. The Committee awaits a progress report on the matter

b) Operational Matters Ë Failure to Prepare an Intergrated Development Plan

Response by the Council Secretary

The Council Secretary reported that the query arose due to the lack of in-house and local capacity within the District as it was still new and not fully fledged in terms of personnel. The Council Secretary further reported that, with the assistance of the Transforming Landscapes for Resilience and Development (TRALAD), a technical support meeting to initiate the process of preparing integrated Ward Development Plans (IWDP) was held from 9th to 11th September, 2020. The purpose of the meeting was to consolidate the data from all sectors of the eight wards to input into the IDP assisted by TRALARD. A circular from Provincial Administration, Muchinga Province dated 24th August, 2020 was available for verification. The extract of minutes on the commencement of the Integrated Development Plan was available for audit verification. Further, a Council resolution had already been secured. Management had made submissions of data collected to the provincial office and was awaiting feedback. Consultations had been made with the Ward Development Committees with the support of TRALARD and the information collected from the wards was already with the Provincial Planning Office for validation.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee is concerned by the 7 c i b W i l l u r e Ð o p r e p a r e the IDP in accordance with the provisions of Section 19 (3) of the *Urban and Regional Planning Act No. 3 of 2015*. The Committee strongly urges the Council Secretary to ensure that an Integrated Development Plan is prepared and operationalised without further delay. The Committee further calls upon the Local Government Service Commission to support the local authority with qualified staff. The Committee awaits a progress report on the matter.

c) Unsupported Payments K171,962

Response by the Council Secretary

The Council Secretary reported that the query occurred because the Council did not have adequate and qualified staff at the time. The Council Secretary reported that the supporting documents were available for verification. The Local Government Service Commission had since provided adequate and qualified staffs who were handling the documents in accordance with the laid down procedure. The staffs included a treasurer and his deputy. Further, management would continue to ensure that the payments made had adequate supporting documents attached.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against officers concerned for their failure to adhere to Local Authorities Financial Regulation No. 98 (1). The Committee directs the Town Clerk to ensure that documents are availed to the Office of the Auditor General for verification without delay. The Committee will await a progress report on the matter.

d) Unaccounted For Stores K125,176

Response by the Council Secretary

The Council Secretary reported that the query occurred because of lack of office space for the stores officer to operate in a conducive environment that allowed for adequate storage and maintenance of stores items. The Council was currently housed at a mission hospital where office space was a challenge. The Council Secretary reported that the disposal details had been provided and were available for verification. The Government had commenced the process of construction of the civic centre that would provide adequate accommodation for the stores officer and stores items. Further, management would ensure through the stores officer that all receipt and disposal details continue to be recorded as required.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee directs the **Council Secretary** to take disciplinary action against officers responsible for failure to adhere to Local Authorities Financial Regulation No. 98 (1). The Committee directs the Town Clerk to ensure that documents are availed to the Office of the Auditor General for verification without delay. The Committee will await a progress report on the matter.

e) Management of Liabilities

i) Failure to Remit Statutory Obligations K466,178

Response by the Council Secretary

The Council Secretary acknowledged the observations made by the Auditor General and reported that the failure to remit statutory obligations was as a result of financial constraints. The councils locally generated revenue base was limited to seasonal activities such as fishing and caterpillar harvesting. The Council Secretary acknowledged the observation made by the AG (in full) and reported that payments to reduce the amount outstanding on statutory obligations had been made towards NAPSA, ZRA and LASF. The relevant payment vouchers were available for verification. Management had engaged statutory bodies to allow the Council to be paying the current monthly obligations to avoid accumulation and pay arrears in two installments for each month. The council would endeavor to prioritise settlement of obligations using some of the funds from the plot premiums that were being collected.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee urges the Council Secretary to ensure that all available options are employed to ensure that all statutory obligations are paid without any further delay.

ii. Failure to Settle Staff Obligations K75,000

Response by the Council Secretary

The Council Secretary reported that the failure to settle staff obligations was as a result of financial constraints as the council's locally generated revenue base was limited to seasonal activities such as fishing and caterpillar harvesting and only made up 20 per cent of the total income. The Council Secretary reported that payments to reduce the staff obligations had since been made. Payment vouchers were available for audit verification. The Council; Secretary assured the Committee that Management would endeavor to liquidate staff obligations using enhanced local revenue such as the revenue that would be obtained from ZESCO wayleave contract of 103 km, Council guesthouse and bulking centre for storage of various goods, among others, which were capital projects budgeted for in 2021.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee urges the Council Secretary to ensure that all available options are employed to ensure that all staff obligations are settled without any further delay.

Mambwe Town Council

Paragraph 31

31.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December, 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Council Secretary responded as set out below.

a) Budget and Income K8,487,884

Response by the Council Secretary

The Council Secretary informed the Committee that the query was due to the reasons listed hereunder.

Local Taxes

This was due to low inflow of tourists in the District which affected the payment of local taxes and charges and resulted in the reported variance.

Fees and Charges

The adverse variance attributable to Fees and Charges was due to over budgeting as budget was prepared in anticipation of creation and survey of plots which were not created and offered. Further, the Council budgeted to raise revenue from the sale of newly created plots but due to the poor response from the general public during that period, the council could not manage to raise the budgeted amounts in full. Further, appeals and stakeholder engagements for consideration in the invoiced amounts particularly from the commercial rate payers resulted in the delayed collection of property rates and a reduction in the rate poundage.

Licences

The low inflow of tourists in the District affected businesses negatively and as a result not all business entities renewed their liquor licences. Further, the Council did not perform well in collection of revenue from occupancy licences due to the slow pace at which the offered plots were being developed by approved applicants.

National Support

The Council stated that in terms of national support; the Council did not receive the CDF for 2019 as budgeted. Further, for the Local Government Equalisation Fund, the Council received the monthly grant for nine out of the 12 months budgeted for, thereby resulting in the reported adverse variance.

Local Taxes

The business entities which owed the Council unpaid property rates had been engaged in the introduced flexible payment plans in order for the leaseholders to clear the outstanding balances. Further, Council then resolved to reduce all the commercial properties' bills by 25 per cent during its sitting held on 19 November, 2019, hence affecting the revenue collection. This led to a reduction of K425, 492.80 from the expected total amount. Extracts of Minutes and copies of official communication to the rate payers were available for verification. The Council had also procured a billing software system to enhance revenue

collection and monitoring the inflow of various sources income.

Fees and Charges

The Council had prepared a more realistic budget for 2021. The Council was committed to preparing more realistic budgets going forward. The Council would endeavour to strengthen the revenue collection strategies put in place, in order to enhance revenue collection efficiency from locally generated revenue sources such as local taxes, fees, charges, permits and licences whose collection efficiency would be supported by the use of the procured billing software. Further, the Council would ensure that more realistic budgets were prepared to avoid unfavourable variances.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and urges the Council Secretary to ensure that management sets realistic budgets based on detailed analysis of the revenue base to avoid such failure to collect revenue. The Council Secretary is also urged to ensure that turn-around strategies are put in place promptly. The Committee resolves to close the matter.

b) Environmental Management

Failure to fence the Dumpsite Response by the Council Secretary

The Council Secretary reported that failure to fence the dumpsite was due to financial constraints during the period under review. The Council had worked out modalities to resolve the matter and had so far done preliminary fencing works at the dumpsite. The Council was constructing a wire fence with wooden poles along the perimeter of the dumpsite to restrict access by unauthorised persons. In the interim, the Council had deployed an officer to guard the dumpsite as fencing works progressed. The Council was committed to improving the security of the dumpsite from scavengers and would ensure restriction of unauthorised entry into the dumpsite.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and urges the Council Secretary to ensure that management strictly adheres to the *Environmental Management Act, No. 12 of 2011*. The Committee resolves to await a progress report on the matter.

c) Accounting for Revenue

i. Delayed Banking

Response by the Council Secretary

The Council Secretary submitted that the collected revenue from various collection points especially in remote parts of the district were not deposited on time, as collection by the

main cashier at the civic centre were done on scheduled days. The Council had now acquired a vehicle dedicated for revenue collection from centres in order to ensure that bank deposits were done on time in view of the distance to the nearest bank. The Council had come up with two days in a week (i.e. Tuesday and Thursday) during which banking was undertaken to avoid delays and reduce the cost of operation. Further, Council was planning to engage mobile money operators for bulk collection and direct banking.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against erring officers for their failure to adhere to Local Authorities Financial Regulation 19(1) on banking of revenue. The Committee directed the Council Secretary to ensure that documents relating to the response are availed to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

ii. Failure to Collect Revenue K274, 234

Response by the Council Secretary

The Council Secretary reported that the house rentals were accumulated because of tenants who could not fulfill the Tenancy Agreement.

House Rentals

The Council collected a total amount of K1,500 from two tenants leaving a balance of K6,600 which proved difficult to collect as the tenant had since passed on and the debt is no longer collectable. The Council had resolved to write off the debt and the documents were available for verification. The Council would ensure that tenancy agreement clauses were strictly enforced and that no tenant was allowed to accrue rentals in breach of the Tenancy Agreement. The Council would engage the bailiffs to help collect the outstanding amounts from the rent payers.

Commercial Owner's Rates Ë K266,134

The Council Secretary Submitted that this amount accrued because of resistance from rate payers who had objected to the values indicated in the Valuation Roll. The Council had a promotion to rate payers as an innovative way to encourage the rate payers who had outstanding bills to fulfill their obligations by the 31st December, 2020. Arising from this promotion, out of K266, 134 reported as uncollected in the audit report, a total amount of K128, 876.05 had since been collected, leaving a balance of K137, 257.95 still being pursued. Further, Demand Notices to pay within thirty days had been served to leaseholders. However, some of the commercial leaseholders applied for remission of rates in accordance with *Section 22 of the Rating Act, 2018*. Therefore, the Council at its special council meeting held on 19th November, 2019 resolved to reduce the outstanding amounts and granted a remission of rates at 25 per cent to all commercial rate payers. The Council had procured billing system in order to keep track of the outstanding amounts and would continue to engage the rate payers.

7 c a a] h h Y Y Ð g s a d R e c o m m e n d a t i o n s b

The Committee expresses concern at the failure by management to collect revenue despite grappling with poor liquidity and a huge debt stock. The Committee urges the Council Secretary to ensure that revenue collection is enhanced, and that all outstanding amounts are collected without further delay. Further, the Committee directs that all relevant documents be submitted to the Auditor General for verification. The Committee resolves to await a progress report on the matter.

i. Irregular Payment of Subsistence Allowances K 23,346

Response by the Council Secretary

The Council Secretary submitted that they irregularly paid out allowances to officers due to distances the officers covered which were mostly above 120 km away from the civic centre. This geographical boundary resulted in them passing two districts, Chipata and Katete Districts, to reach the areas of assignment within Mambwe district. The Council reported that recoveries from the affected Officers' salaries were effected from September, 2020 and a total of K 23,518 had since been recovered through the payroll as at 31st January, 2021. Documentation was available for verification. The Council was no longer paying Subsistence to officers on assignment within the District. In view of this challenge, an application for a waiver had been made to the Ministry of Local Government for the Council to be allowed to be paying Daily Subsistence Allowances to officers who worked in places which may be more than 122km from their stations. This would include areas from which it may not be practically possible to return within a specified number of hours mentioned in the circular.

7 c a a] h h Y Y Ð g s a d R e c o m m e n d a t i o n s b

The Committee expresses concern at the failure by the Council Secretary to adhere to regulations with regard to payment of allowances as guided by Cabinet Circular Minute dated 30th December, 2015. The Committee sternly cautions the Council Secretary to desist from violating the regulations willfully and urges him to ensure that such failure does not recur by instituting disciplinary action against erring officers. The Committee resolves to await a progress report on the matter.

e) Procurement of Goods and Services

i. Unretired Accountable Imprest K11, 618

Response by the Council Secretary

The Council Secretary acknowledged the auditor's observation and reported that Officers had not retired the imprest at the time of the audit. The Officers were written to and they since retired the imprest and the records were available for verification.

No:	Details	Amount	Reason for query
1	Karen Tembo	1,030.00	Retired
2	Florence Gama	102.28	Retired
3	G.NOX Electronic	1,000.00	Retired
4	Florence Gama	486.00	Retired
5	Dunken Musukwa	700.00	Retired
6	Dewine D. Kaoma	8,300.00	Retired
	TOTAL	11,618.28	

The Council had strengthened controls in the Finance department and Internal audit sections in order to ensure adherence to Local Government Financial Regulation No. 119, accountable imprest.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against officers responsible for their failure to institute recoveries. The Committee will await a progress report on the matter.

< Unsupported payments K13, 858

Response by the Council Secretary

The Council Secretary reported that payments totalling K13, 858.28 were unsupported with documents such as invoices and receipts.

No:	Details	Amount	
1	ZESCO Ltd	1,000.00	No receipt
2	BATA Shoe Company	1,258.20	No LPO
3	Donald Banda	1,650.00	No receipt
4	Cholwe Muchebo	1,000.00	No receipt
5	Cholwe Muchebo	1,000.00	No receipt
6	Dunken Musukwa	4,450.00	No activity report
7	Moffat Mwanza	2,000.00	No proof of vehicle service
8	Donald Banda	1,500.00	No receipt
	TOTAL	13,585.00	

The Council reported that receipts, invoices and relevant documents had since been retrieved and attached. The Council would ensure that internal controls were strengthened in the Finance department and internal audit sections in order to ensure adherence to Local Authorities Financial Regulation No. 98 (1).

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against officers responsible for failure to adhere to Local Authorities Financial Regulation No. 98 (1). He is directed to ensure that all documents relating to this query are availed to the Office of the Auditor General for verification. An update is awaited by the Committee.

l) Management of Assets

i. Lack of Title Deeds

Response by the Council Secretary

The Council Secretary submitted that survey of land and valuation for cited properties had not been concluded in order to proceed with the processing of title deeds. The Council commenced the process of acquiring the Title Deeds for all the council properties and progress made was as follows:

- i) The twenty six plots are numbered, beacons and surveyed.
- ii) Recommendations for Offer for the twenty six plots had been submitted to the Commissioner of Lands for issuance of Title Deeds for the Council properties.
- iii) The 'Invitation to Treat,' prompting the Council to pay consideration fees for the recommended plots had been obtained. So far the Council has paid consideration fees for three properties namely the civic centre (Plot No. MAMB/1476), council guest house (Plot No. MAMB/420) and 1 No. low cost residential house (Plot No. MAMB/265) at a cost of K12, 564.17.

The remaining properties were at offer stage (Invitation to Treaty). The Council had come with a payment plan of paying the consideration fees in phases to the Commissioner of Lands for issuance of Title Deeds. Further, the Council would expedite the payments of the consideration fees.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to ensure that the process of acquiring title deeds for all the twenty six properties belonging to the Council is expedited. The Committee will await a progress report on the matter.

ii. Failure to Maintain Council Properties - 23 houses (seven (7) medium, thirteen (13) low cost and three (3) high cost)

Response by the Council Secretary

The Council Secretary submitted that failure to maintain council properties was due to constrained cash flow during the period under review. The Council did minor works that needed quick attention to a few houses. The Council had put in place the property maintenance policy which provided for yearly budgetary allocation towards repair and rehabilitation of Council buildings, and rehabilitation of properties had commenced.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to ensure that the council properties are well maintained and secured to avoid degradation. The Committee will await a progress report on the matter.

m) Management of Local Government Equalisation Fund

i. Misapplication of Funds K18, 358

Response by the Council Secretary

The Council Secretary reported that the misapplication of funds on unrelated activities was due to liquidity constraints during the period under review. The Council Secretary stated that management had since reimbursed in full the borrowed amount to the capital account and documentation was available for verification. The Council would ensure that the Local Government (Amendment) Act No. 12 of 2014 was adhered to.

7 c a a] h h Y Y Đ g s and Recommendations b

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

ii. Construction of Chikowa Market Shelter

Response by the Council Secretary

The Council Secretary acknowledged that at the time of verification, the Chikowa market project had not been completed as the contractor demobilising citing operational challenges. The contractor had since mobilised and works had been completed, symbolising completion of the Project. The Council stated that it would ensure that it engaged qualified contractors with the capacity to do the works.

7 c a a] h h Y Y Đ g s and Recommendations b

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

Management of Constituency Development Fund (CDF)

i. Construction of a Police Post at Msoro

Response by the Council Secretary

The Council Secretary stated that, at the time of audit, the project had not yet been completed because the contractor took long to mobilize, causing the delays in completion of the project. The Council did engage the contractor to move on the site quickly and plumbing and installation of a tank stand and water-head tank had since been completed.

Additionally, painting and glazing works were still on-going. The Council would endeavour to engage a contractor who had the capacity to perform the contract. A dedicated engineer had been assigned on the project to constantly monitor the progress of works.

7 c a a] h h Y Y Đ g s and Recommendations b

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

ii. Construction of a 1X 3 CRB at Chilongozi Primary School

Response by the Council Secretary

The Council Secretary reported that at the time of audit, the project had not yet been completed due to non - performance by the contractor. The contractor was given an extension time in order to complete the project by 22nd May, 2020. This extension was necessitated due to inaccessibility of the site during the rainy season. However the contractor did not report back to site even after the rains had ended. After observing that there was very little commitment from the contractor, the Council wrote to him to invite him for a site meeting so as to review progress of the project regarding delayed completion, which meeting was held on 10th October, 2020. It was then resolved that the contractor resumes the implementation of the project as soon as possible and the contractor assured the council that he would complete the project by 30th November, 2020. Furthermore, on 9th December the contractor wrote to the Council that he was facing challenges with increasing cost of materials and mobility looking at the current state of the economy.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee expresses concern at the failure by council management to ensure that the contractor completed the works within the contract period. The Committee is of the view that lack of supervision is likely to have caused the non-performance resulting in delayed works. The Committee strongly urges the Council Secretary to ensure that the matter is given attention and resolved without further delay. A progress report is awaited by the Committee.

Mansa Municipal Council

Paragraph 32

32.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial years ended 31st December, 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Town Clerk responded as set out below.

a) Income negative variance of K21,597,580

Response by the Town Clerk

The Town Clerk submitted that the negative variance was due to under collections on locally

generated revenue amounting to K13,601,014 and also under funding on both Constituency Development Fund and Local Government Equalisation Fund Grant amounting to K6,747,024. The Town Clerk had since formed a revenue task force to encourage compliance and undertake routine stakeholder engagement on the need to comply. In addition, the Council, through its Directorate of Legal Services, undertook debt collection through issuance of demand letters to all its debtors and prosecution of defaulters before courts of law. The Town Clerk had put in a budget control system to review the budget performance of revenue line items every month.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee expresses concern at the failure by the Town Clerk to collect revenue in spite of the liquidity problems that the Council is facing. The Committee urges the Town Clerk to ensure that revenue collection is enhanced and prioritised, while the Council should budget realistically and based on detailed analysis of the revenue base. The Town Clerk is further urged to ensure that the strategies are implemented promptly to counter unintended outcomes. The Committee resolves to close the matter.

b) Operational Matters

i. Failure to Develop an Integrated Development Plan

Response by the Town Clerk

The Town Clerk submitted that the observation by the Auditor General regarding the failure to develop an Integrated Development Plan was correct. The Town Clerk submitted that Mansa Municipal Council failed to develop the Integrated Development Plan due to financial challenges. The Town Clerk had since started the process of developing the document by first advertising in the print media, holding of a consultative stakeholder meeting and now waiting for integrated meeting being spearheaded by the Provincial Planning Unit as a way of cost sharing with other councils in the province.. However, only the first group met before the COVID 19 pandemic came into effect. The Town Clerk was waiting the COVID 19 to reduce or abate in order to attend the integrated meeting being spearheaded by the Provincial Planning Unit as sanctioned by the Ministry of Local Government.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee expresses concern at the failure by the Town Clerk to come up with an integrated development plan. The Committee is further concerned and wonders how the Council is prioritising activities without a detailed analysis of efficiencies and gaps. The Committee is disappointed that such a big council would continue lamenting on revenue sources when it is clear that management is not aggressive in exploring more revenue sources. The Town Clerk is strongly urged to ensure that she stays alive to ensuring that revenue collection is enhanced. Further, the Committee directs the Town Clerk to ensure that an integrated development plan is finalised and operationalised without any further delay The Committee awaits a progress report on the matter.

ii. Environmental Management

o Poor Management of a Dumpsite

Response by the Town Clerk

The dumpsite was not fenced to restrict access

The Town Clerk acknowledged that the observation by the Auditor General regarding poor management of the dumpsite not being fenced to restrict access was correct. The Town Clerk submitted that the dumpsite was too close to Mansa Airport and the proposed Zambia Air Force air strip area and the expanding township hence the need to be relocated to a new area. The Town Clerk had since identified a new area for the dumpsite away from the community, the Mansa Airport and the proposed Zambia Air Force air strip. Furthermore, the Ministry of Local Government had granted authority to use 20 per cent capital component of the Local Government Equalisation Fund on the development of the new dumpsite for the district. The Town Clerk would always endeavour to follow the guide lines as enshrined in the *Environmental Management Act, No. 12 of 2011* as well as other pieces of legislation

No hazard and safety signs at the dumpsite

The Town Clerk submitted that the non existence of hazard and safety signs at the time of audit was due to constant vandalism by the community. The Town Clerk had since replaced all sign posts to alert and restrict access by unauthorised members of the public. The Town Clerk had since increased council police patrols as a stop gap measure before relocating to the new dumpsite.

Lack of Waste Holding Bays

The Town Clerk reported that Mansa Municipal Council had in the past relied on the movable bins in the markets in that the waste generation was low. The Town Clerk had since provided a budget allocation in the 2021 estimates of revenue and expenditure for the purchase of skip bins and a skip truck using the 20 per cent capital component of the Local Government Equalisation Fund for all the markets with high refuse generation. The Town Clerk would ensure that the skip bins and skip truck were purchased before the end of the year 2021. Meanwhile Mansa Municipal Council management was using the available tipper trucks to collect waste on a daily basis and had since entered into refuse collection franchise agreements with private companies as a solution for effective waste collection.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee expresses concern at the failure by management to secure a permanent dumpsite and equip it with all the necessary equipment, including a skip truck, skip bins, waste holding bays, and installation of safety signs, among others. It worries the Committee that the Town Clerk was only reminded to take action during the audit. The Committee strongly cautions the Town Clerk to ensure that she pays attention to the entire operation of the Council, including

environmental matters. In this regard, the Committee directs the Town Clerk to ensure that a permanent dumpsite is secured and all requirements for its smooth running are adhered to in accordance with the law. The Committee awaits a progress report on the matter.

c) Irregular Payments of Lunch Allowances K57,600

Response by the Town Clerk

The Town Clerk submitted that Mansa Municipal Council misunderstood the said circular as read with Local Government Conditions of Service of 1996 for both unionised and non unionised employees which provided for payment of meal allowances within the district. The Town Clerk had since instituted recoveries from the affected officers. The Town Clerk would endeavour to abide by Cabinet Office Circular Minute dated 30th December 2015 and has, following the audit exercise, desisted from payment of the said allowance.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is concerned over the failure by the Town Clerk to consult the relevant authorities before paying the allowances in question. The Committee sternly cautions the Town Clerk to consult widely where she is not sure to avoid recurrence of such queries. The Committee also urges the Permanent Secretary to ensure that all cabinet circulars, especially those which **override the Local Government Conditions of Service of 1996???** are clearly explained to officers under his jurisdiction. Meanwhile, the Town Clerk is directed to ensure that all the documents are availed to the Office of the Auditor General for verification without further delay. The Committee resolves to await a progress report on the matter.

d) Weaknesses in the Management of the Constituency Development Fund

i. Irregular Payment of Value Added Tax (VAT) to Unregistered Companies K187,137

Response by the Town Clerk

The Town Clerk submitted that Mansa Municipal Council omitted to put the requirement of provision of a ZRA Tax registration certificate by would be contractors in the solicitation document during the procurement process. The Town Clerk had since reported the ten companies who claimed VAT when they were not registered for VAT to Zambia Revenue Authority for possible action and compelling the companies to pay the irregular VAT claimed amounting to K187,137.78 direct to Zambia Revenue Authority. The Town Clerk had since instructed the Procurement Unit to put the ZRA tax registration certificate as one of the key requirements in their solicitation document.

7 c a a] h h Y Y Ð g s and Recommendations

The Committee is concerned over the Town Clerk's failure to include a requirement for the provision of a Zambia Revenue Authority Tax Registration Certificate clause in the Solicitation

Documents. The Committee sternly cautions the Town Clerk to follow up the matter to its logical conclusion without delay. The Committee will await a progress report on the matter.

ii. Failure to Recover Advance Payment Ę Bahati Constituency K34,800

Response by the Town Clerk

The Town Clerk submitted that Mansa Municipal Council omitted to put the advance payment guarantee in the contracts as one of the key requirements. The Town Clerk had since instituted court proceedings against the company for the recovery of advance payment. The claim had been admitted by the company in court. A Consent Judgement had since been entered into for the recovery of entire 20 per cent advance payment instalments plus additional legal costs payable to the Council. Should the said company default, the Council would engage the Office of the Undersheriff to levy execution for the recovery of the monies due. The Town Clerk had since included the advance payment guarantee in the contract.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee observes with great concern the omissions of the Advance payment guarantee in the contracts. The committee observes that this is a serious omission and prods the Town Clerk to follow up the matter to its logical conclusion. The Committee will await a progress report on the matter.

e) Management of Liabilities

i. Failure to Settle Statutory Obligations K32,663,073

Response by the Town Clerk

The Town Clerk submitted that Mansa Municipal Council failed to settle statutory and other obligations due to financial challenges arising from accumulated historical debt. The Town Clerk had since entered into an agreement with NAPSA, LASF and ZRA proposing to liquidate the outstanding contribution in three installments. Some of the interventions included the ones listed below.

- i. Land debt swap - 24.7 hectares reserved for the National Pension Scheme Authority (NAPSA) in Fort Roseberry Park area of Mansa District.
- ii. Property rates debt swap K 307,944 Amount that the National Pension Scheme Authority (NAPSA) was owing Mansa Municipal Council.
- iii. Commitment to pay K15,000 every month beginning December, 2020 to the National Pension Scheme Authority, LASF and ZRA until full settlement of outstanding contributions.

The Town Clerk would endeavour to adhere to the agreement and pay as and when resources were available.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Committee urges the Town Clerk to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Committee encourages the Council Secretary to explore all available options, including more debt swaps, to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K4,118,152

Response by the Town Clerk

The Town Clerk submitted that Mansa Municipal Council failed to settle staff obligations due to financial challenges arising from accumulated historical debts. The Town Clerk had, however, made some efforts to dismantle the debt as and when funds were available. To this effect, as at 31st December, 2020, the Council had paid an amount of K1,376,296.28 out of the outstanding K 5,525,123.51 leaving a balance of K 4,148,827.23. Mansa Municipal Council was broadening its revenue base so as to increase resources to pay off the obligations.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

In noting the submission, the Committee urges the Town Clerk to ensure that all outstanding liabilities relating to staff obligations are paid without undue delay. The Committee encourages the Council Secretary to enhance resource mobilisation capabilities to reduce the debt stock. The Committee resolves to await a progress report.

Manyinga Town Council

Paragraph 33

33.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Council Secretary responded as set out below.

a) Budget and Income K5,027,484

Response by the Council Secretary

The Council Secretary informed the Committee that the Council planned to create and issue out small holding lots in Litoya where the Council expected to raise about K3,178,785. However, the land in question was discovered to have ownership disputes with the parent Council, Kabompo Town Council. Furthermore, the Council anticipated to receive K9,087,822 Local Government Equalisation Fund (LGEF) as guided in the Ministerial Budget Guidelines but the Treasury only released K6,475,277.24, leaving a negative variance of K2,612,544.76 in the period under review. The Council Secretary also reported that the Council had alternative land given by His Royal Highness Chief Sikufele which had already been surveyed, planned and all plots and lots numbered by the Ministry of Lands and Natural Resources. The Council would

endeavour to ensure that going forward, it would take a more prudent approach when budgeting for revenue and also plan for income generating activities once the necessary procedural activities and/or processes had been completed.

~~7 c a a] h h Y Y Đ g s and Recommendations b~~

The Committee notes the submission and urges the Council Secretary to set realistic budgets based on detailed analysis of the revenue base to avoid failure. The Council Secretary is also urged to ensure that turn-around strategies are implemented promptly to help improve the 7 c i b W] ` Đ g ` `] The Committee resolves to close the matter.

b) Environmental Management - Poor Management of a Dumpsite

Response by the Council Secretary

The Council Secretary Submitted that the current dumpsite which was queried was a temporary one as Management had identified an alternative dump site which would be fenced. The Council Secretary stated that the Council had since budgeted for fencing of the identified alternative dumpsite in the 2021 budget. Management would endeavor to adhere to ZEMA guidelines in the management of the dumpsites.

~~7 c a a] h h Y Y Đ g s and Recommendations b~~

The Committee notes the submission and urges the Council Secretary to expedite the process of acquiring a permanent dumping site without further delay. The Committee urges the Council Secretary to ensure that she acts expeditiously to avoid disease outbreaks that may arise due to the dumping of refuse at an unsafe site. The Committee will await a progress report on the matter.

c) Accounting for Revenue

i. Under Collection of Revenue from Timber K230,500

Response by the Council Secretary

The Council Secretary made a correction that the under collection was as at 31st, December, 2019 and not 31st, October, 2020 as indicated in the query. In the first quarter of the financial year under review, the Council had not yet established the check point at the exit of the district where they would have captured all the timber trucks exiting the district. Manyinga Town Council had installed a 24-hour operational check point which would make the Council collect all the levies from timber trucks leaving the district. The check point would always be operational.

~~7 c a a] h h Y Y Đ g s and Recommendations b~~

The Committee notes the submission and urges the Council Secretary to caution the officers responsible. Further, the Committee urges the Council Secretary to devise strategies to ensure that all the revenue outstanding is collected without further delay. The Committee will await a progress report on the matter.

ii. Delayed Banking K188,398

Response by the Council Secretary

The Council Secretary submitted that the main check point for timber collection was about 54 km from the civic centre, which translated to about 108 km to and from the civic centre making it impractical to bank revenue within 48 hours. There was no banking facility within the district, the nearest bank was in the next district which was about 30 km which translates to about 60 km to and from. Furthermore, the Council only had one reliable vehicle to cater for all operations. Going forward, the council had included in the capital budget for 2021 a utility vehicle to help with revenue collection and banking programmes. Management had set Friday for both collection and banking of revenue from the main check points, while for revenue from revenue points that were nearer to the civic centre, banking was done at least twice a week. The Council had commenced talks with financial institutions, namely Investrust Bank, Zambia National Commercial Bank and Atlas Mara to establish a branch or an Agency within the District.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to institute disciplinary action against the officers responsible for the query. The Committee will await a progress report on the matter.

d) Management of Local Government Equalisation Fund

i) Misapplication of Funds K254,600

Response by the Council Secretary

The Council Secretary acknowledged the findings of the AG that at the close of the financial year under review; 31, December, 2019 a total of K380,273 was owed to the Capital Account and that at the time of audit the said amount remained outstanding. Management stated that the amount of K125,673 was also a borrowing and that it was only that the word borrowing was omitted in the narrations, hence making the total borrowing K380,273 (K125,673 +K254,600). Management had since paid back in full the borrowed amount of K380,000 that was outstanding as at 31st December, 2021 to the capital account. Management would endeavor to avoid borrowings from the capital account as well as ensure prompt repayments whenever funds were borrowed. Management had also put up a Revenue Task Force whose composition included officers from all the departments of the Council to assist the Finance department maximise local revenue collections which would in turn minimise borrowings from the capital account. The Council had planned to repair five fish ponds at the Council farm and engage in Z] g \ ' Z U f a] b ['] b ' on resource revenue base, which in turn would also reduce on borrowings.

The Committee notes the submission and cautions the Council Secretary to desist from misapplying funds meant for capital projects. The Committee further urges the Council Secretary to mete out disciplinary action against erring officers and an update is being awaited to that effect.

ii) Completion of a 1x2 Laboratory at Manyinga Day Secondary School

Response by the Council Secretary

The Council Secretary acknowledged that at the time of the audit, the 1x2 Laboratory at Manyinga Day Secondary School had not been completed and that the contract for the same had been terminated. The performance bond also expired before the termination of the contract. In addition, the value of remaining works from the contract sum was too little to attract another contractor. The School had applied for the project to be completed under the Constituency Development Fund for the financial year 2021. Management resolved that interim payment certificates would not exceed 75 per cent (exclusive of retention) of the contract sum so that the final certificate was a minimum of 25 per cent (exclusive of retention) to deter contractors from abandoning works prematurely. A copy of minutes of the management meeting was available for verification.

The Committee notes the submission and urges the Council Secretary to expedite the process of completing the project. The Committee will await a progress report on the matter.

e) Management of Constituency Development Fund

i) Delayed Completion of Construction of a 1x2 Science Laboratory at Kasamba Secondary School

Response by the Council Secretary

The Council Secretary informed the Committee that the contractor requested for an extension which went up to January, 2020 as he cited delays in mobilising to site as a result of building materials that had to be sourced from Solwezi, such as crushed stones, concrete blocks, etc. Further, during the course of the extension, the contractor had to demobilise due to security reasons as the country was experiencing gassing attacks, which soon was followed by Covid-19 restrictions. There was an oversight by management during the audit when availing information to the auditor at the time of audit exacerbated by some members of staff working from home as the audit was conducted during Covid-19 restrictions. The contractor was told to return and continue with the works. The contractor had mobilised and was currently on site. Management was now appointing contract managers for all contracted works in line with *Public Procurement Act, 2008*, Section 145(1) to improve project information management and supervision.

The Committee notes the submission and urges the Council Secretary to ensure that completion of outstanding works is expedited. The Committee will await a progress report on the matter.

ii) Failure to Construct a 1x2 Science Laboratory at Chifuwe North Secondary School

Response by the Council Secretary

The Council Secretary acknowledged that at the time of audit, the project had not been completed and the contract had been terminated as stated in the audit report. The performance bond was also not encashed due to non-performance by the first contractor (Bekile Enterprises Ltd) engaged to undertake the works. The insurance company, Goldman Insurance Limited delayed to inspect the project and had not shown up to date, consequently delaying the awarding of the contract to another contractor. Management had engaged another contractor to complete the works according to the outstanding scope of works and the works were at an advanced stage, only remaining with the installation of the iron sheets and five window frames. The project was scheduled to be completed on 15th March, 2020. In addition, Management submitted a claim against the performance bond to Goldman Insurance Limited. The Council Secretary assured the Committee that she would not accept bond securities from Goldman Insurance to cover projects and would institute punitive measures to erring contractors by blacklisting them from doing business with the Council and reporting them to the National Council for Construction.

The Committee notes the submission and urges the Council Secretary to devise ways of ensuring that performance bonds are secured with credible insurance firms to avoid recurrence of the matter. **The Council Secretary is also urged** to ensure that works are completed expeditiously and the Committee will await a progress report on the matter.

Masaiti Town Council

Paragraph 34

34.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31stDecember, 2019 and a physical inspection of selected projects revealed various weaknesses, to which the Council Secretary submitted as set out below.

a) Budget and Income K9,486,895

Response by the Council Secretary

The Council Secretary reported that the Council had budgeted to receive Constituency Development Fund amounting to K3,200,000 for Masaiti and Kafulafuta Constituencies in the year 2019 but the grant was never received from the Ministry of Finance, resulting in a negative variance of K3,200,000. For the Local Government Equalisation Fund, an amount totaling K8,788,272 in the year 2019 was expected but only K7,794,233 was received, resulting in a

negative variance of K994,039. The Council had further budgeted to collect plot premiums amounting to K2,720,000 from newly created plots. However, plots were not created due to the difficulties encountered in securing land from settlers. The Council Secretary also reported that Council had made adjustments to the budget on plot premiums, fees and charges and other income to align to what was attainable. Council was ensuring that only realistic and attainable revenue sources were included in the budget.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the efforts made by the Council Secretary and urges him to ensure that realistic budgets coupled with detailed analysis of the revenue base are made in order to avoid recurrence of such huge variances. The Council Secretary is also urged to ensure that turn-around strategies are implemented promptly. The Committee resolves to close the matter.

b) Operational Matters-Lack of Firefighting and Prevention Services

Response by the Council Secretary

The Council Secretary reported that Masaiti Town Council Fire Brigade was recently created and still in its infancy stages. The Council was still mobilising resources for the establishment of the fire station. The Council Secretary reported that Council had since written to the Ministry of Local Government lobbying for the fire truck and also written to Kafubu Water and Sewerage Company (KWSC) to install fire hydrants in the District. Relevant documents were available for verification. In the meantime, the Council was ensuring that fire inspections on trading premises were conducted in conjunction with Luanshya Municipal Council.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and directs the Council Secretary to ensure that commencement of services and completion of the recruitment processes of support staff and necessary resources for the fire fighting unit are carried out expeditiously. The Committee will await a progress report on the matter.

c) Accounting for Revenue

i. Failure to Update the Main Valuation Roll

Response by the Council Secretary

The Council Secretary reported that it was regrettable that the Council had not updated the expired valuation roll. This was an oversight on the part of Management. The Council Secretary reported that the Council had budgeted for the updating of the expired main valuation roll in the year 2021. Council would henceforth ensure that the updating of the Main Valuation Roll is done every five years.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee expresses concern at the failure by Council management to adhere to Section 9 (4) of the *Rating Act, No. 21 of 2018* In this regard, the Committee directs the Council Secretary to ensure that the expired valuation roll is updated without further delay. The Committee resolves to await a progress report on the matter.

ii. **Questionable Remissions or Debt Cancellation**

Response by the Council Secretary

The Council Secretary reported that the Council decided to charge a lower rate after the Main Valuation Roll expired and since the company had just been established. The Council Secretary reported that the Council had since written to Dangote Industries Zambia Limited over the under payment amounting to K10,487,725.35 from 2017 to 2020 and the document was available for verification. Council would ensure that the updating of the Main Valuation Roll was done every five years.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee expresses concern at the failure by the Council Secretary to adhere to Section 22 (1) of the *Rating Act No. 21 of 2018* when renting out properties belonging to the Council. Committee urges the Council Secretary to ensure that the remaining amount in rentals is collected without further delay. The Committee awaits a progress report on the matter.

d) **Failure to Collect Revenue from Sale of Plots**

Response by the Council Secretary

The Council Secretary reported that the Council had failed to collect plot premium because some settlers had not been fully compensated and the area allocated had not been serviced by access roads. The Council Secretary also reported that the Council had since issued demand notices to all the thirty-seven successful applicants giving them thirty days to make payment and the relevant documents were available for verification. The Council would ensure that all revenue from the sale of plots was collected promptly.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to ensure that the remaining amounts are collected without further delay. The Committee awaits a progress report on the matter.

i) **Procurement of Goods and Services**

Unsupported and Missing Payment Vouchers K244,797 and K893,496

Response by the Council Secretary

The Council Secretary reported that it was regrettable that the Council had not attached the supporting documents at the time of audit due to understaffing in the department of Finance. The Council Secretary reported that the council had misfiled the eighty-two payment vouchers that were not availed during the time of audit. The Council Secretary reported that the Council had since attached all the relevant supporting documents to the thirty-two payment vouchers in amounts totaling K244,797 which were not supported at the time of audit. Supporting documents were available for audit verification. The Council Secretary reported that the Council had since found all the eight-two payment vouchers that were cited as missing at the time of audit and were available for audit verification. The Council Secretary reported further that the Council had assigned an accounts officer in finance to ensure that payment vouchers were properly filed and supporting documents attached as soon as the payment was made.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee recommends that disciplinary action be meted out against the officers who misfiled the supporting documents sheets. Further, all relevant documents should further be submitted to the Auditor General for verification. The Committee will await an update report on the matter.

ii .Unretired Accountable Imprest K76,020 and K123,962 Not Acquitted

Response by the Council Secretary

The Council Secretary reported that it was regrettable that the Council had not attached the supporting documents at the time of audit due to understaffing in the department of Finance. The Council Secretary reported that the Council had since retired imprest in amounts totalling to K76,020 issued to four officers and also attached acquittal sheets to amounts totalling to K123,962 and the documents were ready for verification. The Council was ensuring that imprest was retired within 48 hours and all supporting documents were attached to the payment vouchers as soon as the payments were made and an Accounts Officer had been assigned to ensure this was done.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Committee recommends that disciplinary action be meted out against the officers who misfiled the imprest retirements and acquittal sheets. All relevant documents should further be submitted to the Auditor General for verification. The Committee will await an update report on the matter.

i) Management of Stores

Unaccounted for Stores K226,751(general stores K74,698 and fuel K152,053)

Response by the Council Secretary

The Council Secretary reported that it was regrettable that the Council had not attached the supporting documents at the time of audit due to understaffing in the Department of Finance. The Council Secretary reported that the Council had since attached receipt and disposal details for stores items in amounts totalling to K226,751 and the documents were ready for verification. Going forward, the Council was ensuring that receipt and disposal details were attached immediately after the payment had been made and the Stores Officer had since been cautioned.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee recommends that disciplinary action be meted out against the officers who misfiled the receipt and disposal details. All relevant documents should further be submitted to the Auditor General for verification. The Committee will await an update report on the matter.

ii. Irregular Drawing of Fuel K57,666

Response by the Council Secretary

The Council Secretary reported that the Council regretted drawing fuel from the Pool Account by senior officers despite being in receipt of fuel allowance through the payroll during the period under review. The Council Secretary also reported that the Council had deducted K14,416.41 through the payroll from the oZ Z] WY f, leading to a balance of K43,249.59 to be fully recovered before 31st December, 2021 and documents were available for verification. The Council was ensuring that only pool vehicles were drawing fuel from the pool account.

Comm] h h Y Y Ð g s and Recommendations

The Committee is disappointed by the Council management for failure to adhere to Local Government Minute No. MLGH/71/6/93 dated 15th October 2012 and urges the Council Secretary to ensure that the officers who drew fuel while being in receipt of fuel allowance are charged for their dishonest conduct in accordance with the appropriate disciplinary procedures. The Committee also directs the Council Secretary to ensure that all funds for fuel irregularly drawn are recovered without fail and all relevant documents submitted to the Auditor General for verification. The Committee resolves to await a progress report on the matter.

e) Management of Assets

Failure to Insure Property

Response by the Council Secretary

The Council Secretary reported that it was regrettable that the insurance cover for council vehicles had expired at the time of the audit. The Council Secretary further reported that Council had since insured the three properties valued to K4,800,000 and successfully renewed insurance cover for eight motor vehicles. Documents relating to these transactions were available for

verification. The Council was ensuring that all properties built and purchased were insured timely.

~~7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b~~

The Committee notes the submission and urges the Council Secretary to ensure that, henceforth, all properties are insured every year to curb possible losses. The Committee resolves to close the matter subject to audit verification.

i. Failure to Maintain Properties

Workshop and Old Nsandabunga Rest House

Response by the Council Secretary

The Council Secretary reported that the Council had since commenced renovating the Council workshop and documentation was available for verification. The Council Secretary also reported that the Old Nsandabunga Rest House was undergoing renovations at the time of audit. The Council had since worked on the ceiling and the walls. The Council was ensuring that renovations were done regularly.

~~7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b~~

The Committee notes the submission and urges the Council Secretary to ensure that a maintenance policy is put in place to avoid recurrence. The Committee will await a progress report on the renovation of the two properties.

f) Management of Local Government Equalisation Fund - Misapplication of Funds K866,790

Response by the Council Secretary

The Council Secretary reported that the Council regretted spending from its capital account and it was an oversight on the part of Management. The Council Secretary reported that the Council had since reimbursed part of the misapplied funds amounting to K150,000, leaving a balance of K716,790 to be paid before 31st October, 2021 and the documents were available for verification. The Council Secretary also reported that the Council was ensuring that only projects budgeted for and capital in nature was paid for from the capital account.

~~7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b~~

The Committee notes the submission and cautions the Council Secretary to desist from varying funds meant for capital projects without Treasury authority. The Committee directs the Council Secretary to ensure that funds are reimbursed without further delay. The Committee resolves to await a progress report.

ii. Management of Constituency Development Fund

i. Misapplication of Funds

Response by the Council Secretary

The Council Secretary reported that this was an oversight on the part of Management. The Council Secretary reported that the Council had reimbursed part of the misapplied funds amounting to K713,000 leaving a balance of K652,925 to be settled before 31st December, 2021 and the documents were available for verification. The Council Secretary reported that the Council was ensuring that only projects approved by the CDF Committee were paid for from the CDF account.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and cautions Council Secretary to desist from varying funds meant for capital projects without Treasury Authority despite apparently good intentions. The Committee counsels him to ensure that treasury authority for any variation of funds in accordance with applicable Financial Regulations. The Committee directs the Council Secretary to ensure that funds are reimbursed without further delay. The Committee resolves to await a progress report.

ii. Failure to Deliver Desks Ę Kafulafuta Constituency

Response by the Council Secretary

The Council Secretary reported that the Council had written a letter on 8th May, 2020 requesting the Supplier to give a reason why his company had failed to supply the remaining seventy-nine (79) desks and the documents were available for verification. Council was ensuring that payments to suppliers only made after the goods and services had been delivered.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is displeased to note that the Council Secretary only made efforts to follow up the delivery after the audit. He is sternly cautioned to ensure that he paid attention to detail so that all officers and departments under his charge are properly supervised at all times. **The Committee directs the Council Secretary** to ensure that desks are delivered without any further delay. The Committee resolves to await a progress report.

Management of Liabilities Ę Failure to Remit Statutory Obligations K5,287,096

Response by the Council Secretary

The Council Secretary reported that the council has been operating under liquidity difficulties as it was struggling to meet its financial obligations. The Council could not even meet its net salaries and wages obligations for its employees during the period under review due to a huge

wage bill. The Council Secretary reported that the Council had budgeted for the updating of the Valuation Roll which expired in 2015 in order to increase revenue. This would enable the Council to meet the monthly gross wage bill. The Council Secretary reported that the Council had since embarked on the process of updating the Valuation.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

In noting the submission, the Committee urges the Town Clerk to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process.. **To general recommendation**

Mazabuka Municipal Council

Paragraph 35

35.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Town Clerk submitted as set out below.

a) Budget and Income K10,798,899

Response by the Town Clerk

No.	Revenue Type	Variance K	Comments
	Internally Generated		Response by the Town Clerk
1	Local Taxes	(1,134,301)	Whilst Council performed fairly in other property rates categories such as Industrial, and commercial rates, it fared badly in the collection of residential property rates and it was because of this that the Council engaged a Government bailiff. Even with this effort, it could only manage 51 percent of the budgeted figure. This in turn caused an overall under performance.
2	Fees and Charges	(5,169,023)	Council planned to collect regularisation fees, service charges, subdivisions, preparation of title deeds and conversion of customary land. At budgeting time, the Council planned to regularise plots in an area called Changa Changa which was sitting on a titled farm plot. However, disputes ensued between the title holders and tenants on subdivision procedures, hence impeding the process. Furthermore, the Council failed to create land near Mugoto Settlement due to encumbrances on the ground. Meetings were held between the Council and the settlement committee, but this did not result in the land being planned. These reasons caused the Council to fail to maximise collection of revenues on land related fees and charges as was expected.
3	Licenses	(98,702)	The Council fared well at 93 percent performance however some shops

			were closed especially in peri-urban areas.
4	Levies	(2,205,733)	Council collected 65 percent of what was budgeted and the variance of 35 percent was due to reduction in production of cane and a ban on movements of livestock in the district in 2019.
5	Permits	396,655	The over performance on this vote was due to positive performance on fire and Health permits.
6	Other Receipts	2,962,269	Council had acquired a loan from the ZANACO Bank amounting to K2,900,000. The purpose of the loan was to fund the construction of shops and a truck inn bay. An approval from the Ministry was acquired.
	Total	(5,248,835)	
	National Support		
7	Equalisation Fund	(2,927,680)	The negative variance was because the Local Government Equalisation Fund was not received in the months of November and December 2019 and December 2018. Monthly grant was K1,025,300.60 and K978,080 for years 2019 and 2018 respectively.
8	Constituency Development Fund	(2,762,384)	In the year 2019 Council budgeted to receive CDF amounting to K3,200,000 but only received K62,269
9	Grants in Lieu of Rates	140,000	The grant was not budgeted for as such grants were only planned for when assurance had been granted hence the positive performance on the budget
	Sub Total	(5,550,064)	
	Total	(10,798,899)	

The Town Clerk further reported that management had taken steps to improve budget performance by introducing E-billing, timely distribution of bills, enhancing community awareness and engagement of stake holders on the importance of paying bills and licenses timely. Furthermore, the Council had introduced promotions to encourage property owners to pay rates and other fees. The Council would strive to strengthen the revenue collection strategies put in place, in order to enhance revenue collection efficiency from locally generated revenue sources such as local taxes, fees, charges, permits and licenses. The Council would also ensure that only collectable revenues were budgeted for to avoid under collections of revenue.

7 c a a] h h Y Y D ~~ns and Recommendations~~

The Committee notes the strategy put in place by the Town Clerk and urges him to ensure that realistic budgets based on a detailed analysis of the revenue base are made in order to avoid recurrence of such variances. The Town Clerk is also urged to ensure that the strategies are implemented promptly. The Committee recommends the closure of the query subject to audit verification.

b) Operational Matters

i) Failure to Develop an Integrated Development Plan

Response by the Town Clerk

The Town Clerk submitted that the non-preparation of the Integrated Development Plan during the period under review was due to liquidity problems faced by the local authority. The Council reported that the Draft Integrated Development Plan (IDP) for a period of ten years had since been prepared and that the final draft had been submitted for scrutiny. The Council would ensure that adequate budgetary provisions were made to cater for the implementation of the Integrated Development Plan (IDP) before it expired.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee expresses concern at the failure by council management to put in place an integrated development plan. The Committee urges the Town Clerk to ensure that this is done by 30th June 2021 and further that management should adhere to Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 in all preceding years. The Committee awaits a progress report on the matter.

ii) Lack of Guidelines for Entry and Movements in the Dumpsite Ę West Villa Dump-site

Response by the Town Clerk

The Town Clerk submitted that the billboard indicating guidelines on entry and movement into the dumpsite had been vandalised by unknown members of the public. The billboard was vandalised in the month December, 2020. The Council had since commenced procedures to replace the vandalised signage. The Council would construct a signage made of blocks and cement to avoid vandalism.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee sternly cautions the Town Clerk to desist from misleading the Members of the Committee c b Ę h \ Y Ę X U h Y Ę k \ Y b Ę j U b X U Ę] g a Ę c W W i f f Y X " Ę Ę = h Ę that the guidelines and signage were not there as far back as 2018 and 2019. The Committee directs the **Town Clerk** to expedite the process of forestalling sanity at the dumpsite without further delay. The Town Clerk is also strongly urged to ensure that he acts expeditiously to avoid disease outbreaks that may arise due to uncontrolled dumping of refuse in unsafe and unsecured site. The Committee will await a progress report on the matter.

c) Accounting for Revenue

i. Delayed Banking

Response by the Town Clerk

The Town Clerk acknowledged the findings and reported that the Council had challenges in collecting revenues from far flung areas as it was costly to be cashing daily due to the cost of transport. The Council had since instructed revenue collectors to start depositing daily collections in a Council account using ZANACO express facilities and later avail bank receipts for confirmation. Furthermore, the Council was engaging mobile operators on the best ways of depositing revenue in the far-flung areas. The Council would ensure that revenue collected was banked on time as per Local Authorities Financial Regulation No.19 (1).

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee cautions the Town Clerk to ensure that Local Authorities Financial Regulation No.19 (1) is strictly followed to avoid recurrence. The Committee further directs the Town Clerk to ensure that disciplinary action is taken against the officers responsible for the query. The Committee awaits a progress report.

ii. Failure to Collect Revenue from Billboards K342,659

Response by the Town Clerk

The Town Clerk acknowledged the findings and reported that the non-collection of revenue from Billboards was because of billboard ledgers which were being management off the billing system. When clients made payments, most ledgers remained unupdated, a trend that went on for some years. The Town Clerk submitted that the Council had started collecting historical data needed to update billboard ledgers and that the Council would soon clean up the records. The Council had factored into the billing system the data base for billboards for timely update of the ledgers.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee is disappointed with the failure by the Town Clerk to collect all debts relating to billboard levies. The Town Clerk is urged by the Committee to ensure that all outstanding debt relating to billboard levies is collected without further delay. The Committee will await a progress report on the matter.

d) Management of Assets - Lack of Title Deeds

Response by the Town Clerk

The Town Clerk submitted that the lack of title deeds was as a result of lengthy legislation procedures involved in securing of title deeds. The Town Clerk reported that the Ministry of Lands had since been engaged through the Office of the Surveyor General to have the buildings numbered, a process which would lead to the acquisition of title deeds for the cited Council

properties. The Council would strive to ensure that all its properties were surveyed and on title in accordance with Section 41(4) of the *Public Finance Management Act No. 1 of 2018*.

7 c a a] h h Y Y Ð g s and Recommendations b

The Town Clerk is urged by the Committee to ensure that all its properties are secured with both title deeds and insurance cover without further delay. The Committee will await a progress report on the matter.

e) Failure to Remit Statutory Obligations K22,890,560

Response by the Town Clerk

The Town Clerk acknowledged the Auditor ; Y b Ys observations and reported that remittance of statutory obligations had been a challenge due to the constrained cash flow to meet the escalated gross payroll coupled with the delivery of monthly social services. He informed the Committee that efforts were being made to liquidate the debt and that the Council was making payments on a regular basis to the relevant institutions. The Council had entered various payment plans with major creditors such as Zambia Revenue Authority, Workers Compensation Fund and Local Authorities Superannuation Fund. The Council management would further ensure that its cash flow was improved in form of revenue collections to manage the payment of statutory obligations as and when they fell due monthly.

No.	Institution	Amount K	Amount K	Amount K
1	ZRA	14,606,633	314,107	14,292,526
2	LASF	3,098,424	134,633	2,963,791
3	NAPSA	5,185,504		5,185,504
	Total	22,890,560	448,740	22,441,821

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee urges the Town Clerk to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K547,904

Response by the Town Clerk

The Town Clerk acknowledged the 5 i X] h c f ' observations and reported that the failure to settle staff obligations during the period under review was due to liquidity problems faced by the Local Authority. The Council management had committed itself to offsetting the outstanding amounts and had since started paying through structured payment plans. The Council would ensure that its cash flow was improved in form of revenue collections to manage the payment of staff obligations as and when they fell due monthly. The Town Clerk presented staff obligation

clearance status as indicated below and he made a commitment that the Council would strive to clear all outstanding staff obligations by 31st December, 2022.

No.	Type of debt	Amount K	Amount Cleared K	Balance K
1	Settling in allowances	547,904	286,306	261,598

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Town Clerk is urged by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available options including lobbying for more funding to expedite the process. The Secretary to the treasury is also urged to consider liquidating this historical debt stock to help councils to be relieved of this burden. The Committee resolves to await a progress report.

Mbala Municipal Council

Paragraph 36

36.1 Audit Findings

An examination of financial and other records maintained at the Council and a physical inspection of selected projects carried out in July, 2020 revealed various weaknesses to which the Town Clerk responded as indicated.

a) Budget and Income K10,602,184

Response by the Town Clerk

The Town Clerk submitted that the under collection of budgeted amount by K10, 602,184 was because of the following:

Local Taxes and Rates

The Council had been using an expired and outdated Valuation Roll (**2006**) thus making it difficult to enforce compliance

Fees and Charges

Delayed numbering of Plots by the Ministry of Lands led the Council to lose revenue from Plot Premium Charges. The land was only available for public offer in 2020 after the numbering of plots. The Plot Premium Charges account for the huge component of the budget under this category was K4, 699,356.

Charges and Other Income

Closure of Zambeef commercial activities in the District during the period under review led the Council to lose potential revenue amounting to K798, 500 in form of Meat Inspection fees and Meat Exports charges.

National Support

The Council had budgeted to receive CDF of K1, 600,000 which was not remitted in the period under review. Further, the Council did not receive LGEF amounting to K1, 773,425 and Chiefs Retainers funding by K58, 350. All these gave a total deficit of K3, 431,775.

The following actions had been undertaken to counter these effects.

Local Taxes and Rates

The Council had finished the process of updating its Valuation Roll and the Rating and Valuation Tribunal sat on the 29th December 2020, to consider the Mbala Municipal Council Valuation Roll. The Council was awaiting the ruling on the new and updated valuation roll.

Fees and Charges

The Council would only budget for Plot Premium once all the legal due diligence in land public offer had been done, particularly the survey and numbering of plots by the Ministry of Lands.

Charges and Other Income

The Council had been engaging Zambeef and other meat vendors to come in the district in order to help the local farmers to have a steady market for their animals. The Town Clerk reported in this regard that Zambeef had since January 2021 been operating in the District and another meat Vendor (Termites) had also come in the district as a result of the efforts by the Council.

National Support

The Town Clerk submitted that the non-remittance of the funds (CDF and LGEF) had affected all Councils in the Country and the Ministry of Local Government was addressing this matter at the National level with the Ministry of Finance. The funding for Chiefs retainer would no longer be a Challenge for the Council as the Ministry of Chiefs affairs had taken up the responsibility of paying retainers directly instead of using Councils. The Town Clerk also submitted that the Council had taken prudent measures which would ensure that what was budgeted was realistic and must be collectable by using an updated valuation roll to ensure all properties were captured. The Council had also continued to engage and sensitise the business owners and residents through the already running radio programme on Radio Luswepo about their collective responsibility to the Council budget for the benefit of the District as a whole.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the efforts made by the Town Clerk and urges him to ensure that realistic budgets based on detailed analysis of the revenue base is done in future to avoid this failure. The Town Clerk is also urged to ensure that turn-around strategies are implemented promptly to counter this effect. The Committee resolves to close the matter.

b) Operational Matters

i. Failure to Develop an Integrated Development Plan

Response by the Town Clerk

The Town Clerk informed the Committee that the lack of an Integrated Development Plan for the Council was mainly due to limited funds. The Council had collected details for both existing and proposed land use for consolidation of the district layout plan. Partial formation of local economic development framework had also been done. Further, the first step of reporting the concept of formulation of an IDP had been reported to Council under minute No. MMC/115/02/18 and solicitation for financial assistance to GIZ to develop the said had also been done. The Council would prioritise the development of the IDP once finances were mobilised.

7 c a a] h h Y Y Signs and Recommendations

The Committee expresses concern at the failure by council management to put in place an integrated development plan, which is a serious omission on their part. The Town Clerk is directed to ensure that this is done by 31st December 2021. Further, the Town Clerk is directed to adhere to Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 in all preceding years. The Committee awaits a progress report on the matter.

ii. Environmental Management - Poor management of Dumpsite

< **Dumpsite not fenced**

< **No Warning Signs**

Response by the Town Clerk

The Town Clerk submitted that the dumpsite had not been fenced due to pending relocation plans. An alternative site had been identified in Chief Zombes area and the attendant formalities were underway. The costs of securing the dumpsite had been factored in the 2021 Budget Estimates and the priority of the Council was to relocate the dumpsite away from within the proximity of dwelling houses and then secure it.

7 c a a] h h Y Y Signs and Recommendations b

The Committee notes the submission and urges the Town Clerk to expedite the process of establishing a permanent dumpsite without further delay. The Town Clerk is strongly urged to ensure that he acts expeditiously to avoid disease outbreaks that may arise due to dumping refuse in unsafe and temporary sites. The Committee will await a progress report on the matter.

c) Accounting for Revenue

i. Failure to collect revenue K411, 659

Response by the Town Clerk

The Town Clerk submitted that the failure to execute warrants of distress on property rates was because the valuation roll had expired. From the reported outstanding balance of K411, 659, the Council had managed to collect an amount of K153, 776.99, leaving a balance of K257, 882.01. The Council had updated its valuation roll and it was pending approval by the Rating and Valuation Tribunal which sat on 29th December 2020. Once the roll was approved, the Council would be in a position to enforce the provisions of the law to recover the outstanding amounts.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the efforts made by the Town Clerk and urges him to ensure that mechanisms are put in place to ensure that all outstanding revenue is collected without any further delay. The Committee awaits a progress report on the matter.

ii Failure to Maintain an Updated Valuation Roll

Response by the Town Clerk

The Town Clerk informed the Committee that the lengthy and costly procedures, as well as busy schedule of government valuation surveyors who were undertaking this exercise for many other Local Authorities was the cause of the delay to put in place a valuation roll. The Council had since updated its valuation roll and was currently awaiting approval of the same by the Rating and Valuation Tribunal which sat on the 29th December 2020. The Council would ensure that the Valuation Roll was updated at least every five (5) years as prescribed by the Rating Act No. 21 of 2018.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee expresses concern at the failure by council management to update a valuation roll, which is a serious omission on their part. The **Town Clerk is directed** to ensure that this is done by 31st December 2021 and further that the Council is compliant with to Section 9 (4) of the Rating Act, No. 21 of 2018 **in future**. The Committee awaits a progress report on the matter.

i. Unaccounted for Business Levy

Response by the Town Clerk

The Town Clerk submitted that the misrepresentation of the name of the payer at the point of receipting by the main cashier. The matter had been rectified and the business levy Licenses had been correctly issued and all the documents were available for verification. The Council had since put in place mechanisms to ensure that that such a matter did not recur by opening accounts for each business premises after acquiring the appropriate software.

7 c a a] h h Y Y Đ g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and urges the Town Clerk to ensure that erring officers are disciplined for this failure to adhere to the Local Authorities Financial Regulation No. 72. The will await a progress report on the matter.

d) Travelling Out of Station without Authority

Response by the Town Clerk

The Town Clerk submitted that the un-attached letters for travelling out of station on five different occasions by two succeeding Principal Officers in 2018 were now available for verification. This happened during the preparation of the Centenary celebrations in Mbala which coincided with the preparation of the Northern Province Expo. Authority to travel out of station was given by way of invitations by the Office of the Permanent Secretary to attend these preparatory meetings and documents. Officers would ensure that they attach necessary documents to payment vouchers at all time, and the Principal Officer would continue to seek permission to travel out of the station.

7 c a a] h h Y Y Đ g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and urges the Town Clerk to ensure that erring officers are disciplined for failing to avail the respective letters to auditors during the time of audit. The Committee awaits an update on the matter.

e) Management of assets

i. Lack of Title Deeds for Properties

Response by the Town Clerk

The Town Clerk si V a] h h Y X ' h \ U h ' a c g h ' h] h ` Y g ' k Y f The U d d Y U properties were on title in two different old names; namely Mbala Management Board and Mbala District Council, with the exception of the newly constructed bus station. The Council would now effect the change of names to Mbala Municipal Council during the lease renewal period. For the bus station the process of acquiring title was underway. Further, once the Valuation Roll was approved Council shall mobilise resources to insure the properties with the correct market values. Council would ensure that all properties title deeds bear the name of Mbala Municipal Council after the lease renewal period and ensure that the properties are insured.

7 c a a] h h Y Y Đ g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and urges the Town Clerk to ensure that the process of acquiring title deeds for all properties belonging to the Council is expedited. The Committee will await a progress report on the matter.

i. Failure to Maintain Properties

Response by the Town Clerk

The Town Clerk informed the Committee that the failure to maintain Council properties was due to cash flow problems. The Council had started renovating its properties starting with Grasshopper Rest House and move on to other buildings. The exercise was long term and the process has started with budgeting for the same and execution of the works. The Council had budgeted for the continued repair and maintenance of its properties.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and urges the Town Clerk to ensure that the funding of completing the maintenance of properties is prioritised as and when funds are made available. He is also encouraged to ensure that a budgetary provision is set aside for this activity and that he lobbies for more funds using all available options to expedite the process. The Committee resolves to await a progress report on the matter.

f) Management of Local Government Equalisation Fund Ę Misapplication of Funds K965, 586

Response by the Town Clerk

The town Clerk submitted that the misapplication of funds in the sum of K965, 586 arose due to management failure to meet inescapable recurrent expenditure to avoid disrupting council operations. The same arose due to insufficient cash flows during the period under consideration. Council had since reimbursed the sum of K103, 300 and had implemented the information communication technology projects amounting to K113, 026 against the budgeted sum of K115, 586. The valuation roll had been updated, once approved the Council would be able to meet most of its obligations and avoid borrowing.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and cautions the Town Clerk to desist from varying funds meant for capital projects without Treasury Authority despite having well meaning intentions. The Committee counsels him to ensure that treasury authority is sought each time intentions of such nature arise and for this particular one, he is directed to ensure that funds are reimbursed without further delay. The Committee resolves to await a progress report.

g) Management of Liabilities

i Failure to Remit Statutory Contributions K7,553,140

Response by the Town Clerk

The Town Clerk informed the Committee that failure to remit employee statutory contributions to statutory bodies was due to cash flow challenges. The Council wish to report that it was making progress in liquidating its statutory obligations and has thus far paid an amount of K1,121,158.14 as shown in the table below

S/N	INSTITUTION	AMOUNT K	AMOUNT D 5 = 8	OUTSTANDING 6 5 @ 5 B 7 9
1	NAPSA	2,365,633.00	41,158.14	2,324,475.07
2	LASF	1,003,297.00	50,000.00	953,296.66
3	ZRA PAYE	4,184,210.00	30,000.00	4,154,209.81
	TOTAL	7,553,140.00	121,158.14	7,431,981.54

The Council would continue making efforts in liquidating its statutory obligations once the cash flow improves with the approval of the Valuation Roll. Further the payroll report had been presented to the Ministry in order to adjust the equalisation amount in light of increased employee establishment.

7 c a a] h h Y Y Đ g s and Recommendations b

In noting the submission, the Town Clerk is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii Failure to Settle Staff Obligations K1,351,500

Response by the Town Clerk

The Town Clerk informed the Committee that failure to pay staff obligations as and when they fell due was due to cash flow challenges and continued arrival of new staff. Council had made efforts to pay staff obligations as and when they fell due, Thus far the Council had paid K307,290 out of the outstanding amount of K1,351,500 leaving a balance of K1,044,210 as shown in the table below. See Appendix 12 A, B, C, D, & E.

S/N	INSTITUTION	AMOUNT K	PAID AS AT 31 ST DECEMBER 2020	OUTSTANDING K
1	Long Service Bonus	611,060.00	8,585.00	602,475.00
2	Accrued Leave Days	13,656.00	12,500.00	1,156.00
3	Salary Arrears	48,180.00	48,180.00	-
4	Settling in Allowances	182,971.00	182,971.00	-
5	Retirement Benefits	495,633.00	55,054.00	440,579.00
	TOTAL	1,351,500.00	307,290.00	1,044,210.00

The Council would endeavour to liquidate staff obligations as and when they fell due once the cash flow from Councils traditional source of Property Rates improved in light of the updated Valuation Roll.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

Conclusions and Recommendations

In noting the submission, the Town Clerk is urged by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

Milenge Town Council

Paragraph 37

37.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as set out below.

a) Budget and Income K6,653,300

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the efforts made by the Council Secretary and urges him to ensure that realistic budgets coupled with detailed analysis of the revenue base is needed to avoid this failure. The Council Secretary is also urged to ensure that turn-around strategies are implemented promptly. The Committee resolves to close the matter.

b) Irregular Payment of VAT to a Non - Registered Supplier K100, 445

Response by the Council Secretary

The Council Secretary submitted that at the time of audit, only the Tax Clearance Certificate was availed to the auditors from ZRA which was attached to the bid document, so the decision was based on the documents availed to the auditors. He also informed the Committee that emphatic effort had been made to follow up and management had written to the contractor to bring the renewed VAT Clearance or Refund the Monies paid to them. Further, the Council had made it a point that all contracts were only given to contractors that were registered with ZRA with a valid Tax Clearance Certificate. The Council would ensure that due diligence was done before entering into contracts for goods and services to such occurrences subsequently.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that due diligence is done before a contractor is engaged to avoid recurrence. The Committee will await a progress report on the matter.

**c) Accounting for Revenue – Failure to Collect Revenue
House Rentals K17, 000**

Response by the Council Secretary

The Council Secretary submitted that at the time of audit verification the amount owed to the council was K6, 950 and not the K17, 000 as cited in the report. The council did not manage to collect due to lapses in controls systems. K500 had been collected leaving a balance of K6, 450. All the defaulting tenants had since been written to ensure they offset their balances. Further, the Council was exploring automating systems such as E – billing and the use of USSD platforms to remind officers when their obligations fall due. The Council had also enforced tenancy agreements by incorporating consequences and penalties should this occur in future. The Council was committed to ensuring that there is efficiency in the collection of revenues by updating its databases and setting revenue collection targets for revenue collectors.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the remaining amounts in rentals are collected without further delay. The Committee awaits a progress report on the matter.

i. Water Bills K37, 200

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y Wf Y h U f m` U W_ b c k ` Y X [Y X ` h \ Y ` U i X] h
collect revenue was as due to challenges in collecting monies for water bills from Government Institutions receiving the service. The Council had written several reminder letters to the Government Institutions to settle the bills. The Council had formulated penalties and written to defaulters in order to enable them adhere to paying for the bills accumulated. Further, the Council was exploring automating systems such as E – billing and the use of USSD platforms to remind officers when their obligations fall due. Management would seek authority (council resolution) through the council so that these Government institutions should be disconnected with the water supply and buy pre-paid meters which will be connected to individual institutions.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the remaining amounts are collected without further delay. The Committee urges the Council Secretary to explore all available options including debt swaps and recommending deduction from the source for all Government institutions using the Office of the Secretary to the Treasury. The Committee awaits a progress report on the matter.

d) Procurement of Goods and Services

i. Unsupported Payments K434, 700

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y W f Y h U f m ' U W _ b c k ` Y X [Y X ' h \ Y ' U i X] documents in question were filed separately during the time of audit. The Council Secretary submitted that supporting documents amount totalling to K434, 700 had been traced and attached to respective payment vouchers. The Council had engaged all the departments to attach all the necessary documents before any payment was processed and made sure that receipts were brought to finance department within 48 hours after the payment was done for attachment to respective vouchers.

7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F Y W c a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that erring officers are disciplined for failure to adhere to Local Authorities Financial Regulation No. 98 (1). The Committee is directed to avail all the relevant documents to the Office of the Auditor General and an update will be awaited.

ii. Unretired Accountable Imprest K9, 168

Response by the Council Secretary

The Council ackb c k ` Y X [Y X ' h \ Y ' U i X] h c f Ð g ' c V g Y f j U h] c b g ' U the acquittal sheet receipts were not attached to the vouchers due to misfiling. The Council Secretary submitted that the acquittal sheets and receipts amounting to k9, 168 had since been retired. Further the Council had set up controls by ensuring that officers retired their imprest before subsequent imprest was issued and that failure to do so would attract recoveries from erring officers. The Council would ensure that it adhered to the provisions of the Local Authorities Financial Regulation No. 119 (1) so as to prevent such occurrences in future.

7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F Y W c a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that erring officers are disciplined for failure to adhere to Local Authorities Financial Regulation No. 119 (1). The Committee is directed to avail all the relevant documents to the Office of the Auditor General and an update will be awaited.

iii. Unaccounted for Stores K366, 049 (general stores E K293, 290 and fuel E K72, 759)

Response by the Council Secretary

The Council Secretary submitted that the failure to account for various stores items was due to documents being filed separately in the stores office. The unaccounted for stores amount totalling to K366,049 which had no receipts and disposal at the time of audit verification had been attached and were available for audit verification. The Council had come up with a system where before any procuring of goods and services, the procurement process should strictly be followed and receipt and disposal details should be attached to payment voucher.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that erring officers are disciplined for failure to adhere to Local Authorities Financial Regulation No. 145. The Committee is directed to avail all the relevant documents to the Office of the Auditor General and an update will be awaited.

e) Lack of Title Deeds

Response by the Council Secretary

The Council Secretary informed the Committee that, at the time of the audit, the Council did not have title deeds for parcels of land on which the properties were located due to the title deeds acquisition process which was not finalised at the time of audit. The Council Secretary submitted that Milenge Town Council vide minute no MTC PIMSWID/273/04/18 had written to Commissioner of Lands for acquisition of letters of offer with the view of obtaining Title Deeds for properties belonging to the Council as per attached certified extract of the council minute number MTC/ PIMSWID/273/04/18 Subsequently the Council submitted applications to the Ministry of Lands for letters of offer and acquisition of title deeds for the said properties. So far Council had since received invitation to treat and offer letters and has made budget provision to pay for the title deeds in the 2021 budget.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the process of acquiring title deeds for all properties belonging to the Council is expedited. The Committee will await a progress report on the matter.

f) Management of Liabilities

i. Failure to Remit Statutory Obligations K613, 148

Response by the Council Secretary

The Council Secretary submitted that, at the time of the audit the council still owed the above institutions due to liquidity challenges. He also informed the Committee that the Council had entered into a memorandum of understanding with LASF of which the Council was paying K10, 000 per month towards the debt. The Council had also come up with a payment plan on how to liquidate the other statutory obligations and the terminal benefits for the employees who have retired. Find attached the memorandum of understanding and the payment plan for audit verification.

S/NO.	Outstanding Obligation	Amount Outstanding as at 31.12.2019	Amount paid	Balance Outstanding	Sch No.
1	LASF	110,665	40,000	60,664.54	
2	NAPSA	103,617	Nil	103,617	
3	ZRA	398,866	Nil	398,866	
TOTAL		613,148	40,000	573,148	

Currently the Council had been paying salaries on gross to avoid unnecessary debts and the Council had come up with a payment plan on how to liquidate the debts.

Coma] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K444, 380

Response by the Council Secretary

The Council Secretary reported that the council was owing staff obligations such as councillors allowance terminal benefits and leave pay this was because the council had low revenue base on locally generated funds and the council solely depends on the equalisation fund .The Council Secretary submitted that it has managed to pay k160, 650 from the outstanding obligations leaving a balance of k283, 729.57 and it has come up with the payment plan on how to liquidate the debts.

S/NO.	Outstanding Obligation	Amount Outstanding as at 31.12.2019	Amount paid	Balance Outstanding	Sch No.
1	Councillors Allowance	240,700	135,650	105,050	
2	Terminal benefits	35,163.11	20,000	15,163.11	
3	Leave days for officers transferred	168,516.46	5,000	163,516.46	
TOTAL		444,379.57	160,650	283,729.57	

The Council had come up with a payment plan on how to liquidate the outstanding obligations. The Council was committed to ensuring that operational systems were strengthened and implemented in order to curtail the risks and promote efficiency necessary to improve service delivery.

7 c a a] s Observation and Recommendation

The Committee urges the Council Secretary by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available options including strengthening its revenue base to expedite the process. The Committee resolves to await a progress report.

Mongu Municipal Council

Paragraph 38

38.1audit Findings

An examination of financial and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as outlined.

a) Governance

Response by the Town Clerk

The Town Clerk submitted that it wrote to His Majesty the Litunga through the Ngambela (Prime Minister) requesting for two (2) chiefs to be representing the Litunga during council meetings as per Article 153 of the Constitution of Zambia (Amendment) Act No. 2 of 2016. The Town Clerk would continue engaging the traditional leadership through the BRE.

In noting the submission, the Committee urges the Town Clerk to ensure that he continues impressing upon the Office of the Ngambela until a response is given. The Committee resolves to await a progress report.

b) Budget/ Income

Response by the Town Clerk

The Town Clerk submitted that, during the period under review, the following factors affected revenue collection:

- i. non-remittance of 2019 CDF amounting to K 3,200,000, as well as the non-remittance of Local Government Equalisation Fund amounting to K2,400,000 in November and December 2018, and for the Months of November and December 2019 amounting to K 2,400,000;
- ii. non-release of the eight markets run by the Barotse Royal Establishment (BRE) to the Council as projected in the financial planning of the two financial years. Thus the Council could not collect any revenue from the said 8 markets translating to a revenue loss of about K500,000; and
- iii. land dispute between the traditional leadership and the Council which resulted in planned land (800 plots) not given out to developers leading to revenue loss of K8, 000,000;

The Town Clerk also submitted that the following measures had been put in place:

- i. the matter regarding the non-release of the CDF for 2019 and the Local Government Equalisation Fund for November and December 2018 was brought to the attention of the Ministry of Local Government;
- ii. a Permanent revenue task force which worked in conjunction with the revenue collectors had been put in place to strengthen on-source revenue collection efficiency;
- iii. the Council had also increased its efficiency and broadening its revenue base by enforcement of laws in the collection of revenue such as issuance of warrants of distress and taking defaulters to court. Copies of cases of defaulters taken to court available for audit verification;

- iv. establishing more sources of income such as the rehabilitation and reopening of Sir Mwanawina III Motel;
- v. construction of the truck inn bay, construction of Kasima Bulk Market, and establishment of revenue check points. The track inn bay and the renovated Sir Mwanawina III Motel were available for audit verification;
- vi. the traditional leaders and the Western Chamber of Commerce as major stakeholders had also been engaged to work with the council;
- vii. enhanced supervision of revenue collectors had been put in place to avoid laxity;
- viii. sustained sensitisation of the general public on the need to pay their respective obligations through electronic and print media;
- ix. engagement of stakeholders such as the Western Chamber of Commerce and Industry and traditional leaders to ensuring that their members become law abiding in ensuring that payment of fees, levies and other charges are paid promptly to the Council; and
- x. capturing of data for business houses or institutions concerned so as to ensure accuracy in terms of budgeting and collection of revenue.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the strategy put in place by the Town Clerk and urges him to make realistic budgets based on detailed analysis of the revenue base. Further, the Committee directs the Town Clerk to ensure that the strategies are implemented promptly to counter this effect. The Committee resolves to close the matter.

c) Operational Matters - Environmental Management

i. Failure to Provide Waste Receptacles or Refuse Bays

Response by the Town Clerk

The Town Clerk submitted that the failure to provide Waste Receptacles or Refuse Bays was due to lack of accessible space for construction of holding points, refuse bays and waste receptacles. The Town Clerk indicated that it had since received six skip bins and a skip loader truck from the Ministry of Local Government to assist the local authority in the management of solid waste. The council had since distributed the skip bins in public places and markets for use as refuse bays/holding points. The Council had budgeted for the construction of one refuse bay at Imwiko Market where there was space while continuing with the provision of skip bins at markets where space was limited.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern that the failure by management to provide waste receptacles was a serious health hazard. The Town Clerk is therefore directed to expeditiously find a lasting solution to resolve this matter. The Committee urges him to ensure that the *Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013* is adhered to by the Council. The Committee resolves to await a progress report on the matter.

ii. Management of Dumpsite

Response by the Town Clerk

The Town Clerk submitted that the lack of fencing, warning signage and compaction of waste at the dumpsite was due to grave financial challenges and a severe lack of machinery to compact the waste at the dumpsite, coupled the lack of ownership of the land where the dumpsite was. The Town Clerk submitted that it had since decommissioned the dumpsite and acquired land from the BRE measuring 150 x 170 meters to be used as a dumpsite. The Council would ensure that the provisions of the Solid Waste Regulation and Management Act No. 20 of 2018 Section 6 (4) were adhered to.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes that the failure by management to manage the dumpsite by way of protecting it with a fence, putting warning signs and compacting refuse is a serious health hazard to the community. The Town Clerk is directed to find a lasting solution to resolve this matter expeditiously. The Committee urges him to ensure that the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 is adhered to by the Council. The Committee resolves to await a progress report on the matter.

d) Accounting for Revenue

i) Missing Receipt Books

Response by the Town Clerk

The Town Clerk submitted that the receipt books were not availed at the time of audit due to the misplacement of the documents as a result of the renovations that were being undertaken in the storeroom. The Town Clerk further submitted that the three (3) missing receipt books had since been located and were available for verification. The Council had since secured all used receipt books in a strong room and enhanced the use of the Accountable documents register.

7 c a a] h **Observation and Recommendation**

The Committee is disappointed with the Town Clerk for his failure to avail documents to auditors during the period of audit. The Committee directs the Town Clerk to ensure that the punitive action is taken against the officers responsible and that the documents are availed to auditors without further delay. The Committee resolves to await an update on the matter.

ii. Failure to Collect Revenue 1,972,047

Response by the Town Clerk

The Town Clerk submitted that failure to collect outstanding receivables was due to political interference and community hostility to the Council. The Town Clerk submitted that the actions

listed hereunder had been undertaken.

1. Issuance of warrants of distress to defaulting rate payers.
2. Rate payers with substantial amounts had been taken to court and were appearing.
3. Payment plans had been put in place for those who could not pay at once.
4. The Council had continued to sensitise the community and the engagement of traditional leaders and the Western Chamber of Commerce.

The Council would ensure that it took legal actions against all property rates defaulters and would continue engaging rate payers on payment plans.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee is disappointed with the Town Clerk for his failure to collect the much needed and hard earned revenue from rental charges. What worries the Committee most is why he allows political interference in the operation of the Council and further dragging matters on until auditors unveiled them. The Committee sternly cautions the Town Clerk to ensure that matters relating to revenue collection are seriously pursued as it is evident that the Council is quite relaxed on revenue collection. The Committee also cautions the Town Clerk to desist from succumbing to political pressure and using it as a scapegoat when laid down procedures is clear on how to proceed. The Committee awaits a progress report on the matter.

iii. Failure to Charge Billboard Fees

Response by the Town Clerk

The Town Clerk submitted that it had not developed a data base for all bill boards in the district posing a challenge in tracking amounts payable to the Council. The Town Clerk submitted that it had developed a bill board policy, created a data base for all bill boards in the district to which invoices had been issued. Further, Demand notices had been sent to bill board owners. The Council would continue pursuing bill board agents and companies in order to recover what was owed. Town Clerk would further update the data base as and when new bill boards were erected.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee is disappointed with the Town Clerk for his failure to collect the much needed revenue from billboards. The Committee sternly cautions the Town Clerk to ensure that matters relating to revenue collection are seriously pursued as it is evident that the Council is quite relaxed on revenue collection. The Committee awaits a progress report on the matter.

iv. Failure to collect Bus Departure Fees at Mongu Bus Station

Response by the Town Clerk

The Town Clerk submitted that the failure to collect Bus Departure Fees at Mongu Bus Station Conflicts of interest between local authority and other stakeholders which resulted in loss of

revenue for 3 months. The Town Clerk submitted that they were currently collecting from all the buses driving out of the station with full daily capacity of 08 buses at K200 each giving daily income of bus loading fees at K1, 600. In the year 2018 & 2019 full capacity averaged at 13 buses daily and the drop was due to withdraw of some buses on the route by operators due to the bad state of Lusaka-Mongu road (M9). The Town Clerk would continue to engage all relevant stakeholders particularly the Bus and Taxi Drivers association to ensure all revenues are collected.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee is disappointed with the Town Clerk for his failure to collect the much needed revenue from buses. The Committee sternly cautions the Town Clerk to ensure that matters relating to revenue collection are seriously pursued as it is evident that the Council is quite relaxed on revenue collection. The Committee will await an update on the matter.

e) Procurement of Goods and Services

i. Unsupported Payments K106,781

Response by the Town Clerk

The Town Clerk submitted that the cited payments were not supported with the relevant attachments at the time of audit as they were filed separately. The Town Clerk submitted that the missing attachments that were previously regrettably misfiled had since been located and secured to the appropriate vouchers. The Town Clerk submitted that he had directed Finance Department to ensure that all necessary attachments were attached and filed properly. Further, management has constructed an office block for finance department and procured lockable filing cabinets to secure accounting documents.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee is disappointed with the Town Clerk for his failure to avail documents to auditors during the period of audit. He is directed to ensure that the documents are availed to auditors while officers who failed in their duty to avail the same are disciplined without further delay. The Committee will await a progress report on the matter.

ii. Irregular Payment of Meal Allowance K20, 655

Response by the Town Clerk

The Town Clerk submitted that the payment of allowances was to Zambia Police that were engaged in the demolition of Kashumba Market during the cholera outbreak within the district. The Town Clerk further submitted that the services of the Zambia Police were provided on condition of payments to officers during the pandemic. Management would ensure that Cabinet Office Circular Minute dated 30th December 2015 was adhered to.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and directs the Town Clerk to ensure that the documents are available to auditors while officers who failed in their duty are disciplined without further delay. The Committee resolves to await a progress report.

f) Management of Infrastructure

i) Failure to Maintain Buildings

Response by the Town Clerk

The Town Clerk submitted that the regrettable failure to maintain the council offices was due to an adverse financial position in the years under review. The Town Clerk submitted that funds were secured and the buildings had since been rehabilitated. The Council would endeavour to undertake routine and periodic maintenance in accordance with its maintenance policy.

CommittY Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

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

ii. Failure to Maintain Urban Roads in Townships

Response by the Town Clerk

Kambule Road

The Town Clerk submitted that the lack of maintenance of the Kambule road was due to financial constraints and lack of appropriate equipment. The road was included in the 2018, 2019 approved annual road sector work plan, as the road require road resurfacing of the entire carriage way. The Town Clerk would continue to engage National Road Fund Agency through the Ministry of Local Government.

Queen Mother Road

The Town Clerk submitted that the delayed maintenance of the Queen Mother Road was due to financial constraints and lack of appropriate equipment. A section of the road was maintained. The road was included in the 2018, 2019 approved annual road sector work plan, as the road require road resurfacing of the entire carriage way. The Town Clerk would continue to engage National Road Fund Agency through the Ministry of Local Government.

Old Shoprite Road

The Town Clerk submitted that the lack of maintenance of the Old Shoprite road was due to financial constraints and lack of appropriate equipment. The road was included in the 2018, 2019 approved annual road sector work plan, as the road require road resurfacing of the entire carriage

way. The Town Clerk would continue to engage National Road Fund Agency through the Ministry of Local Government.

7 c a a] h h Y Y Ð g ´ C V g Y f j U h] c b ´ U b X ´ F Y Wc a a Y b X U h] c b

The Committee notes the submission and directs the Town Clerk to ensure that funds are secured for maintenance of the roads without further delay. The Committee resolves to await a progress report on the matter.

iii. Lack of Title Deeds

Response by the Town Clerk

The Town Clerk submitted that at the time of audit the cited were at various stages in the title deed acquisition phase and as such could not provide the title deeds on request. The Town Clerk submitted that they had started the process of acquiring Title deeds for council properties and so far the Council was in possession of five offer letters. The rest of the council properties had been recommended for titling and the process had commenced at the Ministry of Lands. The Council would ensure that all its properties were on title deeds.

7 c a a] h h Y Y Ð g ´ C V g Y f j U h] c b ´ U b X ´ F Y Wc a a Y b X U h] c b

The Committee notes the efforts made on title deeds by the Town Clerk but he is strongly cautioned to ensure that matters relating to security of their assets are given priority to avert unforeseen but possible loss. The Committee awaits a progress report on the acquisition of title deeds for all council properties.

g) Management of Constituency Development Fund

i. Failure to Remit Deducted Value Added Tax (VAT) K35,145

Response by the Town Clerk

The Town Clerk submitted that the amount in question was withheld as the retention figure of the contract sum which was a standard of 10 percent which was payable after the contracts defects liability period had elapsed. The Town Clerk submitted that the Amount in question was actually retention and not Value Added Tax. The Town Clerk would ensure that all payments continue to be processed within contractual agreement terms as supported by signed Interim Payment Certificates as approved by Engineers.

7 c a a] h h Y Y Ð g ´ C V g Y f j U h] c b ´ U b X ´ F Y Wc a a Y b X U h] c b

The Committee is disappointed with the recurring failure of misplacements and misfiling of documents at the Municipal Council and the Town Clerk is strongly cautioned to ensure that a lasting solution is found expeditiously to avoid recurrence. The Committee awaits a progress report on the matter until the documents are availed to auditors.

ii. Implementation of Projects

< Mongu Central Constituency - Failure to Use a Hammer mill and Repair a Tractor

Response by the Town Clerk

The shelter in which the hammer mill was to be put was not ready as the community had not honoured their pledge as part of community contribution. The hammer mill had since been delivered to the beneficially group of Imwiko ward. The Council would ensure that the community had adequate shelter before the project was approved.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee is disappointed with the delay in delivering the Hammer Mill and the Town Clerk is strongly cautioned to ensure that in future, project appraisals are done thoroughly to avoid recurrence. The Committee resolves to close the matter subject to audit verification.

< Failure to Repair a Tractor

Response by the Town Clerk

The Town Clerk submitted that at the time of the audit, the Tractor had broken down due to the non-servicing of the machine by the constituency. The Town Clerk submitted that the spare parts for the tractor were procured and had been repaired. The Town Clerk would ensure that all equipment that broke down were repaired on time in line with its maintenance policy and that the CDF committee made adequate provisions for the maintenance of the machine.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee is disappointed with the delay in repairing the Tractor and the Town Clerk is strongly cautioned to ensure that in future, maintenance of equipment must be prioritised and done thoroughly to avoid recurrence. The Committee resolves to close the matter subject to audit verification.

j Unaccounted for Oxen, Plough and Trek Chain

Response by the Town Clerk

The Town Clerk submitted that at the time of auditing, the oxen were in the plains for pasture. The Town Clerk also submitted that it had delivered the Oxen, Plough and Trek Chain and a delivery note was available for verification. The oxen could be inspected in the community. He also informed the Committee that he would ensure that all procured items were delivered to the sites on time and that delivery notes were given to the requesting communities within the respective ward.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee is disappointed with the delay in delivering the Oxen, Plough and Trek Chain to the project site and the Town Clerk is strongly cautioned to ensure that in future, project appraisals and verification of site are done thoroughly to avoid recurrence. The Committee resolves to close the matter subject to audit verification.

i Nalikwanda Constituency - Poor Storage of Building Materials at Musalonga Primary School

Response by the Town Clerk

The Town Clerk submitted that the caked cement was not part of the materials procured under CDF but was under the Ministry of General Education, to which council had no control over. The Town Clerk submitted that the 1 x 2 classroom block had been completed. The Town Clerk would endeavour to complete all approved projects within the Calendar year as stipulated in CDF Guidelines.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee is disappointed with the delay in delivering the project which resulted in loss of building materials in form of cement. The Town Clerk is strongly cautioned to ensure that in future, project are completed within the contract period and in compliance with the CDF guidelines to avoid recurrence. The Committee resolves to close the matter subject to audit verification.

h) Failure to Remit Tax K286,869

Response by the Town Clerk

The Town Clerk submitted that its inability to settle the outstanding PAYE on personal emoluments was due to grave financial constraints faced during the year. The Town Clerk submitted that it had since paid K50, 000 to ZRA and had submitted a payment plan proposal to ZRA. Copies of the proposal letter to ZRA and the payment voucher was available for audit verification. The Town Clerk would ensure that it mobilises resources in order to make timely payments to ZRA.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Town Clerk is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

39.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as set out below.

a) Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K43,734,143 against which amounts totalling K31,035,619 were received and generated resulting in a negative variance of K12,698,524 as shown in table 39.1 below.

Table 39.1: Budget and Income

Revenue Type	2019		2018		Total		Variance K
	Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	
Internally Generated							
Local Taxes	2,251,364	742,705	1,637,483	918,060	3,888,847	1,660,765	(2,228,082)
Fees and Charges	2,447,690	1,201,174	2,915,016	1,663,380	5,362,706	2,864,554	(2,498,152)
Licences	512,300	385,088	449,606	415,632	961,906	800,720	(161,186)
Levies	196,500	95,625	552,263	407,904	748,763	503,529	(245,234)
Permits	871,600	733,258	355,000	400,314	1,226,600	1,133,572	(93,028)
Other Receipts	2,836,399	477,810	552,000	205,950	3,388,399	683,760	(2,704,639)
Sub Total	9,115,853	3,635,660	6,461,368	4,011,240	15,577,221	7,646,900	(7,930,321)
National Support							
Local Government Equalisation Fund	10,216,922	8,935,025	9,540,000	9,333,694	19,756,922	18,268,719	(1,488,203)
Constituency Development Fund	4,200,000	-	4,200,000	4,800,000	8,400,000	4,800,000	(3,600,000)
Grants in Lieu of rates	-	120,000	-	200,000	-	320,000	320,000
Sub Total	14,416,922	9,055,025	13,740,000	14,333,694	28,156,922	23,388,719	(4,768,203)
Total	23,532,775	12,690,685	20,201,368	18,344,934	43,734,143	31,035,619	(12,698,524)

In addition, an amount of K6, 224, 316 was brought forward from 2017 bringing the total funds available for expenditure during the period under review to K37, 259,935.

Response by the Council Secretary

The Council Secretary reported that the Council under collected revenue by K12, 698,524 due to poor economic activities caused by 2018 and 2019 draughts which affected the district. The Council had issued some demand for payments letters to all the defaulting clients. The invoices and demand letters were available for audit verification. The Council had to use bailiffs to collect revenue from all the difficult clients.

7 c a a] h h Y Y Ð gn and Recommendation c

The Committee notes the efforts made by the Council Secretary and urges him to ensure that

realistic budgets coupled with detailed analysis of the revenue base is done to avoid this failure. The Council Secretary is also urged to ensure that turn-around strategies are implemented promptly to counter this effect. The Committee resolves to close the matter.

b) Accounting for Revenue

i) Missing Receipt Books (36)

Response by the Council Secretary

The Council Secretary submitted that the query was caused by failure of the Council to avail to auditors about thirty six markets receipts books at the time of the audit. A vigorous search was conducted and all the thirty six receipt books had been found and were available for audit verification. The Council had now installed an automated electronic receipting system via a Local Area Network on all the revenue collecting centers of the Council through a computer server.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that erring officers are disciplined and the documents are availed for audit verification. The Committee awaits a progress report.

ii) Delayed Banking K75,981

Response by the Council Secretary

The Council Secretary submitted that the query was caused by delayed banking of collected revenue from 3 revenue collecting centers namely Chisekese, Nteme and Lonchiver which are on average 40 kilometers from Monze Town where they had banking facilities and because of limited transport banking was delayed. The Council had instructed all its clients to be making direct cash deposits through ZANACO Express banking Agents. Council was now no longer getting hard cash from its clients as all clients were making direct deposits to the bank through various banking agents. Council Management had assigned an Assistant Accountant and a Council Police to be going round with a motor bike collecting the cash to be banked immediately.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the new devised strategy is adhered to by all staff involved in handling funds. The Committee resolves to close the matter.

iii) Failure to Collect Revenue Ę Billboard Fees K190,835

Response by the Council Secretary

The Council Secretary submitted that the query was caused by over budgeted billboards revenue which was not collected due to some billboards revenue along the highway were now being collected by RDA through a Public Road Development Act no:2 of 2002 which left the Council with limited revenue to be collected. An update of billboard data base had been conducted a list of all billboards within 4 kilometers from town was available for audit verification. The Council would be updating the database for billboards annually.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that turns around strategies are devised to counter this unintended outcome. The Committee resolves to close the matter.

c) Procurement of Goods and Services

i) Missing and Unsupported Payments (K367, 485 and K135,903)

Response by the Council Secretary

The Council Secretary submitted that the query was caused by failure by the Council to avail to auditors 96 payment vouchers costing K367, 485 at the time of audit and failure to attach supporting documents to payment vouchers. Council conducted a vigorous search for the payments vouchers and all the payments vouchers had been found and were ready for verification by the auditors. Council had improved in its failing system of the payments vouchers and also only process payments with adequate supporting documents.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that erring officers are disciplined for failure to adhere to Local Authorities Financial Regulation No. 98 (1). He is also directed to ensure that the relevant documents are availed to the Office of the Auditor General for verification and hence an update will be awaited by the Committee.

ii) Unretired Accountable Imprest K20, 777 and K6, 940 (Unacquitted)

Response by the Council Secretary

The Council Secretary submitted that the query was caused by failure by the Council officers to avail to auditors documents relating to the retirement of accountable imprest totaling K27, 717 during the time of the audit. The Council had written demand letters to the imprest holders to retire all the outstanding imprest. Some recoveries had so far been done amounting to K6, 940 and attached were recovery documents for verification by the auditors. Council had stopped purchase of goods through imprest and should adhere to the current existing laws and regulations regarding the payments of tender sitting allowances.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that erring officers are disciplined for failure to adhere to Local Authorities Financial Regulation No. 119, (1). The Committee awaits a progress report on the full recovery of the outstanding amount.

iii) Unaccounted for Stores K189,476 comprising fuel (K51,557) and general stores (K137,919)

Response by the Council Secretary

The Council Secretary submitted that the query was caused by failure by the Council to avail to auditors some disposal records of stocks costing K189, 476 during the time of audit. During the period under review the Council did not have a qualified stores officer to maintain the stores records. The Council requested for a qualified stores officer from the Local Government Service Commission and the officer had already reported for work at the Council attached was letter of employment for the Stores Officer. The Council would always be having a qualified stores officer.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee is dismayed by the failure by the Council Secretary to address the query. While it is appreciated that a new officer has joined his cadre of staff, nothing relating to recovery of the lost documents had been mentioned. The Committee sternly cautions the Council Secretary to ensure that queries are fully addressed and also directed to ensure that all missing documents are found and availed to auditors for verification without any delay. The Committee awaits a progress report on the matter.

d) Management of Assets

i) Lack of Title Deeds

Response by the Council Secretary

The Council Secretary submitted that the query was caused by failure by the Council to obtain title deeds for its properties and failure to insure properties at the time of audit. The Council made a budget allocation in the 2021 budget to obtain all title deeds and also to insure all the properties and all vehicles had since been comprehensive insured. The Council had committed to insure all properties annually.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the efforts made on title deeds by the Council Secretary and also appreciates the fact that insurance cover for vehicles have been done. It is, however, disappointing that the action to insure vehicles comprehensively is only ignited by the audit. The Council Secretary is strongly cautioned to ensure that matters relating to security of their assets

are given priority to avert unforeseen but possible loss. The Committee awaits a progress report on the acquisition of title deeds for council properties.

e) Failure to Maintain Properties.

Response by the Council Secretary

The Council Secretary submitted that the Council had made a budget provision of about K900, 000 in the 2021 budget to renovate all the dilapidated buildings. Council had allocated funds as budgeted for in the 2021 Council budget estimates for the renovation of the dilapidated buildings.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that all its properties are renovated in order to add value to them which in turn will improve their revenue base. The Committee awaits a progress report on the renovation of Nchete Guest House and House number B/15 situated in Chisekesi.

f) Management of Local Government Equalization Fund Ę Misapplication of Funds K1, 252,890

Response by the Council Secretary

The Council Secretary submitted that the Council had refunded K800, 000 back to the Capital Account leaving a balance of K452, 890 to be paid back as soon as some revenue was collected in the course of this year 2021. Council would always transfer 20 percent of the grant capital component to the capital account to avoid misapplication of funds.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee strongly cautions the Council Secretary to desist from misapplying funds meant for capital projects. The Committee urges him to ensure that the entire remaining amount is reimbursed to the capital account without further delay. The Committee resolves to await a progress report.

f) Management of Constituency Development Fund

Response by the Council Secretary

The Council Secretary submitted that the query was caused by insufficient allocation of funds to the project by the Constituency Development Committee which was incharge of funds allocation to CDF Projects. Council reported to the CDC to consider allocating additional funds to complete the projects and fund were allocated for completion and projects were at procurement stage. The CDC should always allocate enough funds based on the technical appraisal conducted by council officers.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

In noting the submission, the Committee urges the Council Secretary to ensure that all the works on the projects are supervised and thoroughly completed without further delay. The Committee resolves to await a progress report.

h) Management of Liabilities - Failure to Remit Statutory Obligations K25, 035,011

Response by the Council Secretary

The Council Secretary submitted that the query was caused by failure by the council to remit statutory obligations due to limited resources at the council. Council had negotiated for time to pay agreements with all the statutory institutions and payments are currently underway and documents are available for verification by the auditors. Council would always pay salaries and wages at gross and remit the statutory contribution.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b
6.4 Recommendations

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is encouraged to explore all available options, including debt swaps to expedite the process. The Committee resolves to await a progress report.

Mpika Town Council

Paragraph 40

40.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed various weaknesses to which the Council Secretary submitted as set out below.

a) Budget and Income K10,815,289

Response by the Council Secretary

The Council Secretary informed the Committee that details of estimates and actual performance for the licenses for the year ended 31st December 2018 were omitted as per the details in the table below. The budgeted estimates should have read K56,220 while actual performance was K46,835. The Council Secretary further submitted on the adverse performance as per the comments in the last column of table shown below.

Table 40.1: Budget and income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally							

	Generated								
1	Local taxes and rates	58,185	238,866	65,565	63,269	123,750	302,135	178,385	Favorable performance
2	Fees and Charges	5,705,881	2,029,854	5,620,545	2,547,203	11,326,426	4,577,057	(6,749,369)	The Council experienced challenges on truck parking fees because the trucking fee of K100 per truck per day was too high according to truck operators who claimed that the charges in of the neighboring council were as low as K10 per truck per day. As a result, the truck drivers were not parking the trucks but would rather proceed to the next district. The Council therefore, reduced the truck parking fees to K20 per day.
3	Licences	73,010	20,035	-	-	73,010	20,035	(52,975)	Liquor license fees were prepaid for 3 years however, the estimates for the following year did not take into account the prepayment resulting into overstatement of estimates for liquor licenses.
4	Permits	762,169	726,210	575,811	677,967	1,337,980	1,404,177	66,197	Favorable performance
5	Levies	578,620	704,071	320,424	739,345	899,044	1,443,416	544,372	Favorable performance
6	Borrowings	-	1,000,000	-	-	-	1,000,000	1,000,000	
	Subtotal	7,177,865	4,719,036	6,582,345	4,027,784	13,760,210	8,746,820	(5,013,390)	
	National Support								
7	Equalization Fund	11,535,256	8,227,397	10,295,256	10,511,216	21,830,512	18,738,613	(3,091,899)	Council did not receive the expected allocation.
8	Grants in Lieu of Rates	200,000	490,000	-	-	200,000	490,000	290,000	Favorable performance
9	Constituency Development Fund	3,200,000	1,600,000	2,800,000	1,400,000	6,000,000	3,000,000	(3,000,000)	Council did not receive the expected allocation.
	Sub Total	14,935,256	10,317,397	13,095,256	11,911,216	28,030,512	22,228,613	(5,801,899)	
	Total	22,113,121	15,036,433	19,677,601	15,939,000	41,790,722	30,975,433	(10,815,289)	

To improve the collection efficiency, the Council Secretary had zoned the district and assigned revenue collectors to each zone and given targets to meet on a monthly basis. The performance of revenue collectors would be reviewed on monthly basis and more measures would be put in place to improve their performance.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the strategy put in place by the Town Clerk and urges him to ensure that realistic budgets based on a detailed analysis of the revenue base are made in order to avoid recurrence of such variances. The Town Clerk is also urged to ensure that the strategies are implemented promptly. The Committee recommends the closure of the query subject to audit verification.

b) Operational Matters

i) Failure to Prepare an Integrated Development Plan

Response by the Council Secretary

The Council Secretary reported that the non-preparation of the Integrated Development Plan during the period under review was due to liquidity problems being faced by the Local Authority. This made it difficult to support the activity. The Council Secretary also reported that the process of formulating an Integrated Development Plan had since commenced and the following progress had been made:

1. as per the procedure, the Council resolution had been secured;
2. local area plans were now in place;
3. work was in progress on the Ward Development Plans and would be concluded by the end of first half of this year 2021;
4. the whole process of preparing the Intergrated Development Plan would be concluded by the end of the third quarter of this year, 2021; and
5. the Council management would ensure that adequate budgetary provisions were made to cater for the implementation of the Integrated Development Plan.

7 c a a] h h Y Y Ð g ' ~~and Recommendation~~ c b ' U

The Committee expresses concern at the failure by Council management to put in place an Intergrated Development Plan. The Council Secretary is directed to ensure that the plan is put in place by 30th June 2021 and further that they are consistent in adherence to Section 19 (3) of the *Urban and Regional Planning Act No. 3 of 2015*. The Committee awaits a progress report on the matter.

i. Environmental Management

Response by the Council Secretary

The Council Secretary submitted that THE Council lacked equipment to carry out the compacting works. The Council further reported that failure to fence the dumpsite was due to cash flow problems faced by the Local Authority. The Council Secretary also submitted that it had since managed to acquire more than 600 poles which were preserved and fixed after which a barbed wire fence would be put in place to ensure that the dumpsite was fenced and secured. The works were scheduled to be concluded by 31st May, 2021. He furthermore reported that stakeholders had also been engaged to assist with equipment to compact the waste. The Council Secretary had also budgeted for the acquisition of heavy duty equipment to be used for such services. The Council Secretary assured the Committee that he would ensure continuous maintenance of the dumpsite to avoid vandalism and access by unauthorised persons. In addition, the Council Secretary had since assigned security to man the dumpsite.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to expedite the process of acquiring heavy duty machinery and to forestall sanity at the dumpsite. The Councils Secretary is strongly urged to ensure that he acts expeditiously to avoid disease outbreaks that may arise due to the dumping of refuse in unsafe and unsecured site. The Committee will await a progress report on the matter.

ii. Lack of Firefighting and Prevention Services

Response by the Council Secretary

The Council Secretary reported that the lack of Firefighting and Prevention Services during the period under review was due to liquidity problems being faced by the Local Authority, thus making it difficult to acquire equipment and provide the service. The Council also reported that the construction of a fire station had since commenced and works were currently in progress. Further, the Council Secretary had acquired some protective clothing and would ensure that by the third quarter of 2021, the Fire Station was well equipped with firefighting equipment and other logistics. The Council would ensure that the fire station, the equipment and other requirements were in place by the end of third quarter of this year.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to expedite the process of constructing and equipping the fire station by 30th September, 2021. The Committee will await a progress report on the matter.

iii. Failure to Control and Manage a Market - Chitulika Market

Response by the Council Secretary

The Council Secretary reported that it had been challenging to take control of the market because it was a community market under traditional land and had been in existence for many years. The Council Secretary also reported that an invitation for a meeting was made to the traditional leadership and the Area Councilor. It was resolved that a toilet be constructed by the Council before collection of market levies. The Council had commenced the construction of the public toilets which would be completed by the end of third quarter of 2021, after which the collection of market fees exercise would be commenced. The Council Secretary also reported that there were other similar types of community markets in the area and the traditional leadership and others in charge would be engaged to ensure that the *Market and Bus Station Act* was adhered to accordingly.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee is disappointed that the Council failed to provide sanity at the markets and also failed to take over management of these public sites from communities contrary to *Section 5 (1)*

of the Markets and Bus Stations Act No. 7 of 2007. The Council Secretary is directed to ensure that the Council takes over management of all markets under their jurisdiction and to ensure that the construction of public toilets at the markets is commenced by 30th September 2021 as per assurance made in the submission. The Committee will await a progress report on the matter.

j) Accounting for Revenue

i) Failure to Update a Valuation Roll

Response by the Council Secretary

The Council Secretary reported that the query was as a result of lengthy legislation procedures involved in the updating of a valuation roll. The main valuation roll was now in place as the Rating Valuation Tribunal had granted the Local Authority approval on 8th of February, 2021. The Council Secretary had since put in place measures to ensure that immediately after the valuation roll expired, Government Valuation Department was engaged to undertake a revaluation exercise.

Cc a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that measures put in place are employed in ensuring that a new valuation roll is put in place each time a valuation roll expires. The matter is recommended for closure.

ii) Missing Receipts Books (24)

Response by the Council Secretary

The Council Secretary reported that during the audit, it was discovered that more than twenty-four receipt books were missing. A number of them had since been traced leaving the balance of twenty four which they were still missing .. The Council Secretary also reported that the matter was reported to police for investigations and that one officer who was found in possession of a receipt book was suspended and charged accordingly. The matter was still under investigation. The Council would ensure that the Accountable Documents Register was audited regularly to ensure that it was up to date at all times.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the matter is followed up with the Police. The Committee awaits a progress report on the matter.

iii) Failure to Collect Revenue from Sale of Plots K2,166,300

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c
budgeted to raise revenue from the sale of newly created plots but due to poor response from the general public, the Council could not manage to raise the budgeted amounts in full. The Council Secretary also reported that a sum of K 207,445.30 had since been collected from 1st November 2020 to date. Further, reminders had since been sent to all the debtors to ensure that payments were made in full. The Council would ensure that all successful applicants pay upfront what was due to the Local Authority before land was allocated to them.

7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by management to collect revenue despite grappling with liquidity problems. The Committee directs the Council Secretary to strongly caution officers responsible and devise strategies to ensure that all the revenue outstanding is collected without further delay. The Committee will await a progress report on the matter.

k) Procurement of Goods and Services

i) Missing and Unsupported Payments (K17,727 and K393,465)

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c
misfiling of the supporting documents and payment vouchers during the time of audit. The Council Secretary also reported that the six (6) cited payment vouchers in amounts totaling K17, 727 had since been traced. The Council Secretary further report that the ninety (90) payments in amounts totaling K393, 465 also had since been supported with the relevant supporting documentation. The Council would ensure that documents were properly filed and supporting documents attached accordingly at all times as per Local Authorities Financial Regulation No. 98.

7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against the officers responsible for failure to adhere to Local Authorities Financial Regulation No. 98 (1). The Committee directs the Council Secretary to ensure that the relevant documents are availed to the Office of the Auditor General and hence an update will be awaited.

ii) Irregular Payments of Subsistence and Meal Allowances K9,775

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c
that Mpika, as a district was very vast, with certain areas of operations quite far-flung, making it very difficult for employees away from the station to carry out their duties within the working

hours and at times officers have to spend nights away from the station to accomplish their assignments. The Council Secretary also reported that recoveries of the paid amounts towards meal and subsistence allowances had since been made and records were available for Audit verification. The Council would ensure that conditions of service and Cabinet circulars were strictly adhered to.

7 c a a] h h Y Y Ð g ` C V g ~~Information~~ c b ` U b X ` F Y Wc

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

iii) Unaccounted for Stores K8,505

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y Wf Y h U f m ` U W_ b c k ` Y X [Y X here receipts U i X] h c
and disposal details were misfiled at the time of audit. The Council Secretary also reported that the unaccounted for stores costing K8,505 had since been accounted for with receipts and disposal details and these were available for audit verification. The Council Secretary also reported that monthly audit of transactions were being conducted for completeness so that no supporting documents are missing and filing of documents was done on a daily basis, as soon as the transactions was concluded.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against officers responsible for failure to adhere to Local Authorities Financial Regulation No. 145. The Committee directs the Council Secretary to ensure that the relevant documents are availed to the Office of the Auditor General and hence an update will be awaited.

l) Management of Assets Ë Failure to Insure Council Property

Response by the Council Secretary

The Council Secretary reported that the cited thirty three (33) properties were not insured during the period under review due to lack of funds. The Council Secretary also reported that details of all the thirty-three (33) properties had since been submitted to Government Valuation Department for re-valuation after which the insurance company would be engaged to issue the insurance covers. The Council would ensure that all properties were re-insured at the expiry of the insurance covers. Further, the Council would ensure that all its future budgets included an amount for insuring Council property.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the process of insuring all the thirty three properties belonging to the Council is expedited. The Committee will await a progress report on the matter.

m) Management of Local Government Equalisation Fund

i) Failure to Reimburse Borrowings (K284,000 and Misapplied K6,828)

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c
could not immediately reimburse the borrowed funds as the anticipated cash inflows were not as expected. The Council Secretary had now updated the Main Valuation roll and the cash inflow was expected to improve and would therefore reimburse the funds by the end of the first half of 2021. So far the total sum of K25,000 had been reimbursed leaving a balance of K259,000. The Council Secretary further reported that the Football Association of Zambia transferred funds amounting to K4, 000 for Mpika Council Stars Football Club for football Logistics into the Capital Account in error. The Council also reported that the balance of K2, 828 had since been refunded to the Capital Account. The Council would ensure that 80 percent of the Equalization ; f U b h g ' U b X ' 7 c i b W] ` Đ g ' c k b ' @c WU ` ' f Y g c i f WY g ' k Y f Y nature. Further, the Council would strictly adhere to the stipulations and guidelines of the Local Government Act.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee notes the submission and sternly cautions the Council Secretary to desist from misapplying funds meant for capital projects. Council Secretary to urged to institute disciplinary action against the officers responsible for the query. The Committee awaits a progress report on matter.

ii) Construction of Boreholes - Mpika Central Constituency

Response by the Council Secretary

The Council Secretary acknowledged t \ Y ' U i X] h c f g Đ ' c V g Y f j U h] c b g ' U b X result of the contractor not being on site for some time. Though the Council made an effort by summoning the contractor to find out why they were not on site, no convincing reasons were given but they merely apologized for the delay to execute the works. The Council Secretary also reported that the contractor executed the works and the boreholes had since been drilled and equipped. Council would always ensure that contractors were closely monitored and supervised so that contracts were executed within the stipulated timeframe.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee is concerned with the inflation of prices with regard to Government funded boreholes and urges the Controlling Officer to investigate the matter. The Committee also notes with concern that the project has taken too long to be executed. The Council Secretary is urged to ensure that disciplinary action is taken out on the officers responsible for the query after which the matter may be closed subject to audit verification.

iii) Construction of Kapamba Bridge in Mukungule Chiefdom

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ` G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ U h ' h \ Y ' U
this was a result of a long span. The Council submitted that a Contractor, Kavar Engineering Ltd had been engaged by the Ministry of Local Government to work on the main road and the bridge. Further, the Council Secretary also reported that the liquidated damages clause was part of contract but did not include the construction of the middle pier. The Council would enhance monitoring of infrastructure and continue to monitor all the bridges and crossing points in the district to ensure that any defects that may arise were attended to as soon as they were detected.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee is Wc b WY f b Y X ` k] failure to carry out feasibility studies and due diligence before engaging a contractor. The Committee also notes with concern that the project has taken too long to be executed. The Council Secretary is urged to ensure that disciplinary action is taken out on the officers responsible for the query. The Committee further recommends that all defects on the bridge should be attended to without further delay. The Committee will await a progress report on the matter.

iv) Rehabilitation of Musakanya Guest House

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ` G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ U h ' h \ Y ' U
audit, rehabilitation works were in progress as the bar and the sanitary system at the time were being rehabilitated. The Council Secretary had since resolved to start the rehabilitation of the premises currently part of the structure had been demolished and actual construction works commence the first week of March 2021. Council expected to finish the rehabilitation works by end of third quarter 2021. Going forward, the Council would ensure that, buildings were maintained so that their economic life spans were improved. The Council Secretary had commenced the implementation of the property maintenance policy for maintenance of buildings. The Council Secretary had strengthened its revenue collection strategies in order to improve its cash flow so as to cover the expenditure towards maintenance of buildings.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to expedite the process of completing the project when funds are made available. The Committee will await a progress report on the matter.

n) Management of Liabilities

i) Failure to Remit Statutory Obligations K1,963,906

Response by the Council Secretary

The Council Secretary informed the Committee that the financial position was not sound enough to pay the debt on time. The Council Secretary reported that the remittance of statutory obligations had been a challenge due to the constrained cash flow to meet the gross payroll as well as provide the social services on a monthly basis. The Council Secretary also reported that there was an agreement with ZRA to pay a monthly sum of K15, 000 and so far a total sum of K 120,000 had been paid to date. The Council Secretary had been putting in place mechanisms aimed at expanding its revenue base so as to improve the liquidity situation currently being faced. The Council Secretary also reported that the Main Valuation Roll was now in place and this would help improve the cash flow problems currently being faced as more revenue was expected to be generated. The Council would ensure that its cash flow is improved in form of revenue collections in order to manage the payment of statutory obligations as and when they fall due on a monthly basis. Further, with the implementation of the new Valuation Roll, the Council now intends to review the payment plans for all its creditors, especially the statutory obligations with the aim of reducing the debt.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is encouraged to explore all available options, including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii) Failure to Settle Staff Obligations K5,792,589

Response by the Council Secretary

The Council Secretary reported that the Failure to Settle Staff Obligations during the period under review was due to liquidity problems being faced by the Local Authority, thus making it difficult to offset the outstanding obligations. The Council Secretary had committed itself to offsetting the outstanding amounts and had since started paying off the outstanding obligations through structured payment plans. The table below showed the amounts offset to date on each of the outstanding staff obligations:

NO.	DETAILS	AMOUNT	PAYMENTS MADE 1 ST JAN, 2020 TO DATE	BALANCE AS AT 31 ST FEBRUARY, 2021
		K		
1	Terminal Benefits	2,895,424.00	640,946.34	2,255,477.66
2	Long Service Bonus	2,573,000.00	111,500.00	2,485,500.00

3	Settling allowance	237,354.92	52,387.51	184,967.41
4	Salary arrears	321,792.00	321,792.00	0.00
	Total	5,792,589	1,126,625.85	4,665,963.15

The Council would ensure that its cash flow was improved in form of revenue collections in order to manage the payment of staff obligations as and when they fall due on a monthly basis and would strive to clear all Outstanding Staff Obligations by June, 2022.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is encouraged to explore all available options, including debt swaps to expedite the process. The Secretary to the Treasury is also urged to consider liquidating this historical debt stock on behalf of councils in order to relieve them of this burden. The Committee resolves to await a progress report.

Mpongwe District Council

Paragraph 41

41.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as set out below.

a) Budget and Income K5,416,203

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y Wf Y h U f m` U W_ b c and stated that the negative U i X] h variances on different revenue sources were as a result of the reasons stipulated below.

Fees and Charges

The Council Secretary stated that the negative variance on fees and charges was due to over budgeting as the Council prepared its budgets in anticipation of revenue collection from plot premiums which was not realized due to poor response from the general public.

Levies

The Council Secretary reported that the negative variance on Levies was due to poor economic active experienced in the year under review. Further the Council budgeted to receive personal levy through the Ministry Finance but this was not actualized during the period under review.

National Support

The Council Secretary acknowledged the auditors observation and reported that budgets were prepared on the basis of receipt of Local Equalization Funds for 12 months but the Council was only funded for 10 months during the period under review.

Fees and Charges

To address the poor revenue streams from offered plots, the Council had budgeted under the 2021 fiscal year to construct access roads and provision of other social amenities in the area in order to stimulate demand. The Council was also offering prospective developers 50 percent payment for plot premiums at the initial stage and the remaining balance to be paid off in 2 installments. The Council had also made interventions were instituted to collect the outstanding amounts through issued demand notices and warrants of distress to prospective developers informing them to settle their obligations failure to which the plots would be repossessed and re advertised to the general public by end of June 2021.

Levies

The Council Secretary stated that it had strengthened its revenue task force by setting targets of revenue collected. The Council had made a provision in the 2021 budget to procure a motor vehicle to facilitate the collection of revenue in far flung areas of the district. The Council would endeavor to prepare its budget realistically, update its databases of revenue streams and track budget performance on a quarterly basis. Further, the Council would continue to engage the Ministry of Local Government on funding as per budget.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee notes the effort made by the Council Secretary and urges him to ensure that realistic budgets coupled with detailed analysis of the revenue base are carried out to avoid this failure. The Council Secretary is also urged to ensure that revenue collection efforts are enhanced to counter these outcomes. The Committee resolves to close the matter.

b) Failure to Develop an Integrated Development Plan

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y W f Y h U f m ` U W _ b c k ` Y X [Y X ` h \ Y ` U i X] h c
Development Plan was not availed at the time of the audit. The Council Secretary stated that he had engaged a consultant to assist with the preparation of the Integrated Development Plan but could not deliver the document on time. However following guidelines provided by the Ministry had since prepared the planning program with new staff under the supervision of the provincial planning department. Management had since collected data for the 1st phase of the IDP, planning survey and issues report and the draft IDP was expected to prepared in June, 2021. The Local Government Service Commission had since sent a District Planning Officer who had prepared
= 8 D Đ g ` V Y Z c f Y ` U b X ` \ Y ` k U g ` g d Y U f \ Y U X] b [` h \ Y ` d f c

Department of Physical Planning in Ndola. The Council would always ensure that it had in place an updated integrated development plan and that timely reviews would be conducted before expiry of such important document would be conducted.

7 c a a] h h Y Y Ð g ` C V g Y f j **dition** c b ` U b X ` F Y Wc a a Y b

The Committee expresses concern at the failure by Council management to put in place an Integrated Development Plan. The Council Secretary is directed to ensure that this is done by 31st December, 2021 and further that the Council should remain consistent in the adherence to Section 19 (3) of the *Urban and Regional Planning Act No. 3 of 2015*. The Committee awaits a progress report on the matter.

c) Failure to Meet Revenue Targets

Response by the Council Secretary

The Council Secretary acknowledged t\ Y ` U i X] h c f Ð g ` c V g Y f j U h] c b g ` h \ U revenue targets during the period under review. A task force was constituted by management to go and collect revenue for the month of January, 2021 and managed to collect K49, 718 in two days. The Council Secretary stated that it has strengthened its revenue task force by setting targets of revenue collected. The Council had made a provision in the 2021 budget to procure a motor vehicle to facilitate the collection of revenue in far flung areas of the district. The Task Force that was set up to do monthly checks was also instructed to be conducting random checks and provide management with a report on its findings on a monthly basis.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the effort made by the Council Secretary and urges him to ensure that revenue collection efforts are enhanced to counter these outcomes. The Committee resolves to close the matter.

d) Unbanked Deposits Ę K215,098.04

Response by the Council Secretary

The Council ` ` G Y Wf Y h U f m ` U W_ b c k ` Y X [Y X ` h \ Y ` U i X] h c f Ð g ` not avail bank deposits at the time of audit. However, Out of the K215, 098.04 queried, management had managed to trace deposits from the bank statements totaling K167, 706.24 and leaving a balance of K47, 391.80 of which management was yet to trace. Disciplinary action had been commenced against the erring officer pending possible criminal proceedings. The Council had since strengthened controls in the finance and audit sections by ensuring daily cash collection sheet and bank deposit reconciliation sheet on a daily basis to avoid such queries.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the effort made by the Council Secretary and urges him to ensure that the

remaining deposit slips and details are traced and availed to auditors for verification. The Committee resolves to await a progress report on the matter.

e) Failure to Collect Revenue from outstanding Water Bills ě K104,300

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c
experienced challenges in collecting revenue during the period under review as clients could not settle their bills promptly. Management had commenced action against defaulting customers by:

- < Issuing notice for non - payment
- < Disconnection of water supply
- < Taking legal action against defaulting

Out of the K104, 300 queried, management has managed to collect K13, 900 and leaving a balance of K90, 400 of which management was yet to collect. Management had resolved that it would not supply water to defaulting customers in order to avoid accumulation of debt. Management would institute legal action against all defaulting clients.

7 c a a] h h Y Y Đ g ' C V g Y f j ~~recommendation~~ c b ' U b X ' F

The Committee is disappointed with the Council Secretary for his failure to collect the much needed and revenue. The Committee sternly cautions the Council Secretary to ensure that matters relating to revenue collection are seriously pursued as it was evident that the Council was relaxed with regard to revenue collection. The Committee directed the Council Secretary to ensure that the remaining amount is collected without further delay. The Committee awaits a progress report on the matter.

f) Inadequately Supported Payment Vouchers K55,490

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c
documents were not availed during the time of audit. Management had tracked supporting documents for the payments vouchers totaling K42, 544.66 leaving a balance of K12, 945.11. The Council had devised a system and implemented it to ensure document relating to payments for goods and services are attached to the voucher within twenty four hours. The Council had also implemented weekly reporting programme for all procurement activities to help monitor and check the compliance to the new system of ensuring timely attachment of documents to the vouchers.

7 c a a] h h Y Y Đ g ' C V g Y f j ~~recommendations~~ b g ' U b X ' F Y Wc a a Y

In noting the submission, the Committee recommends that disciplinary action be meted out against the officers who misfiled the imprest retirements and acquittal sheets. All relevant documents should further be found and submitted to the Auditor General for verification. The Committee will await an update report on the matter.

g) Questionable Fuel Drawings by Non-Runner Motor Vehicles K 91,816.90

Response by the Council Secretary

The Council Secretary informed the Committee that the cited motor vehicles were runners during the time that fuel was drawn. They were, however, not running at the time of audit. Management would ensure that all the information supplied to external auditors was first checked by the Head of Department who shall give the data to the Council Treasurer for verification before submission to external auditors.

7 c a a] h h Y Y Ð g s and Recommendations b

In noting the submission, the Committee recommends that disciplinary action be meted out against the officers who failed to clarify matters and give supporting evidence. The Committee directed the Council Secretary to ensure that all relevant documents should be submitted to the Auditor General for verification. The Committee will await an update report on the matter.

h) Unaccounted for Fuel K140, 189.87

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ` G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c during the period under review was not accounted for at the time of audit. The Council had since f Y Wc b W] ` Y X '] h Ð g ` Z i Y ` ` g h U h Y a Y b h g ` U b X ' h \ Y ' f Y Wc b verification. The stores officer had been instructed to be preparing monthly fuel reconciliation statements for all the accounts and should have them checked by the District Accountant.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the officers responsible for the query are disciplined for failure to adhere to Local Authorities Financial Regulation No. 98 (1). The Committee resolves to await a progress report on the matter.

i) Misapplication of Funds K1, 101,980.79

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ` G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ eY ' U i X] misapplication of funds was due to liquidity constraints experienced during the period under. The Council had since separated the operational account from the capital account to prevent misapplication of funds. Further, provisions have been made in the 2021 Budget with defined payment plans to reimburse the misapplied funds. Further, management has resolved to make monthly payments of K15, 000 to the capital account. The Council was ensuring that all the funds on the 20 percent Capital are used on capital projects.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee cautions the Council Secretary to desist from using the 20 percent capital component despite having well meaning intensions. The Committee directs him to ensure that all the funds are reimbursed to the capital account and that the same must not recur. The Committee awaits a progress report on the matter.

j) Failure to Liquidate Statutory Obligations K4, 625,551

Response by the Council Secretary

The Council Secretary reported that the non-payment of statutory obligations was due to financial challenges that the Council was facing. Council had paid a total of K85, 783.30 leaving a balance of K4, 539,767.70 as at the end of 31st December, 2020. The Council had devised payment plans in order to ensure that remittance of the current statutory contributions was consistent. The Council would endeavour to adhere to the governing rules for the payment of statutory obligations.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swap to expedite the process. The Committee resolves to await a progress report.

k) Failure to Liquidate Staff Obligations

Response by the Council Secretary

The Council reported that the non-payment of staff obligations was due to financial challenges that the Council was facing. From the above tabulation management had paid a total sum of K30,895.45 leaving a balance of K 994,644.52 The Council would ensure that it expanded and mobilised its revenue portfolio to meet its obligations promptly as and when they fall due to avoid such re-occurrences.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b
Observation and Recommendation

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available options to improve the revenue base and to expedite the process. The Committee resolves to await a progress report.

l) Land Management

Under Collection of Plot premiums K812,775

Response by the Council Secretary

collection of plot premiums was not availed at the time of the audit. The Council Secretary stated that out of the K981, 500, the Council collected K580, 600 Leaving a balance of K400, 900. Management had offered payment plans to clients of 50 percent payment for plot premiums at the initial stage and the remaining balance to be paid off in 2 installments. The Council had issued demand notices and warrants of distress to prospective developers informing them to settle their obligations failure to which the plots would be repossessed and re advertised to the general public by end of June 2021. The Council was now maintaining ledgers for all creditors and prepares monthly reconciliations. The Council shall ensure that opened up land is properly surveyed, numbered and serviced by way of opening up roads, before being offered to prospective developers. Further, these shall be issued on first come first sever basis to avoid any accumulation of unpaid fees and premiums.

7 c a a] h h Y **Conclusion and Recommendation**

The Committee notes the submission and urges the Council Secretary to ensure that the remaining amount with regard to the plots is collected without further delay. The Committee awaits a progress report on the matter.

Mporokoso Town Council

Paragraph 42

42.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed various weaknesses to which the Council Secretary submitted as set out below.

a) **Budget and Income K9,010,193**

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the effort made by the Council Secretary and urges the him to ensure that realistic budgets coupled with detailed analysis of the revenue base is carried to avoid failure. The Council Secretary is also urged to ensure that revenue collection efforts are enhanced to counter these outcomes. The Committee resolves to close the matter.

b) **Operational Matters**

i. **Lack of Firefighting and Prevention Services**

Response by the Council Secretary

The Council Secretary acknowledged the audit findings and stated that this was due to the lack equipment and human resources who were supposed to be technocrats in that particular field.

The Council could only wait for guidance from the Local Government Service Commission who were the employers of fire fighters.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the efforts made and encourages the Council Secretary to ensure that he impresses upon the Local Government Service Commission to ensure that fire fighters are employed at the Council. The Committee awaits a progress report on the matter.

ii. Failure to Develop an Integrated Development Plan

Response by the Council Secretary

The Council Secretary submitted that the need of having approved integrated Development plan in place as per Section 19 (3) of the *Urban and Regional Planning Act No. 3 of 2015*. The Council had since drafted the draft IDP and had been submitted to the Ministry of Local Government for approval a copy of submission was ready for audit verification. The Council would avail the approved IDP once the approval was done by the Ministry.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U

The Committee expresses concern at the failure by Council management to put in place an IDP. The Council Secretary is directed to ensure that this is done by 31st December, 2021 and further that the Council should be consistent in adherence to Section 19 (3) of the *Urban and Regional Planning Act No. 3 of 2015*. The Committee awaits a progress report on the matter.

iii. Environmental Management - Failure to Establish a Dumpsite

Response by the Council Secretary

The Council Secretary submitted that the Council was in the process of acquiring land for the Disposal Site. A letter from the Chief was available for audit scrutiny. The Council would ensure that ensure that the dumpsite was operational once land was given by traditional leadership.

7 c a a] h Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to expedite the process of establishing a permanent dumpsite. The Councils Secretary is strongly urged to ensure that he impresses upon the Royal Establishment for land to avoid disease outbreaks that may arise due to dumping refuse in unsafe sites. The Committee will await a progress report on the matter.

c) Procurement of Goods and Services - Unsupported Payments

Response by the Council Secretary

The Council Secretary submitted that this was due to misfiling which was done at the time of

audit. The Council had since provided the necessary documents and they were ready for verification. The Council would ensure that in future all the payments were supported with necessary documentation.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the officers responsible for the query are disciplined. The Committee directs the Council Secretary to submit all relevant documentation to the Office of the Auditor General and hence an update will be awaited to that effect.

d) Management of Assets

i. Lack of Title Deeds

j.

Response by the Council Secretary

The Council Secretary submitted that most of the said properties were in a dilapidated state for them to have the title. The Council had started the process of acquiring title deeds for all the buildings which were in good condition. The Council would ensure that in future the title deeds were acquired for all the buildings.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the process of acquiring title deeds for all properties belonging to the Council is expedited. The Committee will await a progress report on the matter.

ii. Non-Operational Guest House

Response by the Council Secretary

The Council Secretary submitted that the guest house in question had not been handed over to the local authority for the past 4years because the investigations were still ongoing. The Council had been writing to the Permanent Secretary and the Minister of Local Government seeking for permission to start operating the guest house the copies of the letter were available for audit verification. The Council would continue engaging the Ministry of Local Government not until authority was granted to the Council to go ahead with the renovations.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the funding for completing the maintenance of properties is prioritised as and when funds are made available. He is also encouraged to ensure that a budgetary provision is set aside for this activity and that he lobbies for funds using all available options to expedite the process.. The Committee resolves to close the matter subject to audit verification.

Management of Local Government Equalisation Fund – Misapplication of Funds

Response by the Council Secretary

The Council Secretary submitted that these funds were borrowings which were done due to unforeseen circumstances. The Council had a payment plan to reimburse all the borrowings which were done from the capital account. The Council would continue with the payment plan to ensure that the borrowed funds were reimbursed in full with payment plan which was in place.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and cautions the Council Secretary to desist from varying funds meant for capital projects without Treasury Authority despite having well meaning intentions. The Committee counsels him to ensure that treasury authority is sought each time intentions of such nature arise. The Council Secretary is directed to ensure that funds are reimbursed without further delay. The Committee resolves to await a progress report.

e) Management of Liabilities

i) Failure to Remit Statutory Obligations K3,264,308

Response by the Council Secretary

The Council Secretary submitted that these amounts related to the old arrears which the council accumulated. The Council had drawn up a payment plan to liquidate the old arrears and copies of ledgers showing what had been paid were ready for verification. The Council was on current and would ensure that it continued remitting all the statutory contributions to various institutions.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Council Secretary is to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also directed to explore all available options including debt swap to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K4,778,078

Response by the Council Secretary

The Council Secretary submitted that these amounts related to the old arrears which the council accumulated. The Council had a payment plan to liquidate the old arrears and copies of ledgers showing what had been paid were ready for verification. Management would ensure that it continued with the debt liquidation plan which was in place

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available

options including debt swap to expedite the process. The Committee resolves to await a progress report.

Mpulungu Town Council

Paragraph 43

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as set out below.

a) Budget and Income K5,980,728

Response by the Council Secretary

The Council Secretary informed the Committee that the Council failed to collect the deficit amounting to K5,980,728 as planned and budgeted, in the financial years under review. This was necessitated by not receiving part of the Local Government Equalisation Funds which was one of the components of the budgets for the years 2018 and 2019 under review.

REVENUE TYPE	BUDGET (K)	ACTUAL(K)	VARIANCE	EXPLANATION
Local taxes and rates	2,434,377	2,067,365	367,012	Some rates payers were refusing to pay due to using an outdated valuation roll
Fees and Charges	1,534,720	1,002,410	532,310	Some fees like Market fees and Toilet fees were not collected due to inadequacy of the facilities
Licenses	202,443	149,191	53,252	Some businesses in far flung areas did not pay the licenses hence engagement of WDCs to start collecting on behalf of Council. Additionally failure to have proper data base of businesses running in the district contributed.
Permits	292,431	43,848	248,583	Council did not involve all stakeholders in the District like Market Committees and WDCs coupled with lack of proper data base
Levies	823,672	614,105	209,567	Council did not have task force in place in order to follow up on the collection of levies hence promoting poor performance
Other Receipts	120,000	1,226,102	-1,106,102	
Subtotal	5,407,643	5,103,021	304,622	
National Support				
Local Government Equalization Fund	17,156,632	12,880,526	4,276,106	Council did not receive the LGEF for four a c b h \ gNoth Deb 2018 & 2019
Grants in Lieu of Rates	100,000	100,000	-	Council received 100 percent of the GILR funds
Constituency Development Fund	3,000,000	1,600,000	1,400,000	Council did not receive CDF for the year 2018 amounting to K1,400,000.
Sub Total	20,256,632	14,580,526	5,676,106	
Total	25,664,275	19,683,547	5,980,728	

The Council Secretary informed the Committee that the Council had therefore, embarked on the Construction of the Dry port, formation of task forces, engagement of WDCs and Market Committees to enhance revenue Collection to the extent that whether the Local Government Equalisation was received or not the Council operation will not suffer and any deficit that could be created by not receiving the LGEF could be covered. Documentation was available for verification. Council had signed a Memorandum of Understanding with various stakeholders to assist in revenue collection. Council had also constructed the Market shelter to accommodate

other marketeers who were not paying as a result of having no shelter where to trade from and they were constructing the fee-paying toilet at the center of the CBD to enhance revenue. Council had also purchased land for construction of the trucking in bay.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the effort made by the Council Secretary and urges him to ensure that realistic budgets coupled with detailed analysis of the revenue base are carried out to avoid failure. The Council Secretary is also urged to ensure that revenue collection efforts are enhanced to counter these outcomes. The Committee resolves to close the matter.

b) Operational Matters

3.1. Inadequate Firefighting and Prevention Services

Response by the Council Secretary

The Council Secretary submitted that it was regrettable that at the time of the Audit officers under Fire fighting section did not have protective equipment such as tunics and boots as this was due to poor liquidity during the period under review. The Council Secretary informed the Committee that the Personal Protective equipment for the firefighters were procured by the Council in the last quarter of the year 2020 as required by Section 16 (5) of the Local Government Act No. 2 of 2019. The Council would ensure that it adequately budgets for the firefighting equipment so that at any given time the fire section was well equipped with the d f c h Y Wh] j Y ` Y e i] d a Y b h Ð g "

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

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

d) Failure To Develop An Integrated Development Plan

Response by the Council Secretary

The Council Secretary reported that, at the time of Audit, the Auditors were not availed with the IDP as it was in the initial draft form and it was being worked on by the District Team and as such, could not be availed to the Auditors in its draft form. The Council Secretary informed the Committee that the preparation of the IDP had reached an advanced stage and they were now at a stage where they were supposed to receive the final guidance by the Ministry of Local Government before they finalise. The Council would continue reviewing the IDP as required by law and they would continue making follow up with Ministry of Local Government until the IDP was finally approved.

7 c a a] **Observation and Recommendation**

The Committee expresses concern at the failure by Council management to adhere to Section 19

(3) of the *Urban and Regional Planning Act No. 3 of 2015*. The Committee directs the Council Secretary to ensure that the IDP is finalised and operationalised without further delay. The Committee resolves to await a progress report on the matter.

e) Accounting For Revenue

5.1. Failure To Collect Revenue K950,488 in respect of accommodation and meals (K151,690), rentals (K96,500) and property rates (K702,298)

Response by the Council Secretary

The Council Secretary informed the Committee that a total of K950,488 in respect of accommodation, rentals amounting to K96,500 and meals amounting to K151,690 were not collected as and when due. The Council Secretary informed the Committee that the Council had effected recoveries against salaries for amounts owed by employees and councillors in respect of accommodation they owe the Council. The Committee was informed that part of the money for accommodation amounting to K35,850 was a corporate social responsibility bone by Mpulungu Town Council for accommodating Mpulungu United Footballers as a means of paying back to the Community. Further the figure amounting to K47,000 in respect of rentals was for four bus transport operators that had since suspended their coming to Mpulungu, hence were no longer renting the offices during the period under review. The Council had so far recovered K 68,612 of the outstanding K950,488 and anticipated that by mid-2021 a recovery of K 799,026. Would have been made.

S/N	ITEMS	Amt Due	Recoveries	Balance
1	Accommodation & Meals			
1a	Councillors	20,890	6,380	14,510
1b	Employees	94,950	58,032	36,918
	Footballers	35,850	Nil	35,850
2	Rentals	96,500	4,200	
4	Property Rates	702,298	Nil	702,298
	Totals	950,488	68,612	881,876

The Council would ensure that it strengthened controls to ensure that revenues were punctually collected so that the cited issues were not repeated and that there was strict adherence to Local Authorities Financial Regulation No. 12 (h).

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with concern the failure by the Council Secretary to aggressively pursue clients and collect the much needed revenue. The Council Secretary is urged to ensure that the Council devises new strategies to enhance revenue collection and improve the status quo. The Committee awaits a progress report on the matter.

f) Unaccounted For Revenue K131,400

Response by the Council Secretary

The Council Secretary informed the Committee that officers neither banked nor accounted for the funds in cash form at the time of audit contrary to Local Authorities Financial Regulation No. 72 as the funds were not remitted by the two officers as required by law. The Council had since instituted disciplinary action against the officers involved in accordance with their respective conditions of service. To that effect, one officer had been suspended to pave way for investigations. Mpulungu Town Council had since advised its clients to pay for services rendered directly into the Council bank accounts as opposed to paying cash.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the Council management for failure to adhere to Local Authorities Financial Regulation No. 72. The Committee directs the Council Secretary to ensure that the matter is followed up with the investigative wings for further probe. The Committee resolves to await a progress report on the matter.

g) Failure To Update A Valuation Roll

Response by the Council Secretary

The Council Secretary informed the Committee that at the time of audit, the valuation roll was not updated due to the high financial costs involved in the preparation of the valuation. The Council Secretary further informed the Committee that the Council had since engaged a valuer to carry out the valuation r c ` ` ` Z c ` ` c k] b [` h \ Y ` A] b] g h f m Ð g ` U d d c] b Government had also requested the Council to submit information on the cost of the valuation roll so that funds could be lobbied. The Council would create a deliberate policy to reserve funds for the timely updating of the valuation roll.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by Council management to adhere to Section 9 (4) of the *Rating Act No. 21 of 2018* which states that [h \ Y ` f U h] b [` U i h \ c f] h m ` once in every five (5) years or such longer period as the Minister may approve, cause to be d f Y d U f Y X ` U ` b The Committee directs the Council Secretary to ensure that the expired valuation roll is updated without further delay. The Committee resolves to await a progress report on the matter.

h) Payroll and Staff Related Matters.

8.1. Irregular Payment of Meal Allowance K8,465

Response by the Council Secretary

The Council Secretary informed the Committee that the meal allowances were paid to officers who were sent to carry out various activities in the district boundaries which were far from the

civic center and in certain instances had to spend a night out. However, he acknowledged that this was a misinterpretation of Cabinet Office Circular No.11 of 2013. The Council Secretary informed the Committee that in accordance with the guidance given on the interpretation of the Circular by the Office of the Auditor general, recoveries for the irregularly paid meal allowances \ U X ' g] b WY ' V Y Y b ' Y Z Z Y Wh Y X ' the total amount of K8,467 had been recovered. The Council would assure that there was strict adherence to the provisions of Cabinet Office Circular No.11 of 2013.

7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

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

i) Failure To Recover Salary Advances K6,500

Response by the Council Secretary

The Council Secretary informed the Committee that the regrettable failure to recover salary advances was due to weaknesses in the internal controls surrounding the payroll management systems. The Council Secretary informed the Committee that the Council had since resolved the weaknesses in the internal controls and effected recoveries against salaries in accordance with Terms and Conditions of Service for Local Government Officers No. 105 (d). The Local authority had put in place measures to ensure that salary advances were recovered to avoid reoccurrence of the vice.

7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

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

j) Irregular Payment Of Housing Allowance K30,478

Response by the Council Secretary

The Council Secretary informed the Committee that despite occupying a Council house, the Council erroneously paid the former Council Secretary a total of K30,478 from January to May 2019 as Housing allowance. The Council Secretary informed the Committee that the former Council Secretary had been written to pay the rentals at an economic value that prevailed during the period under review. Further, a follow up letter was written to Lavushimanda Town Council to deduct from the monthly salary of the officer and to pay Mpulungu Town Council. The Council had put in place measures to ensure that any officer occupying a Council House was not paid Housing Allowance in line with the conditions of service.

7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X

The Committee expresses concern at the failure by the Council management to pay attention to the terms of conditions applicable to employees. The Committee directs the Council Secretary to ensure that the funds are recovered from the former principal officer without further delay. The

Controlling Officer is also urged to ensure that he recommends disciplinary action against the officer. The Committee resolves to awaits a progress report on the matter.

k) Procurement Of Goods And Services - Missing And Unsupported Payments K2,037,347 and K406,594

Response by the Council Secretary

The Council Secretary informed the Committee that the Council experienced grave weaknesses in the filing mechanisms leading to an inadvertent misplacing of accountable documents at the time of audit. The Council had since located the misplaced payment vouchers and supporting documents. They had started numbering the payment vouchers which were being filed monthly and kept in one office for security reasons. Payments vouchers were been filed in the box file on a monthly basis to ease tracing.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that disciplinary action is instituted and that the documents are submitted to the Office of the Auditor General for verification. The Committee awaits an update.

l) Management of Assets

i. Lack of Title Deeds

Response by the Council Secretary

The Council Secretary informed the Committee that at the time of audit the council did not had the required titles as per *Section 41(4) of the Public Finance Management Act No. 1 of 2018* as the application process had not run its course. The Council Secretary informed the Committee that some invitations to treat had been obtained from the Ministry of Lands for various properties and had secured three titles of its properties.

S/N	PROPERTY NAME	PROPERTY No	LEVEL
1	Mpulungu Town Council	MPU/322	Invitation to Treat
2	Mpulungu Town Council	MPU/1021	Invitation to Treat
3	Mpulungu Town Council	MPU/99	Invitation to Treat
4	Mpulungu Town Council	MPULUNGULN 81766/2	Invitation to Treat
5	Mpulungu Town Council	L/MPULU/4011882	Invitation to Treat
6	Mpulungu Town Council	L/MPULU/4011883	Invitation to Treat
7	Mpulungu Town Council	MPULU/LN 81766/1	Invitation to Treat
8	Mpulungu Town Council	L/MPULU/4011885	Invitation to Treat
9	Mpulungu Town Council	74548	TITLE DEED
10	Mpulungu Town Council	74560	TITLE DEED
11	Mpulungu Town Council (Ngwenya Mkt)	74559	TITLE DEED

The Council would ensure that it reserved funds from its locally generated funds for acquiring the title deeds for its old and new properties to ensure adherence to Section 41(4) of the Public Finance Management Act No. 1 of 2018.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that all its assets are secured with title deeds without any further delay to guarantee ownership of the properties. The Committee resolves to await a progress report.

Servicing of Motor Vehicles

Response by the Council Secretary

The Council Secretary informed the Committee that the Council was regrettable that at the time of audit three Council vehicles Reg numbers ABF 6863, MPL 1 (ABZ 394) and ABT 6696 were not delivered after been worked on by Clientele Trading. The Council Secretary informed the Committee that the Council had since paid off the balance owed to Clientele Trading and they had since brought one vehicle Mitsubishi Sportero Reg No ABT 6696 and they were pursuing the delivery of Reg number ABZ 394. Further, the Local Government Service Commission had sent a Qualified Council mechanic to do the servicing and the repairing of all-Council vehicle.

It was however worth noting that out of K391,910 cited as bills from Messers Clientele, the K150,000 paid in the year 2020 was a result of the court order which was granted in favor of Messers Clientele for the two default judgements against Council in the matter where Messers Clientele was claiming for the K155,000 for the services rendered failure to which the three vehicles were to be auctioned to recover their money. The Council would ensure that Vehicles were being serviced locally each time they were due.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Committee expresses concern on the over commitment of Government properties without prior authority from the relevant authorities. The Council Secretary is urged to ensure that all its assets are secured to guarantee the Council with continued ownership. The Council Secretary is directed to resolve the matter without delay and hence a progress report will be awaited.

j) Management Of Local Government Equalization Fund - Misapplication of Funds K779,700

Response by the Council Secretary

The Council Secretary informed the Committee that the Council faced grave financial challenges in the period under review, that impacted the operations and meeting its financial obligations compelling the Council to seek aid internally through the use of the capital project resources. The Council Secretary informed the Committee that the Council had started reimbursing the borrowed funds and from the time of Audit had since paid K 429,221.21 leaving a balance of K 350,478.79.

S/N	Amt Borrowed from Capital	Paying A/C	Amt Paid	Balance
1	779,700	Salaries	100,000	350,478.79
		Salaries	200,000	
		Salaries	59,221.21	
		Salaries	70,000	

The Council would strive to increase the locally generated revenue to support administrative activities as opposed to borrowing from the 20 percent of the equalization funds.

Committee Report

The Committee notes the submission and cautions the Council Secretary to desist from varying funds meant for capital projects without Treasury Authority. The Committee directs the Council Secretary to ensure that funds are reimbursed without further delay. The Committee resolves to await a progress report.

m) Management of Constituency Development Fund

i. Misapplication of Funds

Response by the Council Secretary

The Council Secretary informed the Committee that a misinterpretation of the Constituency Development Fund Act No. 11 of 2018, Section 12 coupled with the basing of Administrative percentile on the budgeted amount rather than the actual disbursed amounts. This resulted in the unfortunate expenditure on other operational activities like allowances to officers attending the CDF budget hearings and fuel for attending the Provincial expo. The Council Secretary informed the Committee that the Council was committed to reimburse the CDF funds so that it was used for the intended purpose in line with the Constituency Development Fund Act No. 11 of 2018. The Council would ensure that from now on CDF funds will be utilised in accordance with the Constituency Development Fund Act No. 11 of 2018.

7 c a a] h h Y Y Report

The Committee notes the submission and cautions the Council Secretary to desist from misapplying funds meant for capital projects without Treasury Authority. The Committee directs the Council Secretary to ensure that funds are reimbursed without further delay. The Committee resolves to await a progress report.

p) Missing Payment Vouchers K181,807

Response by the Council Secretary

The Council Secretary informed the Committee that at the time of audit experience significant deficiencies in the internal controls surrounding the filing management systems and had regrettably misplaced the eleven (11) payment vouchers amounting to K181,807. The Council Secretary informed the Committee that the weaknesses in the internal controls surrounding the filing management system had been addressed and payment vouchers had been traced and

secured accordingly. The Council had strengthened its internal controls surrounding the filing systems to ensure the availability of documentation on demand.

7 c a a] h h Y Y **Discipline and Recommendation**

The Committee notes the submission and urges the Council Secretary to take disciplinary action against officers responsible for the query. The Committee directs the Council Secretary to ensure that all relevant documents are submitted to the Auditor General for verification. The Committee will await an update report on the matter.

q) Unauthorised Retention of Interest K35,003

Response by the Council Secretary

The Council Secretary informed the Committee that due to inactivity in the Account, the funds began to accrue interest and was held in the CDF Account contrary to the provisions of the *Public Finance Management Act No. 1 of 2018*. The Council Secretary informed the Committee that the Council would remit the funds to the Ministry of Finance in conformity with the provisions of the *Public Finance Management Act No. 1 of 2018*. The Council would ensure that the provisions of the *Public Finance Management Act No. 1 of 2018* were closely adhered to.

7 c a a] h h Y Y Đ g ` C V g Y f j **Discipline** c b ` U b X ` F Y Wc a a Y b

The Committee notes with concern the failure by management to remit interest to control 99 as requirement. The Council Secretary is directed to ensure that the retained amount of K35,006 is remitted to control 99 without further delay, and also to ensure that the matter does not recur by putting in place strict adherence measures to laid down procedures. The Committee resolves to await a progress report on the matter.

r) Undelivered Building Materials

Response by the Council Secretary

The Council Secretary informed the Committee that the Contractor by the name of Five Fingers General Dealers did not deliver materials amounting to K33,989 meant for the construction of Iyendwe Health post at the time of Audit with no reason given. The Council Secretary informed the Committee that Five Fingers General Dealers was being pursued by the Law enforcement agencies to ensure the procured materials were delivered. The Council had put in place measures where suppliers should first supply and deliver building materials on order before making payment in order to ensure that we only pay for the materials supplied. Additional measures and mechanism put in place are that the procurement officer must accompany the contractor whenever the CDF material are being procured and ensures that materials reach the intended project sites were WDCs must also acknowledge receipt of the materials by providing a written proof.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to follow up the matter with the law enforcement agency. The Committee awaits a progress report.

s) Management Of Liabilities

i. Failure To Remit Statutory Obligations

Response by the Council Secretary

The Council Secretary informed the Committee that the Council was unable to remit statutory obligations in the period under review due to financial constraints faced in the period under review. The Council Secretary informed the Committee that the Council had commenced payments to Statutory bodies through engagements and had since paid an amount of K130,000 leaving a balance of K17,122,017. Further, Council had approached two traditional leaders namely Chief Chitimbwa and Chief Chinakila to allocate it with land both of whom had agreed to do so. This would help so much towards liquidating the statutory obligations.

No	Institution	Amt (K)	Amount paid to date	Balance
1	ZRA	5,891,427	Nil	5,891,427
2	NAPSA	8,847,728	30,000	8,817,728
3	LASF	2,512,862	100,000	2,412,862
	Total	17,252,017	130,000	17,122,017

The Council would ensure it was committed to paying the agreed amounts to the statutory bodies it owed as they fall due.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swap to expedite the process. The Committee resolves to await a progress report.

t) Failure To Settle Staff Obligations K3,903,517.80

Response by the Council Secretary

The Council Secretary informed the Committee that the Council was unable to remit statutory obligations in the period under review due to financial constraints faced in the period under review. The Current position is that Council was settling the staff obligation based on agreed payment plans and had since paid K474,851.15 leaving balance of K3,903,517.80

No	Details	Amount	Amount Paid To Date	Balance
1	Long Service Bonus	749,329	Nil	749,329
2	Leave Travel Benefit	566,509	34,300	532,209
3	Salary Arrears	1,297,475	241,862.77	1,055,612.23
4	Settling Allowance	423,639	189,667.17	233,971.83

5	Councillors Arrears	16,514	Nil	16,514
6	Terminal Benefits	1,324,903	9,021.21	1,315,881.79
	Total	4,378,369	474,851.15	3,903,517.80

Council had put in place payment plans aimed at liquidating what it owed to former and existing employees.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available options to expedite the process. The Committee resolves to await a progress report.

Mufumbwe Town Council

Paragraph 44

44.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as set out below.

a) Budget And Income K16,781,248

Response by the Council Secretary

The Council Secretary stated that it budgeted to collect fees and charges from a proposed farm block in the southern part of the district, however, it was later discovered that the area in question was in a game management area. Further, the Councils valuation roll had expired during the year(s) under review and did not have health inspectors and fire officers to assist in the collection of permits and licences thereby negatively affecting the collections of the Council. The Council Secretary reported that it had been granted authority to collect fees and charges on an expired valuation roll. Further, the Council had also received the necessary officers to assist in the collection of permits and licences. The Council Secretary stated that it had intensified its revenue collection efforts as could be evidenced from the increase in its own source revenue from the year 2018 to 2019.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to devise ways of meeting targets set in its budgets coupled with detailed analysis of the revenue base at the Council in order to avoid this query of this failure. The Council secretary is further urged to ensure that new strategies are explored to counter this effect. The Committee resolves to close the matter.

b) Environmental Management Ę Poor Management Of Dump Site

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to expedite the process of acquiring a permanent dumping site. The Council Secretary is strongly urged to ensure that she acts expeditiously to avoid disease outbreaks that may arise due to dumping refuse in unsafe sites. The Committee will await a progress report on the matter.

c) Procurement Of Goods And Services

i) Unaccounted for stores K292, 909

Response by Council Secretary

The Council Secretary reported that he had a manual stores record system which was prone to misplacement of documentation coupled with lack of designated storeroom and an office for the stores officer. The Council Secretary reported that the system had since been improved on by:

- i. having a designated storeroom and an office for the Stores officer;
- ii. provision of filing cabinets; and
- iii. introduction of documents such as Bin cards Stores Issue Vouchers and Goods Received Notes to track stock movements.

The Council Secretary stated that to strengthen the stores office, the Stores officer would be supervised by Finance department as per regulations.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee did not accept the reason given and urges the Council Secretary to ensure that officers who misfiled the documents are disciplined. The Committee directs the Council Secretary to submit supporting documents to the Auditor General for audit verification. The Committee awaits an update on the matter.

ii) Unsupported payments K122, 101 (and Allowances K96, 990)

Response by the Council Secretary

The Council Secretary stated that all the unsupported payments had since been adequately supported with the relevant documentation. The Council Secretary stated that council management would ensure that all payments were adequately supported before being processed and filed.

Cc a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee did not accept the reason given and urges the Council Secretary to ensure that officers who misfiled the documents are disciplined. The Committee directs the Council Secretary to submit supporting documents to the Auditor General for audit verification. The Committee awaits an update on the matter.

iii) Unretired accountable imprest K17, 124

Response by the Council Secretary

The Council Secretary reported that the cited imprest retirements were unretired at the time of the audit, and that the unretired imprests had since been recovered from the concerned officers. The Council Secretary stated that imprest would in future not be issued to officers with outstanding imprest. Further, the Council would ensure that imprest was retired within the stipulated time frame.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The matter is recommended for closure subject to audit verification.

iv) Irregular payment of sitting allowance K12, 600

Response by the Council Secretary

The Council Secretary stated that it paid sitting allowances to the procurement committee based on a circular dated 12th June 2017. He, however, reported that the paid allowances to Council officers had since been recovered from the officers. The Council Secretary stated that it only paid sitting allowances to non-council officers of the procurement committee as per stipulated regulations.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The matter is recommended for closure subject to audit verification.

v) Overpayment to supplier K15, 845

Response by the Council Secretary

The Council Secretary reported that the bank had been engaged to ensure that the amount Wf Y X] h Y X `] b ` Y f f c f ` k U g ` f The Council Secretary further stated that accounts staff had since been cautioned to pay closer attention when conducting bank reconciliations and engaging the bank in good time whenever such errors arose.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with concern the weak internal controls and the laxity by officers charged with responsibility. The Committee urges the Council Secretary to ensure that disciplinary action is instituted on erring officers, and a progress report will be awaited by the Committee.

vi) Management of Payroll and Staff Related Matters Ę Failure to Recover Salary Advances K43, 500

Response by the Council Secretary

The Council Secretary reported that the failure to recover salary advances was as a result of lapses in payroll management. The Council Secretary reported that cited advances paid to Council officers had since been recovered. The Council Secretary reported that trained payroll officers had been attached.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with concern the laxity by officers charged with responsibility. The Committee urges the Council Secretary to ensure that disciplinary action is instituted on erring officers, and a progress report will be awaited.

vii) Management of Local Government Equalisation Fund Ę Misapplication of Funds K967, 453.

Response by the Council Secretary

The Council Secretary reported that the Council did not have adequate funds to finance its day to day operations during the period under review. As such, the Council borrowed funds from the capital account amounting to K 967,453 to be reimbursed later. The Council had started reimbursing the borrowed funds and had since paid back a total of K 280,000. The Council Secretary stated that it had stopped borrowing funds from the capital account for its operations.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee strongly cautions the Council Secretary to desist from misapplying funds meant for capital projects. The Committee urges him to ensure that the entire remaining amount is reimbursed to the capital account without further delay. The Committee resolves to await a progress report.

viii) MANAGEMENT OF CONSTITUENCY DEVELOPMENT FUND COMPLETION OF 1x3 CLASS ROOM BLOCK AT WISHIMANGA SECONDARY

i. Outstanding Works

Response by the Council Secretary

The Council Secretary reported that the contractor had abandoned the works due to lack of materials, which materials had been diverted to another school project during the same period by the school management. The Council Secretary reported that the school was written to, to replace the diverted materials and the outstanding works had since been completed. The Council Secretary stated that it would intensify supervision of projects to prevent reoccurrence of such.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee strongly cautions the Council Secretary to ensure that works are supervised and inspected accordingly. The matter is recommended for closure subject to audit verification.

ii. Failure to account for building materials

Response by the Council Secretary

The Council Secretary reported that the school did not have a proper record keeping system. The Council Secretary reported that the cement had since been accounted for and the project had been completed using the same materials. The Council Secretary reported that council management would intensify supervision of projects to prevent reoccurrence.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee recommends closing the matter subject to audit inspection.

G) Management of Liabilities

i. Failure to remit statutory obligations K982, 825

Response by the Council Secretary

The Council Secretary reported that the Council did not have sufficient funds to liquidate both the historical and running obligations when they fell due. This resulted in the accumulated penalties and interest on the debt. The Council Secretary reported that the Council consistently paid statutory obligations when they fell due to avoid accruing further debt. The Council Secretary reported that the Council had entered into a debt repayment plan with ZRA to liquidate its outstanding obligations and was arranging a debt swap with NAPSA to settle part of the debt.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

In noting the submission, the Committee urges the Council Secretary to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Secretary to the Treasury is urged to consider liquidating this huge historical debt to relieve the council of this burden. The Committee resolves to await a progress report.

ii. Failure to settle staff obligations K968, 610

Response by the Council Secretary

The Council Secretary reported that it did not have sufficient funds to liquidate both the historical and running staff obligations when they fell due. This resulted in accumulation of the debt. The Council Secretary reported that it had started paying off the outstanding staff obligations to prevent further surging of the debt.

In noting the submission, the Committee urges the Council Secretary to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Secretary to the Treasury is urged to consider liquidating this huge historical debt to relieve the council of this burden. The Committee resolves to await a progress report.

Mumbwa Town Council

Paragraph 45

45.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as outlined.

a) Budget and Income K8,494

Response by the Council Secretary

The Council Secretary stated that revenue was not collected as budgeted for in 2019 because of poor rainfall pattern resulting in poor economic activities in the district. Agriculture being the main activity in the District, any negative change in the climate would result in low farm produce hence reducing the collectable income. Most farmers owned properties in Mumbwa, which further reduced on collectable owner rates. The Government funded the Local Government Equalisation Fund to a tune of K10,576,982 instead of K13,087,902 leaving a deficit of K2,510,920. The Constituency Development Fund for Mumbwa and Nangoma amounting to K3,200,000 was not funded to the Council during the year resulting in unfavorable variance. On specific issues, the Council reported as set out below.

Owners Rates

The Zambia Air Force and Ministry of Finance paid K32, 970 in 2020 which was meant for 2019. The Council Wrote to the Ministry of Finance requesting for 2019 Personal levy in respect of Government employees. The Council management had continued carrying out sensitisation programme to the property owner via radio and PA system on the importance of paying rates.

Fees and Charges

The Council Secretary informed the Committee that the Council did not perform well in the following areas.

< Consent Fees

Most people did not apply for convention of tenure resulting in low collection of revenue. The Council had engaged building inspectors to check if developers were complying. Further, the

Council had continued to carry out sensitisation activities on the importance of applying for convention of tenure to the Council.

< **Building Inspection Fees**

The Council, through building inspectors, carried out inspection on the buildings and developers were billed. However, most of them did not go to the Council to pay. The Council Police were engaged to stop illegal developers from building of properties without council Building Department approval. All property developers who did not settle their bills were written to. The Council Secretary made an undertaking before the Committee that he would not allow anyone to develop any building without its approval.

< **Abattoir/Meat Inspection Fees**

The Council Secretary informed the Committee that due to the Outbreak of Food and Mouth Disease (FMD) in the District, which resulted in the ban of the movement of cattle, goat and pigs by the Ministry of Agriculture, the Council could not collect enough revenue from Abattoir/Meat Inspection Fees.

Levies

Concerning levies, the Council Secretary submitted that the Council did not do well on Sand and Fish Levy. The Council had since doubled its effort on revenue collection by placing Council police on the checkpoints to help revenue collectors to collect more. The Council management had embarked on continuous sensitisation in the communities on the importance of paying levies to the Council.

Permits

The Council did not do well in transportation of meat products, opaque beer and extension of business hours. Transportation of meat product was due to burn of Cattle movement because of foot and mouse disease. The District had seen a reduction in opaque beer brewers and this had resulted into loss of revenue for the Council. The Council had engaged Council Police to check if the bars and shops were complying with by-laws on extension of business hours. They had also embarked on a continuous sensitisation programme on the need to pay for permits to the Council.

Other Income

The Council planned to collect K1, 514,350 through its commercial ventures but only collected K459, 874, giving a variance of K1, 054,476. The Council rest house and restaurant underperformed due to the fact that a number of NGOs like the World Vision and other prominent organisations had discontinued their operations in Mumbwa. These organisations were the main source of revenue through meals, accommodation and hire of council buildings.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission but urges the Council Secretary to set realistic budgets

based on detailed analysis of their revenue base. The Council Secretary is also urged to ensure that turn-around strategies are implemented promptly. The Committee resolves to close the matter.

b) Operational Matters – Environmental Management

Response by the Council Secretary

The Council Secretary submitted that the Council did not have adequate funds to fence the dump site. He, however, acknowledged the omission and reported that their failure to adhere to SI No 112 of 2013 was attributed to lack of resources to implement the cited SI. On other specific matters, the Council Secretary responded as set out below.

1. Fencing the dumpsite facility

The work was at procurement stage and the coordinates to determine actual boundaries of the facility had been picked and the materials schedule were prepared by the works department.

2. Warning signs

The warning signs had since been put in place.

3. Covering and compacting the waste

The Council did not have appropriate equipment for compacting. They instead used their grader to level out the waste and drive over it. This was done at least once per quarter. The Council Secretary would ensure that such matters were always given first priority when disbursing the limited available resources.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and urges the Council Secretary to ensure that the dumpsite is well secured and that adherence to the *Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013* is prioritised. The Councils Secretary is strongly urged to ensure that he acts expeditiously to avoid disease outbreaks that may arise due to dumping refuse in unsafe and temporary sites which could be a health hazard. The Committee will await a progress report on the matter.

c) Accounting for Revenue

i) Failure to Collect Outstanding Receivables K2,827,245

Sale of Plots K1,245,750.

Response by the Council Secretary

The Council Secretary submitted that Mumbwa Town Council had a lot of unsettled applicants who went as far back as 2012. The Council had since written to clients who made partial

payments to pay within a period of 30 days from the date the letters of offer were issued or they risk not being allocated and no refund would be given to them. Applicants were written to and some had started paying. Only applicants who had made full amounts would be allocated plots. On specific plots, he submitted as set out below.

Normalisation for plots paid for as far back as 2014, 135 plots

Plots allocated to the Ministry of Lands (24)

It was a requirement by the Ministry of Lands that any area planned by the Council should have some portion given to the Ministry of lands. In order to adhere to this provision, the Council had given out 24 plots to the Ministry of Lands.

Plots allocated to settlers (115)

An agreement was entered between the Council and the traditional Leaders (Chiefs) that the local people should not be displaced but be included in the planned area. The properties were given to sitting settlers in areas where the Council acquired land in liaison with traditional leaders. Agreements were made to normalise the sitting settlers who had earlier acquired land from traditional leaders before the Council acquired land. To avoid a repetition of the above, Council had dedicated itself to ensuring allocation of settlers was done conclusively before calculating the number of plots to advertise.

Plots not allocated (65)

These were plots that were part of the surveyed plots, they were not surveyed due challenges surveyors encountered which included breaking down the survey instrument followed by gassing incidences which forced the surveyors to demobilise and thereafter Covid-19 also further prevented them. However, plans are underway to had surveyors come back and continue with the surveying activity. Council had dedicated itself to ensuring that plots were fully surveyed before running an advertisement

Seventeen plots that were cancelled

The plots could not be allocated due to the fact that they were not falling in the boundary of the land the Council acquired from the headmen. Some properties got cancelled during cadastral survey. These properties were found outside the planned area into private property and in a Dambo area which is not supposed to be tempered with but reserved as buffer zones. Council was in a process of procuring a differential Global positioning System (GPS) which would ensure accuracy of the boundaries for areas planned.

Failure to allocate plots to applicants as far back as 2012

The Council had allocated a good number of plots to applicants who paid as far back as 2012. It should be noted that the Council had put strides to ensure that all pending allocations were handled. On the foregoing note, an area had been planned in the Nambala extension which was

meant to accommodate all the pending cases. The area had since been planned and the layout plans were at the Ministry of Lands for numbering. Find attached a copy of the Nambala extension layout plan. Council had dedicated itself to ensuring that plots were fully surveyed before running an advertisement. Council had dedicated itself to ensuring that plots were fully surveyed before running an advertisement and ensuring that old clients were settled first as and when plots were created.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee did not accept the reason given by the Council Secretary and urged him to ensure that all the uncollected revenue from the sale of plots is seriously and aggressively pursued and collected without further delay. The Committee will await a progress report.

d) Management of Assets Ë Lack of Title Deeds

Response by the Council Secretary

The Council lost the first Title deeds through movement of documents. The Council acknowledged the omission and stated that they regretted their failure to secure properties with title deeds. The Council property showed various stages at which the Council was processing for the title deeds. The Council Secretary would process for title deeds of all properties on offer in the year 2021 and the properties on Invitation to Treat would be processed. Stand No. mum/043, mum/109, mum/134 and mum/339 were erroneously placed on offer status. All these four stands were on title. However, the original certificate of titles could not be traced. The Council management had since started the process of getting the duplicate certificates of title by writing to the Commissioner of Lands. The Council Secretary, however, reported that Stand Number mum/0339/14 did not exist and was erroneously included in the query. The rest of the stands were at Invitation to Treat stage and others were unsurveyed. Concerning these, the Council management was determined to have them on title in the year 2021.

The Council also acknowledged the failure to adhere to Local Authorities Financial Regulation No.154 as regards uninsured properties. The Council Secretary stated that this was due to lack of resources. The Council had since requested the Zambia State Insurance Corporation General Insurance to inspect the buildings and give the Council a quotation. The properties to be insured were highlighted while the rest of the plots were undeveloped and hence could not be insured. Under Serial number 29 on Schedule 19, the 9 residential houses in Chibila site and service were non-existent and the inclusion was in error. The Council had since received a quotation of K18, 567 from Zambia State Insurance Corporation and a payment plan agreement forms had been signed. The Council Secretary would ensure that the insurance covers for the buildings were renewed every year. He/she would also ensure that whenever it acquired properties, the said properties would be titled immediately.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee urges the Council Secretary by the Committee to ensure that all properties are secured with title deeds and subsequently insured to avoid possible losses. The Controlling

Officer is, particularly urged to ensure that *Section 41(4) of the Public Finance Management Act No. 1 of 2018* which requires a Controlling Officer to ensure that all public properties under the M] b] g h f mĐ g ` W\ U f [Y ` U f Y ` g Y Wi f Y X The Committee resolves Y ` X Y Y X to await a progress report.

e) Management of Local Government Equalisation Fund - Irregular Payment of VAT to a Non-Registered Supplier K68, 074

Response by the Council Secretary

The Council Secretary submitted that, at the time of audit, the supplier did not submit his VAT registration certificate. The Council acknowledged the omission. The Council wrote to the supplier to avail the VAT registration certificate, which had since been submitted. The VAT Certificate was now available for verification. The Council Secretary would ensure that all documentation was properly filed.

7 c a a] h h Y Y Đ g ` s and Recommendations b

The Committee strongly cautions the Council Secretary to desist from engaging contractors before due diligence is done. The Committee urges him to ensure that officers who allowed this anomaly are disciplined accordingly only then will the matter be closed.

f) Management of Liabilities

i) Failure To Remit Statutory Obligation K7, 536,726.84

Response by the Council Secretary

The Council Secretary submitted that this was as a result of transfers and new appointments. It was also as a result of historical debt the Council had. He, however, acknowledged the omission and stated that the obligation could not be settled as and when they fell due because of lack of adequate resources at the time. However, council entered into payment plan to liquidate the debt. The Council Secretary would ensure that adequate resources were mobilised to meet the obligations as they fall due.

7 c a a] h h Y Y Đ g ` s and Recommendations b

The Committee urges the Council Secretary by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is encouraged to consider exploring all available options including debt swaps to expedite and lighten the burden. The Secretary to the Treasury is also urged to consider liquidating this historical debt stock on behalf of the councils so as to lighten their burden. The Committee resolves to await a progress report.

ii) Failure to Settle Staff Obligations K886,882

Response by the Council Secretary

The Council Secretary acknowledged the omission and stated that the Council was unable to settle the obligations as and when they fell due because of lack of adequate resources. However, the Council had entered into payment plans with the affected staff with a view to dismantle the debt. The Council Secretary would ensure that adequate resources were mobilised to meet the obligations as they fall due.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee urges the Council Secretary by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Secretary to the Treasury is also urged to consider liquidating this historical debt stock on behalf of the councils so as to lighten their burden. Committee resolves to await a progress report.

Mungwi Town Council

Paragraph 46

Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as set out below.

a) Budget and Income K3,618,423

Response by the Council Secretary

National Support

The Council Secretary acknowledged the findings made by the auditors, the variance on National Support was due to underfunding by the National Treasury.

Locally Generated Revenue

The Council Secretary reported that the negative variance on locally generated revenue such as fees and charges was due to over budgeting as the figures were based on the premise that the new valuation roll would be approved during the periods under review. This was also attributed to the use on old data bases of clients as most businesses were not operational during the period under review. The Council Secretary submitted that the valuation roll had since been approved and sensitising of all key stakeholders including farms and other properties in the district to pay their dues. Further, the Council had updated its clientele database so as to ensure that subsequent budgets were prepared realistically. To improve revenue collection, the Council had assigned a vehicle to be used for revenue collection mobilisation and set up revenue collection targets for the revenue task force. The Council reported that it shall ensure that weekly inspections were being undertaken to ensure that all clients abide by their obligation.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee notes the effort made by the Council Secretary and urges the him to ensure that realistic budgets coupled with detailed analysis of the revenue. The Council Secretary is also urged to ensure that revenue collection efforts are enhanced to counter this effect. The Committee resolves to close the matter.

b) Operational Matters

i. Lack of Firefighting and Prevention Services

Response by the Council Secretary

H \ Y ' 7 c i b W] ' ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c
Council was only granted the status of being a Fire Authority on 25th September 2019 by the Ministry of Local Government and, therefore, could not operationalise the fire fighting and prevention services during the period under review. The Council Secretary also submitted that on 14th January 2020 the Management entered into a Memorandum of understanding (MOU) with Kasama Municipal Council to assist in the provision of fire services in the District. The Council was currently undertaking sensitisation among members of the business community.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee notes the efforts made and encourages the Council Secretary to ensure that a fire station is established at the Council and also that the station is equipped with the necessary equipment and manpower. The Committee awaits a progress report on the matter.

ii. Failure to Develop an Integrated Development Plan.

Response by the Council Secretary

The Council Secretary submitted that during the auditing the Council did not formulate an Integrated Development Plan contrary to the Act due to resource constraints during the period under review. The Council Secretary reported that it had made progress in the formulation of the integrated Development Plan. In the first quarter the Council was planning to prepare and submit planning programme to the provincial planning office for onward submission to Ministry of Local Government for approval. Sensitisation with stakeholders on the process of formulating the integrated Development Plan has been done. The Council would always ensure that it had in place a valid integrated development plan and that timely review before expiry of such important document would be conducted.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee expresses concern at the failure by council management to put in place an integrated development plan which is a serious omission on their part. The Council Secretary is directed to ensure that this is done by 31st December 2021 and further that they are consistent in

adherence to Section 19 (3) of the *Urban and Regional Planning Act No. 3 of 2015* in all preceding years. The Committee awaits a progress report on the matter.

iii. Environmental Management - Poor Management of Dumpsite.

Response by the Council Secretary

The Council acknowledges the 5th observation, at the time of audit the Council did not fence the dump site due to financial challenges. The Council had budgeted the total sum of K94,500 towards the fencing the dump site. In the interim Council had since deployed a security guard to prevent access from scavengers. The Council would ensure that dumpsite was enclosed, fenced off and secured from scavenging as per Zambia Environmental Management Authority (ZEMA).

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to expedite the process of fencing the dumpsite without further delay. The Councils Secretary is strongly urged to ensure that he acts expeditiously to avoid disease outbreaks that may arise due to failure to adhere to the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013. The Committee will await a progress report on the matter.

c) Staff Related Matters - Irregular Payment of Meal Allowance.

Response by the Council Secretary

The Council Secretary acknowledged the Auditors findings that, meal allowances in amounts totaling K18, 650 were paid to various officers for various activities within the district boundary due geographical distances between the Civic Centre and the wards. The Council had since stopped payments of meal allowance and it would follow Cabinet Circular Minutes strictly. However, the Council had started recovering through payroll the amount paid for meal allowance to each officers. The Council would ensure adherence to the provisions of financial regulations and circulars so as to strengthen controls.

7 c a a] h h Y Y Ð g s and Recommendations b

The Committee expresses concern at the failure by the Council Secretary to clarify matters relating to interpretation of Cabinet Circulars with their Controlling Officer. The Committee strongly cautions the Council Secretary to desist from proceeding without clarity in authorising payment of allowances to officers under his jurisdiction. The Councils Secretary is directed to ensure that all funds are recovered from the relevant officers without further delay. In addition, the Committee urges the Controlling Officer to consider waivers for isolated cases in future so as not to demotivate the officers tasked with similar responsibility in future. The Committee will await a progress report on the matter.

d) Procurement of Goods and Services - Unaccounted for Stores K411,538 (General stores - 239 K80,975 and fuel - K330,563)

Response by the Council Secretary

The Council Secretary acknowledged the Auditors findings that, there were no receipt and disposal details in respect of stores items due to misfiling at the time of audit. The Council Secretary reported that they had traced all the records of receipts and disposal details in respect of stores items and receipts had been attached to respective payment vouchers. The documents were ready for verification. Management would ensure that payments of stores item were accounted for, that was attaching receipt and disposal details.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and urges the Council Secretary to ensure that erring officers are disciplined for failure to adhere to Local Authorities Financial Regulation No. 98 (1). The Committee is directed to submit all relevant documents to the Office of the Auditor General and an update will be awaited to that effect.

e) Management Of Assets

i. Failure to Maintain Properties.

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y W f Y h U f m ` U W _ b c k ` Y X [Y a i n t a i n c o u n c i l 5 i X] h c
buildings and houses which were in dilapidated state due to financial challenges. The Council had prepared the project implementation plan for council property. However, an interim plan under the annual budget was in place for all maintenance works under locally generated fund and 20 percent Capital Local Government Equalisation Funds. The Council would ensure that all Council properties were rehabilitated and carried out routine maintenance of buildings as per maintenance policy which was put in place.

7 c a a] h h Y Y Ð g s a n d R e c o m m e n d a t i o n s b

The Committee notes the submission and urges the Council Secretary to ensure that the process of maintaining properties belonging to the Council is expedited to give them a facelift which ultimately will translate into increased valuation. The Committee will await a progress report on the matter.

ii. Lack of Title Deeds

Response by the Council Secretary

The Council Secretary acknowledged the findings by the Auditors. He reported that the Council had not secured security of tenure for its properties due to lengthy processes at the Ministry of

Lands. In addition, the survey department after surveying the properties in 2011 had not yet provided the Council with the survey diagrams which had delayed the whole process of acquiring certificate of title. The Council Secretary reported that management had paid for application and only awaiting the processing of Certificates of Title for the properties. The Council would ensure that all council properties had title deeds.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee notes the submission and urges the Council Secretary to ensure that the process of acquiring title deeds for all properties belonging to the Council is expedited. The Committee will await a progress report on the matter.

iii. Failure to Report an Accident.

Response by the Council Secretary

The Council Secretary submitted that the Road Traffic Accident involving - GRZ 466 CN had not been reported and that no action had been taken against the officer. So far, amounts totaling K38,975 had been spent on repairs of the motor vehicle. The Council Secretary reported that the accident was reported to the Police just that the Police report was not available during audit. A Police Report had been attached for verification. Furthermore, the Council had charged the officer for the cost it incurred in repairing the Vehicle. Council would ensure that accidents that occurred were reported appropriately and erring officers were charged accordingly.

7 c a a] h h Y Y Đ g s and Recommendations b

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

f) Management of Local Government Equalization Fund - Failure to Reimburse Borrowings K154,340.50

Response by the Council Secretary

The Council Secretary reported that the misapplication was due to insufficient funds in Mungwi District Council main account. The Council Secretary reported that it developed a repayment schedule plan to ensure that the borrowed funds are paid. The Council had since repaid the total sum of K112,421.50 out of K266,762 leaving a balance of K154,340.50 to be paid as soon as possible. The Council would ensure adherence to the provisions of the Local Government (Amendment) Act No. 12 of 2014.

7 c a a] h h Y Y Đ g s and Recommendations b

The Committee expresses concern that capital funds were misapplied on unrelated activities and hence delaying development in the intended area. The Committee strongly cautions the Council Secretary to desist from misapplying funds meant for capital projects and further directs that the funds be reimbursed without any further delay. The Committee will await a progress report on the matter.

g. Management of Liabilities

i. Failure to Remit Statutory Obligations K6,293,221

Response by the Council Secretary

The Council Secretary reported that failure to remit statutory contributions was due financial challenges it was facing. The Council Secretary reported that it has entered into payment plan with the above institutions and are paying them in instalments to cushion historical arrears. Below are the current balances:

Current Unremitted Statutory Obligations as at 15th February 2021

Details	Amount Owing	Amount Paid to date	Balance
LASF	214,939.74	25,363.25	189,576.49
NAPSA	4,411,181.19	123,192.35	4,287,988.84
ZRA	1,588,362.69	380,000.00	1,208,362.69
K C F ? 9 F D G COMPENSATION	78,737.59	-	78,737.59
TOTAL	6,293,221.21	528,555.60	5,764,665.61

The Council would ensure that it expanded its own source revenue base and ensure it settled its statutory bills as they fell due.

7 c a a] h h Y Y D g s and Recommendations b

The Committee urges the Council Secretary by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. She is also encouraged to explore all available options including debt swaps to expedite the process. The Secretary to the Treasury is urged to consider liquidating this huge historical debt to relieve the council of this burden. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K2,574,613

Response by the Council Secretary

The Council acknowledges the findings by the Auditors, the Council owed amounts totaling K2, 574,612.62 to various employees and retirees in respect of settling in allowances, long service bonus and retirement benefits due to poor liquidity. Council had developed a payment plans to liquidate historical debt and have so far reduced to K1, 372,231.70.

Current Outstanding Staff Obligations as at 15th February 2021

Details	Amount Owing	Amount Paid to date	Balance
Long Service Bonus	144,204.44	10,000.00	134,204.44

Leave & Travel benefits	32,280.00	24,780.00	7,500.00
Salaries/Wages/Allowances	945,952.00	736,238.40	209,713.60
Settling Allowance	31,400.98	17,447.23	13,953.75
Terminal Benefits	1,420,775.20	413,915.29	1,006,859.91
Total	2,574,612.62	1,202,380.92	1,372,231.70

The Council would ensure that it strengthens its own source revenue mobilisation to ensure staff obligations were paid on time.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available options to enhance revenue collection expedite the process. The Committee resolves to await a progress report.

Mwinilunga Town Council

Paragraph 47

a) Budget and Income K8, 424,676.95

Response by the Council Secretary

The Council Secretary did not receive some income from among others, income from Constituency Development Fund (CDF), and there was no income from property rates as the valuation roll had expired as well as allocation of plots for plot premiums, which as well constitutes a large amount of income. The 2019 Constituency Development Funds (CDF) are expected to be received in 2020, whereas the Valuation of properties may take place in 2020 and the Council is sourcing for some land from the traditional leader for subsequent allocation of plots. The Council management would make sure that the next budgets contained figures of incomes, which it was sure would be received. The Council would also maximise local revenue sources and collection of the same.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission but urges the Town Clerk to set realistic budgets coupled with detailed analysis of sources of revenue to avoid this failure. The Committee further directs the Town Clerk to ensure that turn around strategies is implemented promptly. The Committee resolves to close the matter.

b) Environmental Management Ę Poor Management of Dumpsite

Fencing of the Dumpsite

Response by the Council Secretary

The Council Secretary informed the Committee that authority for securing of the dumpsite with

wire fence had been requested from the Council through PWDRE/13/11/20 and a go-ahead had been granted, therefore, works would commence as soon as possible.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Town Clerk to ensure that the process of fencing the dumpsite is expedited and a progress report is then being awaited.

< **Failure to provide warning signs**

Response by the Council Secretary

The Council Secretary informed the Committee that installing of dumpsite warning signs had been done and ready for verification by the auditor. The Council would make sure the warning signs were displayed.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

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

c) **Accounting for Revenue**

i. **Failure To Update The Valuation Roll**

Response by the Council Secretary

The Council Secretary submitted that the valuation roll was last updated in 2006 but they had commenced the process of updating it taking advantage of the New Rating Act. The valuation roll would be updated every five (5) years as per statutory requirements. In this regard, Mwinilunga Town Council had written to the Local Government Service Commission requesting for a valuation officer who would lead the process of updating the valuation roll every (5) five years.

Coma] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by the Council Secretary to update a valuation roll for so long a period and wonders as to what informs them on revenue collection especially as it relate to property. The Committee cautions the Council Secretary to desist from such laxity and directs him to ensure that all available options are explored to resolve the matter with urgency before 30 June 2021. A progress report is awaited by the Committee.

ii. **Unaccounted for Funds K74,009.30**

Response by the Council Secretary

The Council Secretary submitted that this was because of some urgent payments that they were

unable to do away with in the absence of the signatories. They used to make the payments from available funds such as medical fees before official communication was gotten from National Health Insurance Scheme. All under bankings had since been reconciled accordingly and the information was ready for verification by the Auditors. Going forward, the Council Secretary pledged that no under banking would be allowed in future. All monies collected would be banked promptly within legally allowed period and in order.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Town Clerk to ensure that he adheres to Section 11 sub section 1 (n and o) of the *Public Finance Management Act No. 1 of 2018* each time when handling funds. He is also directed to ensure that human cash-contact is reduced by way of using e platforms when banking funds. The matter is, however, recommended for closure subject to audit verification.

iii. Under collection of Revenue

< Mining Explorations K5,044,770

Response by the Council Secretary

The Council Secretary responded that they had inadequate data on the number of companies that were doing mining and exploration activities in the district. All mining companies had been written to to ensure that all exploration and mining activities in the district were paid for. And the information was ready for verification by the Auditors. The Local Authority shall work hand in hand with the Zambia Environmental Management Agency and Ministry of Mines to ensure that accurate information on the number of companies doing mining related activities is obtained.

7 c a a] h h ~~Verbal~~ **Verbal and Recommendation**

The Committee expresses concern at the failure by council management to improve their revenue base by aggressively pursuing and monitoring exploration activities in the area. The Council Secretary is urged by the Committee to ensure that efforts are enhanced to maximise collection of revenue from mining explorations to help resolve liquidity problems and dismantling of debts in time. The Committee awaits a progress report on the matter until notable improvements are seen in this revenue source.

< Bus Loading Fees, Property Rent And Mast Fees Ę K144, 300.23

Response by the Council Secretary

The Council Secretary responded that some buses that were operating within the district stopped (Scorpion Buses), thus making it difficult to collect the anticipated loading fees. On property rent, two shops were not operational making it difficult to collect rent fees from the same. On Mast levy, only Zamtel had not been paying. Some ratepayers had started complying by settling their legal obligations and the information was ready for verification by the Auditors. The

Council had continued engaging its clients and sensitise them on the need to pay levies as prescribed by the law and currently data on all communication towers had been sent to them by ZICTA.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council to ensure that efforts are enhanced to ensure maximum collection of revenue from the bus loadings bays. The Committee awaits a progress report on the matter until some notable improvements are seen on revenue from bus loading bays.

d) Procurement of Goods and Services

i. Unsupported Payments K74,049.91

Response by the Council Secretary

The Council Secretary submitted that payment vouchers that were found to be inadequately supported at the time of audit were due to misplacement of supporting documents. Supporting documents had since been availed and attached accordingly. The information was ready for verification by the Auditors. All payments vouchers would be properly attached before payments were effected to avoid unsupported vouchers.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that erring officers are disciplined for failure to adhere to Local Authorities Financial Regulation No. 98 (1). The Council Secretary is directed to submit the documents to auditors for verification and an update will be awaited by the Committee.

ii. Irregular payment of Meal Allowances K6,830

Response by the Council Secretary

The Council Secretary informed the Committee that officers were working on urgent assignments throughout, as a result, they received such an allowance. Due to vastness of the an area covering a distance of two hundred kilometers (200km) taking about 5 hours or more to reach the place. Payments of meal allowances for officers working within the station had been stopped. The information was ready for verification by the Auditors and hence no future meal allowances would be paid to officers working within the station.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that management adheres to Cabinet Office Circular No. 11 of 2013. The, however, resolves to close the matter subject to audit verification.

e) Failure to recover Salary Advances K13,617

Response by the Council Secretary

The Council Secretary submitted that salary advances were recoverable during payments of salaries effective the months in which they were taken. The Council was in arrears of paying its employees thus the reason for the unrecovered salary advances at the time of audit. The salary
U X j U b WY g ' \ U X ' g c ' Z U f ' V Y Y b ' f Y Wc j Y f Y X ' U b X ' f Y U X m '
7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that management adheres to the Terms and Conditions of Service for Local Government Officers No. 105 (d). The resolves to close the matter subject to audit verification.

f) Management of Assets

i. Lack of Title Deeds

Response by the Council Secretary

The Council Secretary submitted that most of the properties were not valued thus making it difficult for the Council to acquire title deeds, The Council properties would be valued individually to facilitate for the acquiring of title deeds. The Council through Minute No. PWDRE/08/11/20 had recommended that the properties be submitted for numbering and acquire title deeds for the properties. The information was ready for verification by the Auditors. All Council properties would be valued as and when they arose.

7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee notes the efforts made on title deeds by the Council Secretary but he is urged to ensure that the process is expedited. The Council Secretary is strongly cautioned to ensure that matters relating to security of assets are given priority to avert unforeseen but possible loss. The Committee awaits a progress report on the acquisition of title deeds of all council properties.

ii. Failure to Insure Assets

Response by the Council Secretary

The Council Secretary informed the Committee that due to liquidity problems, the Council was insuring its assets in phases. Assets such as earth moving equipment and motor vehicles were already under Insurance cover; however, the Policy was misplaced at the time of Audit. The Council had an obligation with ZSIC General Insurance Ltd with regards to insurance of assets such as earthmoving equipment, motor vehicles and other buildings. The information was ready for verification by the Auditors. All Council assets were insured.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

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

iii. Failure to Maintain Assets

Response by the Council Secretary

The Council used a reactive method of maintenance where assets were only maintained after a component of an asset had reached its full usage. The Council Restaurant had so far been demolished and in its place, an ablution block had been constructed to provide sanitary services to the residents and especially those travelling/waiting for buses. The Council had put in place an asset maintenance policy for the year 2020 onwards. The Council had also commenced rehabilitation of its assets and started with the Council House and works were ready for verification by the Auditor. Due to limited resources, the Council could not carry out the rehabilitation of all its properties at once; however, a plan had been drawn to ensure all the properties were rehabilitated. The maintenance schedule in the policy was included in the 2020 budget.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the efforts made but the Council Secretary is strongly urged to ensure that the process of maintaining all their properties is expedited. The Council Secretary is strongly cautioned to ensure that matters relating to security of assets are given priority to avert unforeseen but possible loss. The Committee awaits a progress report on the matter.

g) Failure to remit Statutory Contributions Ğ K5, 319,915.44

Response by the Council Secretary

The Council Secretary responded that this was due to narrow revenue base experienced by the Council. The Council was widening its revenue base by engaging the investors carrying out various activities in the district. The Council had also entered into settlement agreements with statutory bodies like ZRA, LASF and NAPSA by paying at least a minimum of K10, 000 monthly to liquidate the bill. The Council had committed to honour the settlement agreement entered into and payments had since started.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Secretary to the Treasury is urged to consider liquidating this huge historical debt to relieve the council of this burden. The Committee resolves to await a progress report.

48.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as indicated.

a) Budget and Income K25,315,481

Response by the Council Secretary

The Council Secretary acknowledged the Auditor General's observations and reported that the negative variance was due to over budgeting on projected collectable fees, charges and Local Taxes. The Council Secretary further reported that the variance between the budgeted figures and the actual collected Revenue was as a result of unforeseen circumstances in the years under review such as the slowdown of economic activities national wide due to the weakening of the kwacha against major convertible currencies and the onset of Covid-19.

Furthermore, the Council budgeted to raise revenue from the sale of newly created plots but due to the poor response from the general public, the Council could not manage to raise the budgeted amounts in full. The Council had since issued and distributed demand notices to all the debtors and was executing warrants of distress to all the defaulters to ensure improved collection efficiency of receivables. The Council would endeavour to strengthen the revenue collection strategies put in place and in order to enhance revenue collection efficiency from locally generated revenue sources such as local taxes, fees, charges, permits and licenses, a revenue collection task force had since been set up.

The Committee observes with concern the huge negative variances on all revenue types of revenue projected against what was actually received by the Council. The Council Secretary was urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Council Secretary to ensure that the Council enhances its efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report on improvement of revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Operational Matters - Environmental Management

Response by the Council Secretary

The Council Secretary submitted that a provision in its 2020 Budget was made to fence the dumpsite and put up warning signs. However, due to the economic challenges coupled by the the dumpsite not being fenced and warning signs not put up. The Council Secretary also reported

that the Council had engaged ZEMA over the certification of the dump site which had since been inspected. Further, the Council had placed warning signs on the dumpsite with a provision to fence the dumpsite made in the 2021 budget. The Council Secretary further reported that engagements with ZEMA had continued to ensure that all other remaining technical matters were addressed and the dump site was certified.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to expedite the process of acquiring a permanent dumping site without further delay. The Councils Secretary is strongly urged to ensure that the matter is acted upon expeditiously to avoid disease outbreaks that may arise due to dumping refuse in unsafe and temporary sites. The Committee will await a progress report on the matter.

c) Accounting for Revenue Ę Failure to Collect Revenue

i) Sale of Plots K3,621,150

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y W f Y h U f m ` U W _ b c k ` Y X [Y X ` h \ Y ` U i X] h budgeted to raise revenue from the sale of newly created plots but there was poor response from the general public who opted for cheaper tradition Land. The Council Secretary also reported that a sum of K59,999.99 had since been collected. The table below details the collections: -

NO.	CATEGORY OF PLOTS	NUMBER OF PLOTS	BAL B/F	AMOUNT COLLECTED K	BALANCE K
01	High Cost Wulongo	129	1,327,650.00	55,499.99	1,272,150.01
02	Commercial	4	18,000.00	4,500.00	13,500.00
03	Ibrahim High Cost	124	1,603,000.00		1,603,000.00
04	Medium Ibrahim	58	622,500.00		622,500.00
05	Commercial Ibrahim	1	50,000.00		50,000.00
	TOTAL		3,621,150.00	59,999.99	3,561,150.01

Further, reminders had been sent to all the debtors to ensure that payments were made in full. The Council would ensure that all successful applicants paid upfront what was due to the Local Authority before land was allocated to them.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to enhance management efforts and ensure that all the outstanding amounts relating to sales revenue is collected without any further delay. The Committee will await a progress report on the matter.

ii) Failure to Collect Mast Levy K50,000

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y Wf Y h U f m o b s e r v a t i o n s a n d s u b m i t t e d t h a t t h i s w a s a U i X] h c result of ZAMTEL not responding to the invoices issued despite several reminders. The Council submitted that ZAMTEL was engaged through INFRATEL and the outstanding mast levy fees had since been settled. The Council Secretary reported that it had resolved that all billing (invoicing) were done in January and a proper debt tracking system had since been developed.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

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

j) Procurement of Goods and Services

i. Unsupported Payments K194,489

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y Wf Y h U f m ` U W _ b c k ` Y X [Y X ` h \ Y ` U i X] h c relevant documents being filed and kept separately by the procurement and stores unit at the time of the Audit. The Council Secretary reported that the eleven (11) cited payments in amounts totaling K194,489 had since been adequately supported with the relevant supporting documentation. The Council had since strengthened internal controls and would ensure that only payments with all supporting documents were processed. The Council would further ensure that documents were properly filed and supporting documents promptly attached at all times as per Local Authorities Financial Regulation No. 98.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against officers responsible for the failure to adhere to Local Authorities Financial Regulation No. 98 (1). The Committee directs the Council Secretary to submit the relevant documents to the Office of the Auditor General and an update is being awaited.

ii. Unaccounted for Stores K259,191

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y Wf Y h U f m ` U W _ b c k ` Y X [Y X ` h \ Y ` U i X] h c avail receipts and disposal records was due to misplacement and misfiling of the relevant documentation. The Council Secretary reported that the respective receipts and disposal records had since been traced, retrieved and the cited stores items costing K259, 191 are now fully accounted for. The Council Secretary reported that measures had been put in place to ensure that proper filing systems are in place. Further, Further, monthly audit of transactions were being conducted by internal audit for completeness so that no supporting documents were missing and

filing of documents was done on a daily basis, as soon as the transactions were concluded.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against officers responsible for their failure to adhere to Local Authorities Financial Regulation No. 145. The Committee directs the Council Secretary to submit the relevant documents to the Office of the Auditor General and an update is being awaited

iii. Irregular Drawing of Fuel K27,314 (K14,411 Ğ 2018 and K12,903 Ğ 2019)

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y W f Y h U f m ` U W _ b c k ` Y X [Y X ` h \ Y ` U i X] h c h c `] b U X Y e i U h Y ` h f U b g d c f h ` U b X ` U g ` g i W \ ž ` h \ Y ` 7 c i b assignments and used in executing Council operations. The Council Secretary reported that a provision for the procurement of two (02) utility vehicles had been made in the 2021 Budget. The Council Secretary reported that in an event of shortages in Council fleet, the Council would ensure prior authority was sought before using the Council Chairpersons Vehicle for operations.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

In noting the submission, the Council Secretary is sternly cautioned to desist from abrogating procedure without written instruction from the Controlling Officer. The Committee directs the Council Secretary to submit the relevant documents to the Office of the Auditor General and an update is being awaited.

Management of Assets - Lack of Title Deeds

Response by the Council Secretary

The Council Secretary submitted that at the time of Audit the Council property indeed did not have Title Deeds which under Section 41(4) of the Public Finance Management Act No. 1 of & \$ %, ` g h U h Y g ž ` [U ` W c b h f c ` `] b [` c Z Z] W Y f ` r o l l i n g U ` ` ` Y b c c Z Z] W Y f Ð g ` W \ U f [Y ` U f The Council Secretary reported that the Ministry of Lands had since been engaged through the Office of the Surveyor General and the Council had presented all its properties for numbering and the Ministry had since issued Invitation to Treaty for the said properties. The Council had paid for the invitations to treat and was in the process of inviting the services of a registered surveyor to conclude the process. The Council would strive to ensure that all its properties were surveyed and on title in accordance with Section 41(4) of the *Public Finance Management Act No. 1 of 2018*.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee urges the Council Secretary by the Committee to expedite the process of acquiring title deeds by engaging the controlling officer who may liaise with his counter at the

Ministry of Lands and Natural Resources. The Committee resolves to await a progress report.

e. Management of Liabilities

i. Failure to Remit Statutory Obligations K2,050,067

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' 5 i X] h c
of statutory obligations had been a challenge due to the constrained cash flow to meet the gross payroll as well as provide the social services on a monthly basis. The Council had since taken steps to liquidate the debt and had made the following payments;

	MONTHLY COMMITMENT	AMOUNT PAID AS AT 31 December 2020
ZRA	20,000.00	80,000.00
NAPSA	40,000.00	160,000.00

Further, the Council had in place, debt liquidation commitments with both institutions. The Council had resolved to settle statutory contributions as and when they fall due on a monthly basis.

7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Secretary to the Treasury is urged to consider liquidating this huge historical debt to relieve the council of this burden. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K227,820

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c
Settle Staff Obligations during the period under review was due to liquidity problems being faced by the Local Authority, thus making it difficult to offset the outstanding obligations. The Council Secretary reported that a debt servicing plan had since been effected to liquidate the outstanding amounts with over K72,800 liquidated to date as per table below;

		AMOUNT PAID	BALANCE
Terminal Benefits	19,620	19,620.00	-

Salaries	208,200	53,180.00	155,020.00
TOTAL	227,820	72,800.00	155,020.00

The Council would ensure that its cash flow was improved in form of revenue collections and had resolved to settle staff obligations as and when they fall due. Further, the Council would strive to clear all Outstanding Staff Obligations by 3rd Quarter of 2021

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Secretary to the Treasury is urged to consider liquidating this huge historical debt to relieve the council of this burden. The Committee resolves to await a progress report.

Nchelenge Town Council

Paragraph 49

49.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as set out below.

a) Budget and Income K8, 069,136

Response by the Council Secretary

Fees and Charges

H \ Y ` 7 c i b W] ` ` G Y Wf Y h U f m ` U W_ b c k submitted that the negative U i X] h c variance was due to over budgeting in anticipation of an upswing in economic activities within the District. There was also low turnout on the part of developers in the District regarding plot premiums. Further, the shutdown of the mines also negatively affected budgeted revenues during the period under review.

National Support

H \ Y ` 7 c i b W] ` ` G Y Wf Y h U f m ` U W_ b c k ` Y X [Y X ` h \ Y ` U i X] h c Government Equalization Fund, the Council was only funded for 11 months instead of twelve (12) months in 2018 resulting in a variance of K 726,217. For the 2019 financial year, the Council was only funded for 10 months instead of 12 months resulting in a variance of K1, 720,753. Further, the Council did not receive the budgeted Constituency Development Fund for the 2019 financial year amounting to K1, 400,000.

Fees and Charges

The Council Secretary reported that she had come up with flexible payment modalities of 50 percent on first installment and the balance in two installments to encourage developers and investors to pay for plot premiums. The Council had since collected K196,174.00 from plot premiums as at 31st December 2020. Further, the Council had constituted a Taskforce Team responsible for improving revenue collection efficiency, especially in collection of fees and charges in the Districts. Further, the Council had instituted community sensitisation to the members of the public on the importance of paying taxes and the benefits that came in return. The Council had since developed budget mechanisms that were informed by reliable database systems that incorporated trend analysis and cash flows forecasts to avoid over budgeting on fees and charges and local taxes.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the efforts made by the Council Secretary and urges him to ensure that realistic budgets are made based on detailed analysis of the revenue base. The Council Secretary is also urged to ensure that turn-around strategies are implemented promptly. The Committee resolves to close the matter.

b) Operational Matters

i) Failure to Develop an Integrated Development Plan

Response by the Council Secretary

The Council Secretary reported that at the time of audit, the Integrated Development Plan had not been prepared due to financial constraints. The Local Authority had since commenced the preparation of the IDP which started with securing a Council Resolution for the preparation of the IDP on /20/11/2020 vide minute number CM/71/07/2020. The Local Authority was at Preliminary Phase of undertaking the planning survey and repairing the Issues Report. This was being done through engaging various stakeholders in updating the District Situation Analysis (DSA) which was last updated in 2015. The DSA would ensure that information on existing conditions of the district was collected focusing on the core problems faced by the district, their causes and the existing level of development. The Council Secretary ensured the Completion of the Integrated Development Plan document by the second quarter of 2021.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by council management to put in place an integrated development plan which is a serious omission on their part. The Council Secretary is directed to ensure that this is done by 31st December 2021 and further that they are consistent in adherence to Section 19 (3) of the *Urban and Regional Planning Act No. 3 of 2015* in all preceding years. The Committee awaits a progress report on the matter.

ii Lack of Firefighting and Prevention Services

Response by the Council Secretary

The Council Secretary reported that she did not have firefighting and prevention services due to lack of resources to support the necessary infrastructure, personnel and equipment to facilitate the provision of the services during the period under review. The Council Secretary reported that the Council was declared as a firefighting and prevention authority on 14 August, 2017. The Council had since secured land from his Royal Highness Chief Kambwali, which had been numbered by Ministry of Land as plot no NCHE/2232 with the area of 1.656 hectares and its adequate enough to put the fire station and parking of fire vehicles and fire truck. Since fire station infrastructure was yet to be constructed, the Council had continued sensitising the General Public and business community through the Local Community Radio station to have fire extinguishers and put up buckets of water at all business houses in the District.

Further, the Council made efforts to request the Local Government Service Commission to send fire officers and which had since been done. The Ministry of Local Government would assist them with firefighting equipment such as a vehicle and fire truck. In the interim, the Council was currently working in collaboration with the Marine under Ministry of Defence to support some of the functions of the firefighting and prevention service. Furthermore, the inspection of buildings was done in corroboration with Mansa Municipal Council upon requesting them. The Council Secretary also reported that it would continue to ensure that the fire station had the necessary equipment and staff in order to enhance further capacity of the brigade.

7 c a a] h h Y Y Ð g · C V g Y f j U h] c b · U b X · F Y Wc a a Y b X U h] c b

The Committee notes the efforts made and encourages the Council Secretary to ensure that the process of putting up a fire station is expedited. The Committee awaits a progress report on the matter.

iii. Environmental Management

Poor Management of a Dumpsite

Response by the Council Secretary

The Council Secretary submitted that during the period under review it had not fenced the dump site nor compacted the waste with a layer of soil due to financial challenges. The Council had constructed the guard house and had since deployed a watchman to be guarding the dump site to avoid children and general public salvaging the garbage. The Council had also made provisions for the hire of compact equipment from the Zambia National Service and that the compacting would be done once a year. The Council would ensure the dumpsite was fenced and procure/hire the earth equipment to be used to compact the waste.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to expedite the process of fencing dumping site without further delay. The Councils Secretary is strongly urged to ensure that she acts expeditiously to avoid disease outbreaks that may arise due to dumping refuse in unsafe and temporary sites. The Committee will await a progress report on the matter.

◀ **Lack of Waste Holding Bay - Mupundu Market**

Response by the Council Secretary

The Council Secretary submitted that at in the period under review it had not contracted the waste holding bay due to financial challenges. The Council also reported that it had secured land and the waste holding bay was under construction at Mupundu Market which was at slab level. Council had continued making sensitisations to both marketeers and the General public to abide to dumping of waste. The Council had planned to purchase its own equipment to be used at its own dumpsite in future. The Council had already lobbied through CDF for 2020 to procure its own equipment for use.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to expedite the process of constructing a market without further delay. The Councils Secretary is strongly urged to ensure that she acts expeditiously to avoid disease outbreaks that may arise due to dumping refuse in the public. The Committee will await a progress report on the matter.

c) Procurement of Goods and Services

i. Unsupported Payments K40,757

Response by the Council Secretary

The Council Secretary submitted that the cited payment vouchers were not supported sufficiently at the time of audit because they had been filed separately. The Eight (8) payment vouchers in amounts totaling K40,757 had since been adequately supported with documents such as interim payment certificates, receipts and invoices. The Council had strengthened the filing and registry system to secure and ease retrieval of documents.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary by the Committee to ensure that officers who misfiled the documents are disciplined. The Council Secretary is directed to submit the relevant documents to the Office of the Auditor General and hence an update is being awaited.

ii. Unaccounted for Fuel K22, 788

Response by the Council Secretary

The Council Secretary reported at the time of Audit the cited fuel records were not availed for audit due to misfiling. The council had since traced all receipts for fuel costing K22,788. The Council had strengthened the filing and registry system to secure and ease retrieval of documents.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary by the Committee to ensure that officers who misfiled the documents are disciplined. The Council Secretary is directed to submit the relevant documents to the Office of the Auditor General and hence an update is being awaited.

d) Management of Assets

i) Failure to Collect Motor Vehicle from a Garage

Response by the Council Secretary

The Council Secretary reported regrettably that at the time of audit the garage had not completed works on the motor vehicle. The motor vehicle GRZ 358 CE had since been worked on and was now operational. The Council would ensure to engage reputable garages that adhered to stipulating timeframes for future vehicle repairs.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b
Observation and Recommendation

The matter is recommended for closure subject to audit verification.

ii) Lack of Title Deeds

Response by the Council Secretary

The Council Secretary acknowledged and reported that the properties had no site plans neither were they numbered nor was insurance cover paid for at the time of audit due to financial constraint. The Council Secretary reported Site plans for all cited properties had since been done and 7 properties had been numbered by Ministry of lands and awaiting 21 to be numbered and surveyed. The Council would ensure to have title deeds for all its properties this year once all the invitation to treat from ministry of lands was paid for and would ensure all properties were insured as and when they fall due.

Commitment Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the process of acquiring title deeds for all properties belonging to the Council is expedited. The Committee will await a progress report on the matter.

iii) Failure to Maintain Kashikishi Guest House

Response by the Council Secretary

The Council Secretary acknowledged the observation made by the auditors and report that the lodge experienced cash flow problems and was not operating cost effectively during the period under review. The Council Secretary also reported that she had since prepared a maintenance policy. Due to financial constraints it was resolved that a force Account be created to sustain the rehabilitation of the project hence, they had started preparing the drawings and bill of quantity. The renovations would be completed by fourth quarter of 2021. Council had developed a maintenance policy and would ensure periodic maintenance of council buildings.

7 c a a] h h Y Y Ð g and Recommendation c b

The Committee notes the submission and urges the Council Secretary to expedite the process of completing the maintenance of properties is prioritised when funds are made available. The Committee will await a progress report on the matter.

e) Management of Local Government Equalization Fund Ę Irregular Charge of Value Added Tax (VAT) K66,057

Response by the Council Secretary

The Council Secretary admitted that proper procedure was not followed regarding the payment of VAT due to lapses in verification from ZRA and the procurement system. She also reported that the Council had written to the suppliers to pay back the overpayments and in its second letter the Council had given an ultimatum failure to do so by the supplier would prompt the Council to follow the legal procedure. The Council would ensure adherence to all procedures and ensure the overpayments were recovered.

7 c a a] h h Y Y Ð g Ę C V g Y f j U h] c b Ę U b X Ę F Y W c a a Y b X U h] c b

The Committee expresses concern at the abrogation of procedure by officers with impunity. The Council Secretary is directed to ensure that erring officers are disciplined for this failure and further that the funds are recovered without further delay using all available options. The Committee awaits a progress report on the matter.

f) Management of Liabilities

i) Failure to Remit Statutory Obligations K1,447,534

Response by the Council Secretary

The Council Secretary submitted that the inability to pay statutory obligations was due to insufficient funds. She stated that payment plans had been agreed with the institutions owed in

liquidating the debt as well as debt swap in some cases and had reduced the outstanding amount by K103,687.70, leaving a balance of K1,343,846.30 and it was anticipated that the outstanding amount by the fourth quarter of 2021 would amount to K1,193,846.30.

No.	Institution	Amount	Amount Paid to dateK	Balance
1	ZRA	936,185	64,095.18	872,089.82
2	NAPSA	413,364	39,592.52	373,771.48
3	LASF	97,985	-	97,985.00
	Total	1,447,534	103,687.70	1,343,846.30

The Council had put in measures in servicing its debt through monthly allocations based on payment plan. Through strategies to increase the revenue base, the Council would endeavor to settle existing obligations at gross payable amounts.

7 c a a] **Observation and Recommendation**

In noting the submission, the Committee urges the Council Secretary to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. She is also encouraged to explore all available options including debt swaps to expedite the process. The Secretary to the Treasury is urged to consider liquidating this huge historical debt to relieve the council of this burden. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K662,892

Response by the Council Secretary

The Council Secretary submitted that the inability to settle staff obligations during the period under review was due to financial constraints. The Council Secretary further submitted that it had started making payments towards liquidating staff obligations in amounts totaling K53,099.50, leaving a balance of K609,792.50.

No.	Detail	Amount K	Amount Paid to date	Balance
1	Long Service Bonus	430,914	18,580.18	412,333.82
2	Leave Days	183,273	19,336.36	163,936.64
3	Settling in Allowance	48,705	15,182.96	33,522.04
	Total	662,892	53,099.50	609,792.50

The Council would abide by the developed payment plan to help settle the staff outstanding obligations. In order to attain expected service delivery to the community, she assured the Committee that all remedial measures submitted would be enhanced to improve on the accountability function.

In noting the submission, the Committee urges the Council Secretary to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. She is also encouraged to explore all available options to expedite the process. The Committee resolves to await a progress report.

Ndola City Council

Paragraph 50

50.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed various weaknesses to which the Town Clerk responded as set out below.

a) Budget and Income K40,218,713

Response by the Town Clerk

H \ Y ` H c k b ` 7 ` Y f _ ` U W _ b c k ` Y X [Y X ` h \ Y ` U i X] h c f Đ g ` c V g

1. Rates

Collection of rates were slow due many property owners in the City not clearing bills issued to them, and hence the negative variance amounting to K17,005,238 in addition to K1, 857, 728.57 attributed to GRZ properties. The Town Clerk submitted that interventions were instituted to collect the outstanding owed rates amounting to K17, 005, 238 through demand notices, setting up of revenue collection task force, and engagement of Bailiffs which resulted into the collection of K 16, 958, 007 leaving a balance of K47,231 followed up for collection. The Council would continue to engage the rate payers to ensure they clear all bills issued to them timely.

2. Local Taxes -Personal Levy

The Town Clerk reported that during the periods under review, statistics of companies in the City reduced from 413 in 2018 to 317 in 2019 due to financial constraints and hence the negative variance of K288,981.00 with regard to Personal Levy collection. The Town Clerk reported that he had since adjusted its statistical record by removing 96 companies that closed in the period under review as the personal levy could not be collected. The Council also reported that the budgeting for personal levy would be tracked and reviewed against the data base of institutions/companies on assessment of liable for paying personal levy in order to have reflective collectible monies.

3. Fees and Charges

This was due to Financial challenges evidenced by companies surrendering of reserved car parking spaces (built on standard prepaid fees) back to the Council, and reduction of billboards

in use resulting in a negative variance of K15, 089, 808. The Town Clerk submitted that interventions were instituted to collect the outstanding amounts through demand notices, and setting up of revenue collection task force which resulted into the collection of K757,955 from billboards owners and K238,375.00 from car parking fees. The Town Clerk also reported that weekly inspections were being undertaken to ensure that all clients abide by their obligation.

4. National Support

The Council was only funded for 11 months in 2018 and 9 months in 2019 and hence the negative variance of K13, 763,805. The Town Clerk reported that, Ministry of Local Government was engaged for funding of all months as budgeted. The Town Clerk reported that the Council would continue to engage the Ministry of Local Government on funding as budgeted.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by the Town Clerk to collect revenue which is a very serious failure and recipe for liquidity problems. The Committee urges the Town Clerk to ensure that he stays alive to ensuring that revenue collection is enhanced and prioritised while also ensure that realistic budgets coupled with detailed analysis of the revenue base is done to avoid this failure. The Committee further urges the Town Clerk to ensure that the strategies are implemented promptly to counter these outcomes. The Committee resolves to close the matter.

b) Operational Matters - Failure to Produce an Approved Integrated Development Plan

Response by the Town Clerk

The Town Clerk reported that they had not yet concluded developing the Integrated Development Plan (IDP) which was at draft stage. The Town Clerk submitted that the draft IDP had since been reviewed and aligned during a stakeholders meeting held from 11-14th March, 2021 as guided by Ministry of Local Government and now awaits tabling before the full Council meeting on 29th April, 2021 for approval. The Council would always ensure that it had in place a valid integrated development plan and that timely review before expiry of such important document would be conducted.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by the Town Clerk to come up with an integrated plan and wonders how the Council is prioritising activities without a detailed analysis of efficiencies and gaps. The Committee is disappointed that such a big council would continue lamenting on revenue sources when it is clear that management is not aggressive in exploring more revenue sources. The Committee strongly urges the Town Clerk to ensure that he stays alive to ensuring that revenue collection is enhanced and prioritised and that an integrated

development plan is finalised and operationalised without any further delay The Committee awaits a progress report on the matter.

c) Accounting for Revenue K1,375,000

i. Use of Receipt Books with Same Serial Numbers

Response by the Town Clerk

Receipt books were wrongly numbered as they bore the same serial number ranges as reviewed during the audit. The Council instituted investigations following the revelation to establish the procedural lapse in the awarding of the contract to print the receipt books and receiving of the receipt books and hence resulted in the following:

- < all the 1000 receipt books in the batch of the contract were tracked and reconciled for their use in revenue collection, captured amounts on daily collection sheets, deposit slips of banked revenue and retention of used booklets;
- < the anomaly of the receipt books having the same serial number was addressed to the service provider to re enforce quality control checks in order to avoid future reoccurrence of such a lapse that has potential to breed fraudulent activities; and
- < further, the Council had since adopted the guidelines from the Ministry of Local Government to have all accountable documents printed by Government Printers.
The Council would ensure that provisions of financial regulations and other policy guidelines were adhered to for quality control purposes in order to avoid reoccurrence of this regretted anomaly.

The Committee expresses concern at the failure by the management to check the serial numbers of receipt books before being received in their books. The Committee is very disappointed that such a big council lacks capacity to detect this anomaly and only knew about it during audit as there is no evidence that they reported the matter prior to that. The Committee strongly urges the Town Clerk to ensure that he stays alive to ensuring that he supervised all officers and further that internal control systems are enhanced to avoid recurrence. Meanwhile the Committee recommended that erring officers must be disciplined for this failure and then the matter will be closed.

ii. Failure to Collect Revenue - Sale of Plots K10,629,165

Response by the Town Clerk

The Town Clerk responded as set out below on different types of plots.

707 Plots

H \ Y ' 7 c i b W] ` ' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c f Ð g ' c V g Y f j + \$ + ' d ` c h g ' k Y f Y ' a] X k U m ' U ' g i V ^ Y W h ' c Z '] b j Y g h] [U h land agency which resulted in the suspension of receiving subsequent payments and hence the outstanding K102, 823.

1, 015 Plots

The Town Clerk stated that the under collection of plot premiums was as a result of slow response of payments from prospective developers. The Town Clerk reported that after the land agency was restored, the Council called upon all members of the public who had acquired plots in various areas before the revocation of the land agency to come forward and settle their outstanding land fees. Further, the Council had since issued demand notices as final reminder as failure to which prospective developers would have offer letters revoked. The collections so far were as per attached document and ready for verification. The Council would ensure that the opened up land was properly surveyed, numbered and serviced by way of opening up roads, before being offered to prospective developers. Further, these would be issued on first come first serve basis to avoid any accumulation of unpaid fees and premiums.

7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F

The Committee expresses concern at the failure by the Town Clerk to collect revenue from plots despite grappling with liquidity problems. The Committee strongly urges the Town Clerk to ensure that he stays alive to ensuring that revenue collection is enhanced and prioritised without any further delay. The Committee awaits a progress report on the matter.

iii. Missing Receipt Books

Response by the Town Clerk

H \ Y ' 7 c i b W] ` ' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h p t f o o k s h a d c V g Y f j been traced among archived documents and were available for verification. The Council reported that it would endeavor to explore potential the need to use for e - billing for all collectible fees and charges so as to improve the much needed effectiveness and accountability in the collection of revenue and retention of documentation.

7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F Y W c a a Y b X U h] c b

The Committee expresses concern at the failure by the Town Clerk to avail receipt books during the time of audit and wonders if the office took seriously the audit exercise. The Committee cautions the Town Clerk to ensure that he responds to all the needs of the audit each time an engagement letter is sent to him by way of putting in place all the relevant documents required by auditors. The Committee further urges the Town Clerk to ensure that officers are disciplined

for this failure only then will the matter be closed. The Committee awaits a progress report on the matter.

c) Management of Payroll and Staff Related Matters - Failure to Recover Salary Advances K103,100

Response by the Town Clerk

H \ Y ' H c k b ' 7 ` Y f _ ' U W _ b c k ` Y X [Y X ' h \ Y ' U i X] h c f Đ g ' c V g effected at the time of the audit and this omission was regrettable. The Town Clerk reported that deductions had been made from 19 officers still serving at Ndola City Council and so far an amount of K80, 100 had been made and that full recoveries will be concluded by May 2021. While for the 4 transferred officers, requests had been made from their current stations to effect deductions and remit the recovered amounts to the Ndola City Council. The Town Clerk reported that salary advance issuance had been strengthened by having in place an advance register for subsequent input on the payroll as and when advances have been made.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y W c a a Y b X U h] c b

The Committee expresses concern at the failure by the Town Clerk to supervise officers as evidenced by the rampant collapse of systems in place to curb serious irregularities such as Z U] ` i f Y ' h c ' f Y W c j Y f ' U X j U b W Y g " ' = h '] g ' U ` k U m g ' Y j advances and other receivables are recovered as and when they fall due but it is surprising that such an omission can be entertained by supervising officers with impunity. The Committee strongly urges the Town Clerk to ensure that he stays alive to ensuring that officers are supervised The Committee awaits a progress report on the matter.

e) Procurement of Goods and Services

i. Unsupported and Missing Payments K3,622,964 and K817,145

Response by the Town Clerk

The Committee was informed that the cited payments had since been supported and the payment vouchers had been retrieved and were available for verification. The Council Secretary informed the Committee a system had been devised to ensure that documents relating to payments for goods and services are attached to the voucher within 24 hours. The Council had also implemented a weekly reporting programme for all procurement activities to help monitor and check on compliance to the new system.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y W c a a Y b X U h] c b

Committee recommends for disciplinary action to be instituted on the officers who caused the query. The Committee will await a progress report.

ii. Unretired Accountable Imprest K64,909 and K204,707

Response by the Town Clerk

H \ Y ' H c k b ' 7 ` Y f _ ' U W _ b c k ` Y X [Y X ' h \ Y ' U i X] h c f Đ g ' c V g

³ **Unretired accountable Imprest K64,909 for 30 officers**

The Town Clerk reported that recoveries had since been made from thirty officers still at Ndola City Council through payroll amounting to K25,082.75 while some officers had personally retired the imprest. Letters have also been written to the councils that received the transferred officers to effect deductions and remit to Ndola City Council. Copies were available to prove the same.

³ **K204,707 Meal Allowances for thirteen Officers**

The Town Clerk reported that some recoveries had been made from the officers through the payroll. The Council pledged to adhere to regulations and that all imprest holders would be required to retire imprest within 48 hours of return.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee did not accept the reasons given and recommends for disciplinary action to be meted out on the officers who disregarded the laid down guidelines. The Committee also directs the Town Clerk to submit all relevant documents to the Office of the Auditor General and hence an update on the matter will be awaited.

iv. Unaccounted for Stores K1,012,730

Response by the Town Clerk

The Town Clerk reported that the query was due to failure to secure and adequately file the disposal documents for the goods and services that were received during the period under review. The Town Clerk reported that documents for stores items had since been supported and accounted for. Further, the Council had strengthened the staff establishment by ensuring that the stores section had the right number of staff to efficiently carry out its operations. The Council would continue to strengthen controls in the finance and stores department to prevent the reoccurrence of this regrettable anomaly.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee recommends that disciplinary action should be meted out on the officers who failed to follow the laid down guidelines. The Committee also directs the Town Clerk to submit all relevant documents to the Office of the Auditor General and hence an update on the matter will be awaited.

iv. Irregular Drawing of Fuel K164,923

Response by the Town Clerk

H \ Y ' 7 c i b W] ` ' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c f Đ g ' c V g Y f j

³ Fuel drawn by seven officers in salary scale LGSS 03

The Council directed senior management to avail personal to holder vehicles for the day to day Council operations. This was triggered by a series of suspensions served to most officers who left with their personal to holder vehicles leading to the logistical challenges that the Council was currently experiencing.

³ Twenty four Motor Vehicles not on Council fleet

The Committee was informed that the twenty four motor vehicles that were contributed by various stakeholders when the Council motor vehicle fleet was down. The contributions were done during the Keep Zambia Clean Exercise, the Cholera outbreak prevention period and other cleaning programmes.

³ Twelve non-runner motor vehicles

The Council stated that the cited motor vehicles were runners during the time that they drew fuel although they were not running at the time of audit. The Council was in receipt of the status on the decided suspension cases and that the affected officers were reinstated and subsequently transferred thus resulting in the availing of the motor vehicles. The Council had devised a fleet management system in which motor vehicles operations and status were regularly monitored. The Council had also implemented the daily inspection of log books and scrutiny of every fuel requisition for all motor vehicles and equipment. The Council had embarked on the programme of raising funds to replace old fleet of refuse collection equipment. The service station had been instructed to only charge for fuel in a motor vehicle present at the service machine and not containers.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee is concerned at the Council Đ g ' Z U] ` i f Y ' h c ' d i h '] b ' d ` U WY ' fuel drawings. The Committee recommends for the implementation of a strict fuel monitoring system at the Council. The Committee further cautions the Town Clerk to ensure that the matter is resolved without any further delay. The Committee will await a progress report on the matter.

f) Management of Assets

i. Failure to Maintain Properties

Response by the Town Clerk

The Town Clerk reported that the properties were not maintained during the period under review because the Council had cash flow limitations. The Town Clerk further reported that funds

would be mobilised and allocated to ensure that the properties were ready for use. The Council would endeavour to maintain all properties.

7 c a a] h h Y Y Đ g ' j of Properties and Recommendations

The Committee observes with concern the failure by the Town Clerk to put in place a maintenance policy for council properties coupled with lack of a budget line for the exercise. It is h \ Y ' 7 c a a] h h Y Y Đ g ' j of Properties and Recommendations to help revamp liquidity levels for the Council if well planned. The Town Clerk is directed to ensure that he puts in place a maintenance policy and that he secures a budget line for the activity every year. This will ensure that the building does not deteriorate and cause a loss to the Council. The Committee awaits a progress report on the matter.

ii. Failure to Insure Property

Response by the Town Clerk

The Committee was informed that the query was due to the non-availability of insurance policies on Council properties at the time of the audit. The Town Clerk reported that all properties with certificate of titles had insurance policies with the Zambia State Insurance Corporation (ZSIC) and these were being renewed upon payment of premiums. Regarding the un insured properties, the Council had engaged Government Valuation Department to assess the properties for insurance and to pay for the premiums. The Council was processing documents for titles on all Council properties and had come up with a payment plan for insurance premiums on the properties.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b g ' U b X ' F Y W c a a Y b X U h] c b g

The Committee urges the Town Clerk to continuously follow up on the issue of insurance covers. Committee resolves to close the matter subject to audit verification.

g) Management of Local Government Equalisation Fund

i. Misapplication of Funds K2,132,951 (2018 - K2,003,572 and 2019 - K129,379)

Response by the Town Clerk

The Town Clerk reported that the misapplication of funds was due to liquidity challenges during the period under review. The Council had since stopped operationalising funds meant for capital expenditure and had started reimbursing the funds used. The Council would ensure that the twenty percent reserved for capital projects was used accordingly.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y W c a a Y b X U h] c b

The Committee expresses concern at the failure by the Town Clerk to adhere to the *Local Government (Amendment) Act No. 12 of 2014*. He is sternly cautioned to desist from misapplying

capital funds as this may be a recipe for fraudulent activities and deprivation of the public from the required service. The Committee directs the Town Clerk to ensure that all the borrowed funds are reimbursed without any further delay. The Committee awaits a progress report on the matter.

ii. Unsupported Payments E 20 percent Capital Fund K1,000,342

Response by the Town Clerk

The Town Clerk reported that the twenty eight payment vouchers had since been supported and were available for verification. Further, the Council had instructed officers under the Procurement Department to engage the end users for the timely submission of documents for attachment to the payment vouchers. All procured items must be requisitioned from stores immediately, unless where these were procured for stocking. The Council had devised a system in which timelines for submission of documents to the Finance Department for attachment to payment vouchers had been put in place to enhance efficiency in the retirement of all expenditures.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Town Clerk to ensure that erring officers are disciplined for failure to adhere to Local Authorities Financial Regulation No. 98 (1). The Committee resolves to close the matter subject to audit verification.

iii. Unaccounted for Stores K111,901

Response by the Town Clerk

The Town Clerk informed the Committee that the supporting documents had since been attached and accounted for. The Council had further improved the operations at the Stores Department and instructions had been issued that all transactions had to be accurately recorded and filed. Other information management systems had been devised where ledgers were applied to keep track of the movement of stores items. The Council had equipped the Stores Office with office equipment and adequate qualified manpower to manage the section.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Town Clerk to ensure that erring officers are disciplined for failure to adhere to Local Authorities Financial Regulation No. 145. The Committee also directs the Town Clerk to submit all relevant documents to the Office of the Auditor General and hence an update on the matter will be awaited.

h) Management of Constituency Development Fund

i. Unsupported Payments K2,946,135

Response by the Town Clerk

The Town Clerk informed the Committee that the cited payments were not availed at the time of audit as they were filed separately. The Town Clerk further reported that payment voucher amounting to K1,196,356 had since been retrieved and attached. The supporting documents were ready for verification. The Council had instructed that all goods procured for the projects should be collected at once and the Project Managers would only requisition what they needed at every stage of the project from Stores Department. Perishable goods such as cement would be drawn from the supplier to avoid the liability arising from deterioration.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Town Clerk to ensure that the officers responsible for the query are disciplined for failure to adhere to Local Authorities Financial Regulation 98 (1). The Committee also directs the Town Clerk to submit all relevant documents to the Office of the Auditor General and hence an update on the matter will be awaited.

ii. Unaccounted for Stores K844,957

Response by the Town Clerk

The Council reported that receipts and disposal details were not availed at the time of audit as they were filed separately. The Town Clerk further reported that stores items amounting to K844,957 had since been attached and accounted for. The Council had instructed the stores and procurement departments to enhance record keeping of all stores transactions and account for every item. Failure to account for items resulted in disciplinary action against the officers responsible. The Council had since devised a system to ensure that internal controls were enhanced for the verification to ensure that of all the procured items were verified and adequately authorised with necessary approvals.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Town Clerk to ensure that erring officers are disciplined for failure to adhere to Local Authorities Financial Regulation No. 145. The Committee also directs the Town Clerk to submit all relevant documents to the Office of the Auditor General and hence an update on the matter will be awaited.

iii. Abandoned Project Ę Construction of a Clinic in George Compound

Response by the Town Clerk

The Committee was informed that the contractor had merely suspended works pending response from the client regarding the request to revise the bill rates upwards, owing to the increases in material prices. The Town Clerk informed the Committee that the contract with Kings Wear and Imports Limited was terminated. The Council by way of force accounting engaged CIM Construction and General Suppliers Ltd to supply labor and to take over the construction of

George Clinic under Ndola Central Constituency. The works had since commenced and construction of the roof had been completed. The roof covering had also been completed and the Council would ensure that only competent contractors were engaged in the construction of projects to avoid such reoccurrences.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` f Y Wc a a Y b X U h] c b g

The Committee observes with concern that due diligence and scrutiny is thoroughly carried out before engaging contractors. The Town Clerk is sternly cautioned to ensure that all contractors are competent and have the ability to complete projects before engaging them. The matter is recommended for closure subject to audit verification.

iv. Questionable and Failed Projects

Response by the Town Clerk

The Town Clerk informed the Committee that the cited projects were regrettably mismanaged as observed during the audit. The Council had since ensured that CDF Committees were periodically appraised and trained in project management to avoid lapses in the management of funds. The Council would endeavor to ensure that CDF Committees were regularly appraised for smooth implementation of projects.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b g

The Committee notes the submission and urged the Town Clerk to ensure that officers responsible for the query are disciplined for failure to adhere to laid down procedures. The Committee urges the Town Clerk to ensure that the community members in the Constituency Development Committee (CDC) are supervised and trained. The Committee urges the Town Clerk to report the matter to the law enforcement agencies for further probe. The Committee resolves to await a progress report on the matter.

i) Management of Liabilities

i. Failure to Remit Statutory Obligations K88,598,601

Response by the Town Clerk

The Town Clerk reported that the non-payment of statutory obligations was due to the financial challenges that the Council was facing. Ndola City Council had so far remitted statutory contribution amounts totalling **K3, 966,717** as tabulated below.

No.	Details	Amount Owed (K)	Amount Paid (K)	Balance (K)
1	NAPSA	18,954,727	1,000,000	17,954,727
2	PAYE	46,842,177	600,000	46,242,177

3	LASF	22,801,697	2,366,717	20,434,980
	Total	88,598,601	3,966,717	84,631,884

The Council had devised payment plans to ensure consistent remittance of the current statutory contributions is consistent. The Council would endeavour to adhere to the governing rules for the payment of statutory obligations.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Committee urges the Town Clerk to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swap to expedite the process. The Secretary to the Treasury is also urged to consider liquidating this huge debt stock for councils to be relieved of this burden. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K71,475,350

Response by the Town Clerk

The Town Clerk reported that the non-payment of staff obligations was due to financial challenges that the Council was facing. The Council had devised monthly payment plans to offset the outstanding obligations. The Council had since paid K3,594,236.19 towards terminal benefits. K33,110.9 for medical bills, K167, 899 towards long service bonus , K1,042,280 for salary arrears and K586,203 for settling in allowance (see table below)

No	Details	Amount Owed (K)	Amount Paid (K)	Balance (K)
1	Accrued Leave Days	40,380,128	0	40,380,128
2	Settling In Allowance	586,203	586,203	0
3	Terminal Benefits	14,749,691	3,594,236	11,155,455
4	Long Service Bonus	13,506,647	167,899	13,338,748
5	Medical Bills	1,150,683	33,111	1,117,572
6	Salary Arrears	1,101,998	1,042,280	59,718
	Total	71,475,350	5,423,729	66,051,621

The Council would endeavour to expand and mobilise its revenue bases to ensure that it met its obligations promptly as and when they fell due to avoid reoccurrences.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available

options to enhance revenue collection as a way to expediting the process. The Committee resolves to await a progress report.

Petauke Town Council

Paragraph 51

51.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as set out below.

a) Budget and Income 30,199,788.35

Response by the Council Secretary

The Council Secretary submitted that the variance was as a result of our budgets estimates not being realistic and low and non-payment of plot premiums by clients. The Council Secretary submitted that the following measures had been taken:

- i) established the revenue data base in order to budget realistically;
- ii) delivered demand notices and now in the process of issuing warranty of distress as the last resort;
- iii) making follow ups to those that had not finished paying for plot premium charges; and
- iv) engagement of the Chiefs in their respective chiefdoms in order to allow the Council to collect revenue due to it.

The Council Secretary further submitted that it shall endeavor to budget according to its revenue data base.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the efforts made by the Council Secretary but urge him to ensure that realistic budgets coupled with detailed analysis of the revenue base are carried to avoid failure. The Council Secretary is also urged to ensure that turn-around strategies are implemented promptly. The Committee resolves to close the matter.

b) Operational Matters- Environmental Management

Response by the Council Secretary

The Council Secretary submitted that the current dump site was temporal because the preliminary inspections done by ZEMA indicated that the area was close to the settlers. The Council Secretary submitted that it had identified two new proposed sites for dump sites and is in the process of engaging ZEMA for site inspection and thereafter engage their Royal Highnesses to gain consent as the land was under customary tenure. A letter to requesting ZEMA inspections was available for audit verification. The Council Secretary submitted that Council had expedited

the process of engaging their Royal Highnesses and requesting ZEMA to do their preliminary inspections. On the query on lack of warning signs, the Council Secretary submitted that the process of procuring warning signs at the dump sites had started. The Council would endeavor to put the warning sites on temporal and established dump sites. Concerning covering the refuse, the Council Secretary submitted that the Council did not have the earth moving equipment at the dumpsite to support the compacting of waste. The Council had applied for equipment support in the management of waste at the dump site. The Council was working on acquiring land so that they could put up a land fill which was the only facilitate that can support waste compacting.

Comm] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to expedite the process of establishing a fully operational dumpsite without further delay. He is strongly urged to ensure that he acts expeditiously to guarantee adherence to the *Environmental Management Act No. 12 of 2011*, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 and the *Solid Waste Regulation and Management Act No. 20 of 2018* and also to avoid disease outbreaks that may arise due to the dumping of refuse in sites that are not secured. The Committee will await a progress report on the matter.

c) Accounting for Revenue

i. Failure to Update a Valuation Roll

Response by the Council Secretary

The Council Secretary submitted that the query arose due to late updating of the Valuation Roll by the Council. The Council Secretary submitted that the Valuation Roll was updated and was the approved by the tribunal. The Council Secretary submitted that Council would endeavor to update the Valuation Roll on time in future.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

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

ii. Unaccounted for Revenue K225, 278

Response by the Council Secretary

The Council Secretary submitted that the said monies were directly deposited to the Council bank accounts without deposit slips and were receipted correctly to acknowledge the income, hence the difference. The Council Secretary also reported as follows:

- i. On 21st May 2019, K410 was truly under banked and was recovered from the Cashier
- ii. On 23rd May 2019, K2,500 was truly under bank and was recovered from the Cashier

- iii. On 27th May 2019, the monies collected were K18, 162.50 and it was all banked. The difference of K400 was a double entry refer receipt numbers 000013917 and 00001398 all with the same details dated 27/05/2019 with timing of 09:04hrs and 09:09hrs respectively.
- iv. On 6th June 2019 K2,500 under bank was as a result of double counting of the duplicated receipt number 000014048 with the same receipt details except the timing was difference of 12:51hrs and 12:53hrs.
- v. On 11th June 2019, K90 was truly under bank and was recovered from the Cashier.
- vi. On 14th June 2019, K20, 517 all the monies were banked.
- vii. On 17th June 2019, K21, 962.15 all the monies were banked
- viii. On 27th June 2019, K139, 579.44 was all banked.
- ix. On 30th October 2019, K11,575 was wrongly banked by our client Bayport , they were making follow ups with our former client to pay Council
- x. On 08th November 2019 K14, 500 was all banked directly by the client for plot premium using ZANACO Chinsali branch.

The Council Secretary furthermore submitted that the Council had tasked the Revenue Supervisor and Internal Auditor to do a daily checking of all receipts and banking. Any discrepancy would be reported to the Treasurer.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee strongly cautions the Council Secretary to strengthen internal controls and to devise strategies to reduce human-cash contact in order to avoid recurrence. The matter is recommended for closure subject to audit verification.

d) Management of Payroll and Staff Related Matters.

**i. Irregular Payment of Allowances K5, 200
Response by the Council Secretary**

The Council Secretary submitted that the monies had since been recovered through the payroll. The Council had started following the circular that prohibited sitting allowances to be paid to avoid audit queries.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee cautions the Council Secretary to desist from disregarding Cabinet Circulars with impunity. However, the Committee resolves to close the matter subject to audit verification.

ii. Unauthorised Sponsorship for Training K12, 588

Response by the Council Secretary

The Council Secretary submitted that the authority for Council sponsorship was not fully
c V h U] b Y X ` Z f c a ` @c WU ` ` ; c j Y f b a Y b h ` G Y f j] WY ` 7 c a a] g

Full Council Sitting resolution to sponsor the officer. The Council Secretary submitted that the salary arrears. The Council would endeavor to wait for the final authority from Local Government Service Commission before commencing payments.

Committee The Committee cautions the Council Secretary to desist from disregarding laid down procedure with impunity. The Committee resolves to close the matter subject to audit verification.

iii. Payment of Subscription Fees to Professional Bodies

Response by the Council Secretary

The Council Secretary submitted that the failure to trace imprest retirement forms was because the affected officers were transferred. He reported as follows:

The Committee cautions the Council Secretary to desist from disregarding Cabinet Circulars with impunity. However, the Committee resolves to close the matter subject to audit verification.

e) Unretired Accountable imprest K17, 560

Response by the Council Secretary

The Council Secretary submitted that the failure to trace imprest retirement forms was because the affected officers were transferred. He reported as follows:

- i. K3,500 relates to imprest for stationery which was retired and retirement forms were available for verification
- ii. K11,000 was for subsistence allowances and the acquittal sheets were available for verification
- iii. While K3, 060 lunch allowance was meant for contractual workers who were engaged for the prevention of cholera and acquittal sheets were attached.

The Council Secretary submitted that the officer managing imprest had been trained to ensure that imprest retirements were done within the stipulated 48 hours.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee did not accept the reasons given and urges the Council Secretary to ensure that the officers responsible for the query are disciplined for this failure. The Committee also directs the Council Secretary to submit all relevant documents to the Office of the Auditor General and hence an update on the matter will be awaited.

f) Managing of Assets

Lack of Title Deeds

Response by the Council Secretary

The Council Secretary submitted that the process of acquiring Titles Deeds for its properties had started and was payment had already been made to Ministry of Lands. The Council Secretary submitted that the Council would endeavor to acquire Title deeds promptly for all its properties under its name.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that all properties are secured with title deeds and subsequently insured without further delay. The Committee awaits a progress report on the matter.

ii. Outstanding Receivables- Nyika Motel

Response by the Council Secretary

The Council Secretary submitted that the Council employees had borrowed various goods and services which were not paid for at the time of audit. The Council Secretary submitted that the monies owed to Nyika Motel were recovered from the salary arrears and through the payroll. The goods and services offered by motel would now be sold only on cash basis.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee cautions the Council Secretary to ensure that the matter does not recur. The Committee resolves to close the matter subject to audit verification.

i. Management of Local Government Equalization Fund

i) Undelivered Motor Vehicle Spares Parts

Response by the Council Secretary

The Council Secretary submitted that at the time of audit the stores documentation were not availed to Auditors for Verification as the person charged with responsibility of keeping stores was not available at the time of audit. He reported that the nozzles had since been delivered and

fitted on the vehicle and further, stores documentation was available. The Council resolved that all the payments should be made after the delivery of the goods and services.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the weak internal controls at the in the stores office. The Council Secretary is directed to ensure that he strengthens internal controls to avoid recurrence. The matter is, however, recommended for closure subject to audit verification.

ii) Construction of Wall Fence at Nyika Motel

Response by the Council Secretary

The Council Secretary submitted that the scope of works had changed to include the fencing of the pump house which was not part of the initial contract signed and was required to be done by the council itself on force account (labor based). The Council Secretary submitted that works to include the fencing of the pump house were suspended and the contractor had been recalled back on sight in writing to finish off the project as per contract. The Council resolved that in future comprehensive scope of works for projects would be put in place to avoid stoppages or change in scope of works.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee is concerned that the Council engaged a contractor without carrying out due diligence and ensuring that the scope of works encompassed all the desired components. It is sad to note that a variation was carried out without proper authority. The Council Secretary is directed to ensure that all outstanding works are completed without any further delay. The Committee awaits a progress report on the matter.

j) Management of Liabilities

iii. Failure to Remit Statutory Obligation K6, 688,427

Response by the Council Secretary

The Council Secretary acknowledged the observations made by the auditor on the failure by the Council to remit statutory contributions. During the period under review the Council was faced with liquidity problems and was unable to meet statutory contributions as they fell due. The Council Secretary submitted that the payment plan was agreed upon with ZRA and LASF so that K10, 000 and K20, 000 was paid per month respectively. He informed the Committee that the Council had since requested for the Ministry of Local Government to consider increasing the Local Government Equalization Fund it receives. Further, the Council anticipated that after the approval of the Valuation roll, there would be an increased revenue base to cater for its operational expenditure.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

In noting the submission, the Committee urges the Town Clerk to ensure that all available options are employed to ensure that all statutory obligations are paid without any further delay. The Secretary to the Treasury is also urged to consider paying off this debt on behalf of councils to ease up its burden. The Committee awaits a progress report.

ii). Failure to Settle Staff Obligations K6,334,982

Response by the Council Secretary

The Council acknowledged the observations made by the auditor on the failure by the Council to pay staff obligations. During the period under review the Council was faced with liquidity problems and was unable to meet all the outstanding staff obligations as and when they fell due. The Council Secretary submitted that the payment plan was agreed upon and so far payments had been done as shown on the table attached respectively. The Council Secretary submitted that the Council is optimistic to raise the collection of revenue to meet the staff obligations after the award approval of the Valuation roll the council and revenue database collection..

7 c a a] h h Y Y Ð g ` C V ~~g o m m e n d a t i o n~~ c b ` U b X ` F Y

The Committee urges the Council Secretary to ensure that all available options are employed to ensure that all the staff obligations are paid without any further delay. The Secretary to the Treasury is also urged to consider paying off this debt on behalf of councils to ease up its burden. The Committee awaits a progress report.

Samfya Town Council

Paragraph 52

Audit Findings

An examination of the accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary submitted as set out below.

a) Budget and Income K9,993,161

Response by the Council Secretary

The Council Secretary submitted that the observation by the Auditors General regarding the negative variance of K9, 993,161 on income was correct. However, he reported that the negative variance was due to under collections on locally generated revenue amounting to K6, 535,024 partly as result of the creation of Chifunabuli as a new district, the creation of the district resulted in the loss of revenue streams. Further for the 2019 budget the Council prepared estimates in anticipation of creation of plots which did not fall due during the period under review, Council anticipated to be awarded the revised new Valuation Roll,

however the award only came in October, 2019 and also under funding on both Constituency Development Fund and Local Government Equalisation Fund Grant amounting to K3, 597,842. The Council Secretary had since formed a Revenue Task Force to encourage compliance and undertakes routine stakeholder engagements on the need to comply. In addition, the Council had updated the database and undertakes debt collection through issuance of demand letters and to debtors with the help of the Courts. The Council Secretary had put in place a budgetary control system to monitor, closely supervise revenue collection, review the budget performance and ensure timely reporting to offices charged with governance for decision making.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that management sets realistic budgets coupled with detailed analysis of the revenue base to avoid recurrence of the failure. The Council Secretary is also urged to ensure that turn-around strategies are devised to counter unintended outcomes. The Committee resolves to close the matter.

a) Operational Matters

i. Inadequate Fire fighting and Prevention Services

Response by the Council Secretary

The Council Secretary submitted that the failure to have adequate firefighting and prevention services as provided for under Sec 16 (5) of the Local Government Act no. 2 of 2019 was as a result of financial challenges the Local Authority was faced with. The Local Authority requested through the Ministry of Local Government for procurement of a fire tender for firefighting services and other firefighting equipment. Further the Ministry of Local Government had since procured some firefighting equipment for the Council which includes the Cutter and Hydraulic Jack I Compressor. The Council budgeted in 2020 annual budgetary estimates procurement of firefighting equipment and had since procured some equipment to this effect. The Council had also budgeted for the Construction of the Fire station under capital project for the year 2021 annual budget. The correspondences from The Ministry of Local Government and other documents are available for your consideration and inspection. The Local authority will endeavour to put in place necessary firefighting and rescue services equipment by adhering to the provisions of Sec 16 (5) of the Local Government Act no. 2 of 2019.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that a fire station is established and equipped with relevant staff and equipment to serve as a mitigation for possible losses due to accidental fire out breaks in the district. The Committee awaits a progress report on the matter.

ii. Failure to Develop an Integrated Development Plan

Response by the Council Secretary

The Council Secretary submitted that the failure to develop an Integrated Development Plan (IDP) was regrettable. He reported that Samfya Town Council developed an IDP based on the old guidelines. However, the review of the new guidelines hindered the approval of IDP. In view of the new guidelines from the Ministry of Local Government, the Council failed to develop an Integrated Development Plan (IDP) due to financial challenges. The Council Secretary had since started the process of realigning the draft Integrated Development Plan (IDP) to the new guidelines from the Ministry of Local Government by reporting to the Council. Currently the Council was waiting for an integrated orientation meeting being spear headed by the Provincial Planning Unit as a way of cost sharing with other Councils in the province on the development of an Integrated Development Plan (IDP). Samfya Town Council management would endeavour to ensure that the IDP was prepared and implemented in accordance with the Urban and Regional Planning Act No.3 of 2015.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee expresses concern at the failure by the Council management to draw and operationalise an IDP. The Council Secretary is directed to ensure that an IDP is drawn and operationalised by 31st December, 2021 and further that the Council should be consistent in adherence to Section 19 (3) of the *Urban and Regional Planning Act No. 3 of 2015*. The Committee awaits a progress report on the matter.

iii. Environmental Management - Poor Management of Dumpsite

Response by the Council Secretary

The Council Secretary informed the Committee that the observation by the Auditor General regarding poor management of the dumpsite where the dumpsite was not fenced, lack warning signs and exposure of the waste was correct. He reported that the failure to fence the dumpsite, non-existence of warning signs and failure to compact or cover the waste at the time of audit was due to the old dumpsite being full and lack of earth moving equipment to use. The Council Secretary had since secured land for the new dumpsite from Chief Kasoma Bangweulu. The Council had also engaged ZEMA to inspect and prepare an Impact assessment report. Further the Council had fenced the dumpsite and put up sign posts to alert and restrict access by unauthorised members of the public. The Council had also written to other cooperating partners requesting for the earth moving equipment to help compact and cover the waste at the dumpsite. Samfya Town Council in adhering to the *Environmental Management Act No. 12 of 2011* and the *Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013* would ensure that the requirements of the above legislations were complied with.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to expedite the process of establishing a new dumpsite without further delay. The Committee urges the Council Secretary

to ensure that he acts expeditiously to avoid disease outbreaks that may arise due to dumping refuse in un safe sites. The Committee will await a progress report on the matter.

b) Failure to Collect Outstanding Receivables -Billboard Fees and Service Charges

Response by the Council Secretary

The Council Secretary reported that non- collection of bill board levy and service charges amounting to K220, 250 by the Council was due to unreconciled balances and uncertainty of existence and ownership of bill boards and plots before demand notices were issued. However, after the verification exercise of bill boards on the ground, the Council had since begun to collect the reconciled bill boards levies and outstanding service charges. The Council Secretary reported that so far the Council Secretary had collected the total sum of K24, 365.82 out of the reconciled bill board levy leaving a balance of K23,139.18 and Service charges amounting to K 134, 325 leaving a balance of K38, 420 yet to be collected and the Council is attending to formalities to have the outstanding balances cleared by repossessing the unserviced plots and issuance of demand notices.

S/No.	DESCRIPTION	Amount (K)	Amount Paid (K)	Balance (K)
1.	Bill Boards	47,505.00	24,365.82	23,139.18
2.	Service Charges	172,745.00	134,325.00	38,420.00
	TOTAL	220,250.00	158,690.82	61,559.18

The Council Secretary stated that the Council would be conducting a bill board and Service charge stock take every year to confirm the bill boards and plots on the ground, outstanding balances and updating of the database.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

H \ Y ` 7 c a a] h h Y Y `] g ` Wc b WY f b Y X ` k] h \ ` h \ Y ` 7 c i b W] ` revenue. What mostly concerns the Committee is that the matter had been left to drag on until the auditors unveiled it The Committee sternly cautions the Council Secretary to ensure that matters relating to revenue collection are seriously pursued as it is evident that the Council is not doing well with regard to revenue collection. The Committee awaits a progress report on the matter.

c) Irregular Payment of Lunch Allowance

Response by the Council Secretary

The Council Secretary submitted that the query was caused by lack of information on lunch allowance as contained in Cabinet Office Circular Minute of 2015 and paid lunch allowance to four (4) employees. Further he reported that management misunderstood the said circular as read with Local Government Condition of Service of 1996 for both unionised and non-unionised. He added that the Council had since communicated to all the affected employees on the contents of the Cabinet Office Circular Minute of 2015 and the process to recover the money had since been instituted and so far K.2,130.38 had been recovered through the payroll. The Council had also written to various Councils where some of the affected officers had been transferred requesting that the monies be deducted and remitted to Samfya Town Council Salaries and Wages account. He reported that the Council would endeavor to adhere to the provisions of Cabinet Office Circular Minute dated 30th December 2015 when paying lunch allowance.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee is concerned with the Council Secretary Ð g ` Z U] ` i f Y ` h c ` Wc b g i ` h ` payment of allowances. He is directed to ensure that recoveries are made on all outstanding amounts and he is further cautioned to always seek clarifications on matters that he is not well informed t. The Committee resolves to await a progress report.

d) Lack of Title Deeds

Response by the Council Secretary

The Council Secretary stated that the Council did not insure the Council bar and the House at beach because the two buildings were earmarked for demolition as the Land where the two buildings sat had been offered to Workers Compensation and Control Board for the construction of the International Conference, Three star Hotel, Shopping mall and other facilities. Samfya Town Council had already entered into a Memorandum of Understanding with Workers Compensation Fund Control Board. The ground breaking ceremony had already been done on the site and the project was at procurement stage. Samfya Town Council management pledged that it would endeavour to adhere to the provisions of Section 41(4) of the *Public Finance Management Act No. 1 of 2018 and Local Authorities Financial Regulation No. 154* by insuring and securing title deeds for all properties for the Council.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Council Secretary is urged to ensure that all its assets are secured with title deeds without any further delay. The Committee resolves to await a progress report.

e) Management of Constituency Development Fund - Irregular Payment of Value Added Tax

Response by the Council Secretary

The Council Secretary reported that the Council omitted to put the requirement of provision of ZRA VAT Registration certificate by would be contractors in the Solicitation document during the procurement process. The Council wrote to the contractors requesting them to provide the VAT Registration Certificate and One (1) company brought the Certificate. The Council had since reported the two (2) companies who claimed VAT when they were not registered for VAT to Zambia Revenue Authority for possible action to compel the companies to pay the irregular VAT claimed amounting to K51, 256 direct to Zambia Revenue Authority. The Council Secretary had since instructed the Procurement Unit to include the ZRA VAT Registration Certificate as one of the key requirements in the Solicitation document.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by management to carryout due diligence before engaging a contractor. It is disappointing to note that council management discovered later about the missing provision and only wrote to the contractor after being engaged by auditors which is highly irregular. The Council Secretary is sternly cautioned to carryout due diligence before engaging contractors and that disciplinary action is taken against officers who failed in their duty. The Committee resolves to await a progress report.

f) Management of Liabilities

i. Failure to Remit Statutory Obligations K498,129

Response by the Council Secretary

The Council Secretary submitted that the Council failed to settle Statutory and other Obligations due to financial challenges arising from accumulated historical debt.

Outstanding Obligation	As at 31.12.19	Payments Made	As at 30.09.2020
ZRA	277,276.00	108,527.80	168,748.20
NAPSA	108,478.00	20,000.00	88,478.00
LASF	1 12,374.00	7,184.00	105,190.00
	498,129.00	135,711.80	362,416.20

Samfya Town Council had since entered into an agreement with NAPSA, LASF and ZRA proposing to liquidate the outstanding contribution whilst liquidating current

amounts due as set out below.

- < Committed to pay ZRA K8,000, LASF K.2,500 and NAPSA K.2,536 totalling to K 13,036 every month beginning October,2020 to the National Pension Scheme Authority, LASF and ZRA until full settlement on outstanding contribution.
- < Council was engaging the three (3) statutory bodies for other possible ways of off-setting the outstanding debt including debt swap with the land and waiver of penalties and interests accrued.

The Council would endeavor to stick to the agreement above and pay as and when resources were available.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also directed to explore all available options including debt swap to expedite the process. The Secretary to the Treasury is also urged to consider liquidating this huge debt stock for councils to be relieved of this burden. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K1,240,405

Response by the Council Secretary

The Council Secretary acknowledged the observation of the Auditor General regarding the failure by the Council to settle staff obligation. He also reported that failure to settle outstanding obligations amounting to K 1, 240,405 was due to the financial challenges that the Council was facing. He further reported that the Council had gone into debt payment plans with different creditors such as terminal benefits, long service bonus, Wc i b W] ` c f Ð g allowances and settling in allowances, making monthly payments against the debt owing. He assured the Committee that there was some remarkable progress in liquidating the staff obligation as at 31st January 2021. Copies of payment vouchers were available for inspection and scrutiny. The Council Secretary pledged that he would endeavor to engage various creditors on the most viable payment plans to dismantle the historical outstanding debts and also ensure that it broadens its revenue base so as to increase resources to pay off the outstanding staff obligations.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available options to expedite the process. The Secretary to the Treasury is also urged to consider paying off this debt on behalf of councils to ease up its burden. The Committee resolves to await a progress report.

53.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed various weaknesses to which the Council Secretary responded as set out below.

a) Budget and Income K9,940,924

Response by the Council Secretary

The Council Secretary acknowledged auditors observation and stated that failure to generate funds from various sources was due to non-compliance by some community members to pay especially property owners to remit property rates to the Council for the property owned. For Fees and Charges the reported negative variance was due to over budgeting as the budgeted amount was prepared in anticipation of improved economic activity in terms of payment of levies from the general public which was unrealised during the period under review. Further, there were challenges encountered in revenue collection in certain areas as there was a wrangle between Nalolo and Senanga of which each party claimed ownership to revenue collection points along the district boundaries. The Council Secretary stated that demand notices had been issued to defaulting Property Owners and Court bailiffs had since been engaged to recover the funds. Significant progress had been made in updating the Valuation Roll and the Council awaited approval from the Tribunal and the Ministry. Further, a Revenue Task Force had been formulated and given revenue targets to enhance collection of the funds. The negative variance on Personal Levy was attributed to late receipt of remittance from Central Government which was only collected in March and August, 2020. For National Support, the Council budgeted to receive Local Government Equalisation Fund from Central Government for twelve months but only ten months of the allocation was received. Further, the variance on the Constituency Development Fund for 2019 was attributed to non-receipts of the 2019 allocation which was received in 2020. The Council would be carrying out regular inspections to check on compliance once the Valuation Roll was ready and also to ensure that all revenues were collected.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the efforts made by the Council Secretary and urges him to ensure that realistic budgets coupled with detailed analysis of the revenue base are carried to avoid this failure. The Council Secretary is also urged to ensure that turn-around strategies are devised to counter unintended outcomes. The Committee resolves to close the matter.

a) Operational Matter - Lack of Firefighting and Prevention Services

Response by the Council Secretary

The Council Secretary reported that the failure to provide firefighting and prevention services was due to the lack of infrastructure, personnel, and resources. The Council Secretary stated that Staff Returns had been submitted to the Local Government Service Commission so as to enable them fill vacant positions in the Fire Unit. In the interim, the process of entering into a

memorandum of understanding with Mongu Municipal Council had commenced so that they can assist our Council in case of fire Fighting and prevention services. The Council would ensure that firefighting services were always provided and that rescue equipment was procured and provided.

7 c a a] h h Y Y Ð g · C V g Y f j U h] c b · U b X · F Y Wc a a Y b X U h] c b

The Committee notes the efforts made by the Council Secretary and urges him to ensure that the process of putting up a permanent fire station and stocking it with relevant equipment is expedited. The Committee awaits a progress report on the matter.

b) Accounting for Revenue

i. Market Fees K181,949

Response by the Council Secretary

The Council Secretary informed the Committee that the failure to collect market fees was due to the marketeers trading outside the market. The Council Secretary stated that a mechanism had been devised to encourage marketeers to return back to the markets, also to pay direct to the Council Account and then bring the deposit slip to the Council for them to be issued with the Business Permit. In addition stakeholder meetings had been conducted with the Marketeers. The Revenue Task Force had been instituted and Revenue Collectors had been given targets. Management would endeavor to collect all revenue due to the council in improving service delivery.

7 c a a] h h Y Y Ð g · C V g Y f j U h] c b · U b X · F Y Wc a a Y b X U h] c b

The Committee is concY f b Y X · k] h \ · h \ Y · 7 c i b W] ` · a U b U [Y a Y b h Ð g · revenue from the markets. The Committee sternly cautions the Council Secretary to ensure that matters relating to revenue collection are seriously pursued as it is evident that the Council relaxed with regard to revenue collection. The Committee resolves to close the matter.

ii. Timber Levy

Response by the Council Secretary

The Council Secretary reported that the failure to collect Timber Levy was a result of most timber dealers being illegal traders, had no Trading Licenses and not being in the Council database only with the Forestry Department. The Council Secretary informed the Committee that only one timber dealer in the area was registered. Several trucks were impounded in an effort to enhance compliance of law in this area, therefore, nothing was realised from the exercise for the impounded goods were disposed off by the Courts. The Council would ensure that timber levy was collected at all checkpoints in collaboration with the Forestry department.

7 c a a] h h Y Y Ð g ´ C V g Y f j U h] c b ´ U b X ´ F Y W c a a Y b X U h] c b

H \ Y ´ 7 c a a] h h Y Y ´] g ´ W c b W Y f b Y X ´ k] h \ ´ h \ Y ´ 7 c i b W] ´ ´
revenue from timber trade. The Committee sternly cautions the Council Secretary to ensure that matters relating to revenue collection are seriously pursued as it is evident that the Council was relaxed with regard to revenue collection. The Committee, however, resolves to close the matter while the Office of the Auditor General is urged to ensure that it is kept view during future audits.

c) Procurement of Goods and Services

i) Missing and Unsupported Payments K13,972 and K277,691

Response by the Council Secretary

H \ Y ´ 7 c i b W] ´ ´ G Y W f Y h U f m´ U W_ b c k` Y X [Y X ´ h \ Y this U i X] h c
was due to misfiling and of the supporting documents and payment vouchers during the time of audit. The Council Secretary reported that the cited nine (9) payment vouchers in amounts totaling K13,972 had since been traced. The Council Secretary further report that seventeen (17) payments in amounts totaling K277, 69 had since been adequately supported with the relevant documentation. The Council had since strengthened internal controls and would ensure that only payments with all supporting documents were processed. The Council would further ensure that documents are properly filed and supporting documents attached accordingly at all times as per Local Authorities Financial Regulation No. 98.

7 c a a] h h Y Y Ð g ´ C V g Y f j U h] c b ´ U b X ´ F Y W c a a Y b X U h] c b

The Committee did not accept the reasons given and urges the Council Secretary to ensure that the officers responsible for the query are disciplined for this failure. The Committee also directs the Council Secretary to submit all relevant documents to the Office of the Auditor General and hence an update on the matter will be awaited.

ii) Unaccounted for Stores K29,443

Response by the Council Secretary

H \ Y ´ 7 c i b W] ´ ´ G Y W f Y h U f m´ U W_ b c k` Y X [Y X ´ h \ Y ´ U i X] h c
failure to avail receipts and disposal records was due to misplacement and misfiling of the relevant documentation. The Council Secretary reported that the respective receipts and disposal records had since been traced and retrieved with the cited various stores items costing K29,443 now fully accounted for. The Council Secretary reported that measures had been put in place to ensure that proper filing systems are in place. Further, monthly audit of transactions was being conducted by internal audit for completeness so that no supporting documents were missing and filing of documents was done on a daily basis, as soon as the transactions were concluded.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee did not accept the reasons given and urges the Council Secretary to ensure that the officers responsible for the query are disciplined for this failure. The Committee also directs the Council Secretary to submit all relevant documents to the Office of the Auditor General and hence an update on the matter will be awaited.

j) Management of Assets Æ Lack of Title Deeds

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y W f Y h U f m ` U W _ b c k ` Y X [Y X ` h \ Y ` U i X] h c
legislation procedures involved in the securing of title deeds. The Council Secretary reported that the matter was reported to the Full Council for approval for onward submission to the Ministry of Lands for acquisition of Title Deeds for the cited Council properties. Extracts of minutes were attached for verification. The Council would strive to ensure that all its properties were surveyed and on title in accordance with Section 41(4) of the Public Finance Management Act No. 1 of 2018.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the process of acquiring title deeds for all properties belonging to the Council is expedited. The Committee will await a progress report on the matter.

k) Management of Local Government Equalisation Fund - Misapplication of Funds K1,028,187

Response by the Council Secretary

The Council Secretary reported that the inadequate revenue base of the district contributed to the borrowing in that not enough revenue is generated to meet operational costs. The Council Secretary reported that K1,000,000 had been reimbursed leaving a balance of K28,187 to be settled by third quarter, 2021. Bank Statements were ready for verification. The Council Secretary reported that the trend had since been stopped and strict adherence to financial regulations would be ensured.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y W c a a Y b X U h] c b

The Committee notes the submission and sternly cautions the Council Secretary to desist from diverting funds meant for capital projects. He is directed to ensure that the remaining balance is reimbursed without further delay. The Committee will await a progress report on the matter.

l) Management of Constituency Development Fund

i. Unsupported Payments K11,000

Response by the Council Secretary

The Council Secretary reported that the cited payments were not supported with the relevant attachments at the time of audit as they were filed separately. The Council further reported that the cited payments in amounts totaling K11,000 had since been supported by the attached guidance and Acquittal Sheets which were both available for audit verification. The Council had since strengthened internal controls and would ensure that only payments with all supporting documents were processed. The Council would further ensure that documents were properly filed and supporting documents attached accordingly at all times as per Local Authorities Financial Regulation No. 98.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee did not accept the reasons given and urges the Council Secretary to ensure that the officers responsible for the query are disciplined for this failure. The Committee also directs the Council Secretary to submit all relevant documents to the Office of the Auditor General and hence an update on the matter will be awaited.

ii. Undelivered Banana Boat

Response by the Council Secretary

The Council Secretary reported that failure to deliver the Banana Boat was due to unpaid balance which did not satisfy the terms of sale resulting in non-delivery. The Council Secretary reported that it had engaged the CDF Committee to make the final payment before the banana boat was delivered. The Council would in future carry out spot checks on compliance levels because the contractor could only release the Boat upon completion of the payment.

7 c a a] h Observation and Recommendation

H \ Y ` 7 c a a] h h Y Y `] g ` Wc b WY f b Y X ` k] h \ ` h \ Y ` 7 c i b W] ` Ð project site. The Council is strongly cautioned to ensure that in future, project appraisals and compliance levels should thoroughly checked to avoid recurrence. The Committee directs the Council Secretary to ensure that the boat is delivered without further delay. A progress report is awaited by the Committee.

iii. Construction of 10 Pole and Mud Houses at Nande Primary School

Overpayment without a variation order

Response by the Council Secretary

The Council Secretary stated that payment was made in accordance with the terms and conditions of the contract. The allocated amount by CDF Committee was K95,500 while the contract sum was K91,455. A total amount of K80,438.25 was made leaving a balance of K12,

061.75. The Contract, payment vouchers and bank statements were available and ready for verification.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

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

Construction of semi-permanent structures

Response by the Council Secretary

The Council Secretary reported that the contract had since been terminated due to failure by the contractor to adhere to the stipulated delivery period as only five structures were fully completed. The Council Secretary reported that the CDF committee was guided on the need to avoid any further approval of any non-permanent structures in the future. Further the Council would ensure that contactors adhere to the terms and conditions of the contract.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee is disappointed with the failure by the contractor to adhere to the terms and conditions of the contract. The Council Secretary is sternly cautioned and urged to ensure that selection of contractors done thoroughly carried out and also that the works are supervised at every level to avoid recurrence. The Committee awaits a progress report on the matter.

i) Management of Liabilities

i) Failure to Remit Statutory Obligations K3,533,597

Response by the Council Secretary

The Council Secretary reported that it was unable to settle statutory obligations due to financial challenges during the period under review. The Council Secretary reported that the statutory bodies were engaged concerning the matter of how to liquidate the arrears and settle statutory obligations as when they fall due, the letter is available for audit verification. The Council would ensure that its cash flow was improved in form of revenue collections in order to manage the payment of statutory obligations as and when they fall due on a monthly basis.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also directed to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K2,707,748

Response by the Council Secretary

The Council Secretary reported that it was unable to remit Statutory Obligations due to financial challenges during the period under review. The Council Secretary reported that a payment plan had been put in place to dismantle staff obligations and a total amount of K55,739.55 has since been paid towards offsetting outstanding settling in allowance, leaving a balance of K2,652,008.45 which will be off set when we have excess of operation funds. The Council would ensure that its cash flow is improved in form of revenue collections in order to manage the payment of staff obligations as and when they fall due on a monthly basis.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also directed to explore all available options to enhance the revenue base and to expedite the process. The Committee resolves to await a progress report.

Sesheke Town Council

Paragraph 54

a) Budget and Income K7,009,674

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y Wf Y h U f m ` U W_ b c k ` Y X [Y X ` h \ Y ` U i X] h c
variance was due to over budgeting on projected collectable fees, charges. The Council Secretary further reported that the variance between the budgeted figures and the actual collected Revenue was as a result of unforeseen circumstances such as closure of the border, challenges of squatters on Council land, resistance by truckers to pay fees and charges due to a pending Court case and the non-receipt of Local Government Equalization fund for November and December, 2019 from Central Government. In an effort to improve revenue collection, management installed barriers along Sesheke-Senanga and Sesheke-Livingstone roads and had written to the truckers to compel them to pay the fees. The Council had since further issued and distributed demand notices to all the Debtors and is currently executing Warrants of distress to all the defaulters to ensure improved collection efficiency of receivables. Additionally, the Council had created an overspill where the squatters would be relocated. The Council had since stopped over budgeting on fees, charges, Local Taxes and all collectable charges to avoid adverse variances. Further, the Council had constituted a Taskforce Team responsible for improving revenue collection efficiency.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the efforts made by the Council Secretary and urges him to ensure that realistic budgets coupled with detailed analysis of the revenue base are carried out to avoid failure. The Council Secretary is also urged to ensure that turn-around strategies are implemented promptly to counter unintended outcomes. The Committee resolves to close the matter.

b) Operational Matters

i) Fire fighting and Prevention Services

Response by the Council Secretary

The Council Secretary reported that the failure to provide firefighting and prevention services was due to the lack of infrastructure and limited financial resources. He also submitted that the Ministry of Local Government was written to, to assist the Local Authority with acquisition of a fire tender and other firefighting and prevention equipment. Further, the Council had established a firefighting and prevention communication system, and had since procured basic firefighting equipment and identified hydrant points. The Council Secretary also reported that continuous community sensitisation on fire prevention would be enhanced. Furthermore, the Council would continue to utilise the basic fire equipment while mobilising resources for constructing of the infrastructure and fire tender.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h

The Committee notes the efforts made by the Council Secretary and urges him to ensure that a fire station is established and that the necessary equipment is procured without further delay. The Committee resolves to await a progress report on the matter.

ii) Environmental management Ę Poor Management of Dumpsite

Response by the Council Secretary

The Council Secretary reported that the dumpsite was not fenced because the Council was still formalising the ownership of the land in question with the Barotse Royal Establishment. The Council Secretary further reported that the dumpsite was not compacted due lack of equipment. So far, the Council Secretary submitted the following actions:

- i) two members of staff had been placed at the site to man the dumpsite;
 - ii) Council had written to Barotse Royal Establishment to acquire a piece of land and was currently waiting for an official response before the Council could be able to fence the site;
 - iii) Council had since put-up warning signs and assigned security officers to guard the site;; and
 - iv) Council planned to procure compacting equipment from the 20 percent capital component of the Local Government Equalisation Fund for 2022 budget.
- The Council Secretary his office would ensure continuous maintenance of the dumpsite to avoid vandalism and access by unauthorised personnel.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to expedite the process of acquiring ownership documents for a permanent dumping site without further delay. The Councils Secretary is strongly urged to ensure that he acts expeditiously to avoid disease outbreaks that may arise due the dumping refuse in unsafe sites. The Committee will await a

progress report on the matter.

c) Accounting for Revenue

i) Missing Receipt Books (15)

Response by the Council Secretary

The Council Secretary reported that the receipt books were misplacement due to the relocation of documents to other offices as the Civic Centre was under renovation at the time of audit. The Council Secretary further reported that fourteen of the cited receipt books had since been retrieved while the remaining one receipt book was yet to be traced as the officer to whom the receipt book (serial No 0978501-0978550) was issued had been dismissed from employment for misappropriation of Council funds. The said officer had since been reported to Sesheke Police Station for failure to surrender the receipt book to the Local Authority. The Council had since secured all used receipt books in a strong room and enhanced the use of the accountable documents register per Local Authorities Financial Regulation No. 28.

7 c a a] h h Y Y Ð g · C V g Y f j U h] c b · U b X · F Y Wc a a Y b X U h] c b

The Committee notes the submission and strongly urges the Council Secretary to ensure that the matter is followed up with the police and that the remaining receipt book is recovered without further delay. The Committee awaits a progress report on the matter.

i. Failure to account for Revenue

Timber Levy K743,442

Response by the Council Secretary

The Council Secretary reported that the failure to collect Timber Levy was as the result of the Zambia Revenue Authority not authorising the Local Authority to place officers at the exit point of the border. The Council was only allowed to operate at the entry point hence it was not able to capture revenue from the exit point where the Forestry Department was operating from. Further, the Council was not permitted by the Barotse Royal Establishment to install barriers within the district. The Council had written to the Sesheke Zambia Revenue Authority (ZRA) Branch Manager requesting for a stand at the exit side. Unfortunately this had not yielded any results. The Council had since set up barriers on both Sesheke - Senanga and Sesheke - Livingstone Roads in order to collect the relevant fees, charges and levies from merchandise dealers who used the two roads. Additionally, the Council had engaged the Forestry Department to collect Timber Levy on behalf its behalf. The Council would ensure that checkpoints were operational at all times and that the collected chargeable fees and levies were collected as per Local Authorities Financial Regulation No. 72.

7 c a a] h h Y Y Ð g · C V g Y f j U h] c b · U b X · F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that a lasting solution is found to enable the Council collect revenue in order to improve its financial position. The Committee directs the Council Secretary to ensure that he impresses upon ZRA by engaging their head quarters to allow the local authority to set up a revenue collection center at the exit point to pay the taxes as well as support collection of other applicable fees, levies, charges or fines by other players within the Government. The Committee strongly recommends that the Permanent Secretary takes keen interest by engaging the Director General on the matter to help all local authorities in border towns to have collection centers at exit points. A progress report is being awaited.

Truck Levy K891, 140

Response by the Council Secretary

The Council Secretary reported that the variance was as the result of truckers resisting to pay because of the Court case which was pending where the Truckers Association of Zambia had sued twenty (20) Local Authorities including Sesheke Town Council for collecting levies from them. However, this matter resolved as the Court had ruled in favour of the Local Authorities. The Council had installed the barriers on both roads to enhance revenue collection and further, issued invoices to the truckers to compel them to pay the outstanding amounts. The Council would ensure that checkpoints were operational at all times and collected chargeable fees and levies as per Local Authorities Financial Regulation No. 72.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the remaining amounts are collected without further delay. The Committee awaits a progress report on the matter.

d) Failure to recover Salary Advances K134, 400

Response by the Council Secretary

The Council Secretary reported that the failure to recover Salary advances was as a result of delayed payment of salaries. He, however, informed the Committee that the cited salary advances in amounts totalling K134, 400 had since been fully recovered. The Council would ensure that recoveries were effected within the stipulated timeframe as per Terms and Conditions of Service for Local Government Officers No. 105 (d) (ii).

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the matter does not recur. The Committee resolves to close the matter subject to audit verification.

e) Procurement of Goods and Services

i) Missing and Unsupported Payments (K19, 426 and K56, 173 Respectively)

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c
misfiling of the supporting documents and payment vouchers during the time of audit. The Council Secretary submitted that the cited six (06) missing payment vouchers in amounts totaling K19,426 had since been retrieved and were available for audit verification. The Council Secretary further reported that payments amounting to K56,173 had since been adequately supported with the relevant documentation. The Council had since strengthened internal controls and would ensure that only payments with all supporting documents were processed. The Council would further ensure that documents were properly filed and supporting documents attached accordingly at all times as per Local Authorities Financial Regulation No. 98.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the officers responsible for the query are disciplined for failure to adhere to Local Authorities Financial Regulation No. 98 (1). The Committee also directs the Council Secretary to submit all relevant documents to the Office of the Auditor General and hence an update on the matter will be awaited.

i. Unretired Accountable Imprest K10,650

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ o b s u b m i t t e d t h a t t h i s w a s d u e U i X] h c
to separate filing of certain documents such as receipts and activity reports. The Council Secretary reported that the cited imprest in amounts totaling K10,650 issued to four (4) officers had since been retired. The Council would ensure that officers with unretired imprest no longer get imprest until they retire imprest within the stipulated timeframe. The Council had further enhanced internal controls to ensure imprest was retired within 48 hours of amounts being expended.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the officers responsible for the query are disciplined for failure to adhere to Local Authorities Financial Regulation No. 119,(1) . The Committee also directs the Council Secretary to submit all relevant documents to the Office of the Auditor General and hence an update on the matter will be awaited.

ii. Payment of Subscription Fees to Professional Bodies K10, 410

Response by the Council Secretary

The Council Secretary reported that payment of subscription fees to professional bodies was as the result of the perceived condition of service for Local authorities as stated in the Local Government Act of 1991, section 68 (1) (c) and 2 section 39. The Council Secretary also reported that the funds had since been recovered from the officers who were still serving under Sesheke Town Council while the officers who were transferred to other Councils had been written to through their respective Councils for recovery of the cited funds. The Council Secretary further reported that officers had been advised that subscription to professional bodies should be borne by individual employees and not the Council. The Council would ensure adherence to Cabinet Office Circular No. B18 of 2014.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by the Council Secretary to adhere to Cabinet Office Circular No. B18 of 2014. While it is appreciated that some recoveries had been made from current staff, no recovery relating to the other officers has been made. The Committee sternly cautions the Council Secretary to ensure that queries are fully addressed and that he must ensure that all remaining funds are recovered without any delay and that documents are availed to auditors for verification. The Committee awaits a progress report on the matter.

v) Unaccounted for Stores K16,280

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y Wf Y h U f observations and submitted that the failure to U i X] h c
avail receipts and disposal records was due to misplacement and misfiling of the relevant
documentation as the Civic centre underwent renovations at the time of audit. The Council
Secretary reported that the respective receipts and disposal records had since been traced and
f Y h f] Y j Y X ` k] h \ ` h \ Y ` W] h Y X ` [Z i Y ` I ` fl] h Y a g £ ` Wc g h]
Secretary further reported that measures had been put in place to ensure that proper filing
systems are in place. Furthermore, monthly audit of transactions is being conducted by internal
audit for completeness so that no supporting documents are missing and filing of documents was
done on a daily basis, as soon as the transactions were concluded.

Cc a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that the officers responsible for the query are disciplined for failure to adhere to Local Authorities Financial Regulation No. 145. The Committee resolves to close the matter subject to audit verification.

f) Management of Assets

i) Lack of Title Deeds

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c not having secured its properties with title deeds was as a result of the properties not being numbered and surveyed. The Council Secretary reported that the Ministry of Lands was engaged through the Office of the Surveyor General and the buildings had since been surveyed and numbered with only the diagrams yet to be ready. The Council Secretary further reported that the process of insuring the properties had commenced and Professional Insurance had been engaged to assess the properties .The Council would strive to ensure that all its properties were surveyed and on title in accordance with *Section 41(4) of the Public Finance Management Act No. 1 of 2018*.

7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee notes the efforts made with regard to acquisition of title deeds by the Council Secretary and also that the insurance cover for the buildings have been commenced. The Committee is however concerned that the action to insure and secure properties with title deeds has only been ignited by the audit. The Council Secretary is strongly cautioned to ensure that matters relating to security of assets is given priority to avert unforeseen loss. The Committee awaits a progress report on the acquisition of title deeds and insurance of all council properties.

ii) Failure to Maintain Properties

i. Council Abattoir

Response by the Council Secretary

The Council Secretary reported that the abattoir had a drainage system, though the system was blocked at the time of audit as a result of coagulated blood, fats and excess animal solid waste that had accumulated. The Council further reported that the cause for the cracks, potholes and blocked drainage was as a result of people using rudimentary tools such as axes to slaughter the animals which resulted in damage to the floor. The Council Secretary had taken the following actions:

- 1) The cracks and potholes on floor and drainage system had been worked on.
- 2) The ventilated of the room had been improved.
- 3) The slaughter facilities such as penal block, the slaughter box had repaired been and chain block procured.
- 4) The septic tank had been unblocked.

The Council Secretary reported that the abattoir would be monitored at all times by Health Inspectors to ensure that those slaughtering the animals adhere to standard practices and guidelines governing the management of abattoirs. Further, the Council would ensure that the abattoir was monitored and well maintained at all times.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that a maintenance plan is put in place to ensure constant maintenance of council properties. The Committee resolves to close the matter subject to audit verification.

ii. Council Lodge

Response by the Council Secretary

The Council Secretary reported that the cause for broken basins, toilet pans, leaks and cracked walls were due to lack of routine maintenance. The shower basins and the toilet pan which were broken had since been replaced while the cracked walls and leaking roof had also been repaired. The Council Secretary also reported that the Works Foreman had been assigned to ensure that routine inspections and were undertaken frequently and immediately defects were observed.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to implement a maintenance plan to ensure constant maintenance of council properties. The Committee resolves to close the matter subject to audit verification.

g. Management of Local Government Equalisation Funds - Misapplication of Funds K753, 528

Response by the Council Secretary

The Council Secretary reported that the inadequate revenue base of the district contributed to the borrowing in that not enough revenue was generated to meet operational costs. A repayment plan had been prepared to reimburse at the minimum amount of K20, 000 per month. The Council had

so far reimbursed Two Hundred Eighty-Four Thousand Eight Hundred Eighty-Six-kwacha Fifty ngwee. (K284,886.50) The Council Secretary also reported that the trend had been stopped strict adherence to financial regulations would be ensured.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee strongly cautions the Council Secretary to desist from misapplying funds meant for capital projects. The Committee also directs the Council Secretary to ensure that the remaining amount is reimbursed to the capital account without further delay. The Committee resolves to await a progress report.

h) Management of Liabilities

i) Failure to Remit statutory Obligations K5,600,260

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' 5 i X]
remittance of statutory obligations had been a challenge due to the constrained cash flow to meet the gross payroll as well as provide the social services on a monthly basis. The Council Secretary further reported that the statutory obligations are being paid in instalments after engaging the statutory bodies. The Council had so far paid Three Hundred Eighty-Four Thousand Three Hundred Twenty-Seven Kwacha Twenty-Six ngwee. (K384,327.26). (ZRA Ğ K95,000, LASF Ğ 86,001.92 and NPSA Ğ 203,325.34). The Council would ensure that its cash flow was improved in form of revenue collections in order to manage the payment of statutory obligations as and when they fall due on a monthly basis.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

In noting the submission, the Council Secretary is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Outstanding Staff Obligations and other Creditors K6,875,476

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c
the failure to settle staff obligations during the period under review was due to liquidity problems being faced by the Local Authority, thus making it difficult to offset the outstanding obligations. The Council had committed itself to offsetting the outstanding amounts and had since started paying off the outstanding obligations through structured payment plans. The Council had so far paid Two Million Six Hundred Eighty-Eight Thousand Two Hundred Ninety-Three Kwacha Sixty-Eight ngwee. (K2,688,293.68). (2012 salary arrears Ğ K26,494.42, Salaries Ğ K2,436,907.05, Long Service Ğ K62,088.11, Settling in allowances Ğ K110,271, Union dues Ğ K30, 375.10, Others creditors (Liyoyelo) K22,138). The Council would ensure that its cash flow was improved in form of revenue collections in order to manage the payment of staff obligations as and when they fall due on a monthly basis.

7 c a a] h h Y ~~Validation and Recommendation~~

In noting the submission, the Council Secretary is urged by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available options to improve the financial health of the Council to expedite the process. The Committee resolves to await a progress report.

G \] k U b [Đ U b X i ' H c k b ' 7 c i b W] ` ' `

Paragraph 55

55.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following weaknesses to which the Council Secretary responded as set out below.

Budget and Income K3,923,780

Response by the Council Secretary

The Council Secretary submitted that the observations made by the auditors concerning the budget performance was correct. Further, Council Secretary submitted as per comments in the last column of the table shown below.

Table 55.1: Budget and Income

No.	Revenue Type							Variance K	Reason for variance
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K		
Internally Generated									
1	Personal levy	-	1,155	-	-	-	1,155	1,155	Favorable Performance
2	Fees and charges	969,190	169,614	28,684	219,703	997,874	389,317	(608,557)	The council had just completed the Truck park not yet known by many Truckers who opt to park in other Districts. This resulted in loss of revenue.
3	Commercial Venture	10,000	8,960	-	-	10,000	8,960	(1,040)	The council operated bar at a rented premise. The loss was as a result of unanticipated increase in rentals.
4	Local Taxes	22,500	-	-	74,335	22,500	74,335	51,835	Favorable performance
5	Licences	41,600	-	-	-	41,600	-	(41,600)	Liquor license fees were prepaid for 3 years however, the estimates for the following year did not take into account the prepayments resulting into overstatement of liquor license
6	Levies	67,800	-	-	-	67,800	-	(67,800)	Residents could not appreciate the need to pay levies. Sensitization have since been conducted
7	Permits	53,220	-	28,000	74,997	81,220	74,997	(6,223)	Some businesses capture closed and some captured to be eligible could not commence business. This resulted in the over estimation on the budget.
8	Other Receipts	200,000	-	-	24,349	200,000	24,349	(175,651)	This is provided for in case of receiving any assistant from Donors, or Government a specific activity.

Response by the Council Secretary

The Council Secretary stated that failure to establish a fire fighting and prevention unit was due to the Non-declaration of Shiwangandu Town Council as a fire authority during the period under review. The Local Authority was only made a fire authority after the issuance of Statutory Instrument No. 47 of 2019 in September, 2019. The Council Secretary further reported that there were inadequate resources to set up a fire station and that land to set up a fire station had since been reserved and construction of a fire station would be budgeted for in the 2022 financial year. In the interim, the Council was outsourcing firefighting and prevention services from Mpika Town Council which was the nearest Local Authority. The Council Secretary also submitted that it would continue to ensure that the fire fighting and prevention unit was operationalised and had the necessary equipment and staff necessary to provide this much needed service.

7 c a a] h h Y Y Ð on and Recommendation

The Committee notes the submission and urges the Council Secretary to expedite the process of establishing and equipping the Fire Station by 30th September, 2021. The Committee will await a progress report on the matter.

b) Accounting for Revenue

i. Failure to Produce Receipts K60,481

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ` G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' 5 i X] h c to lapses in system coordination and reconciliation of revenue from commercial ventures. The Council Secretary submitted that cited receipts for amounts totaling K60, 481 had since been retrieved. The Council would ensure that receipts were issued whenever money was received as per Local Authorities Financial Regulation No. 69 (1). The Council had further enhanced and implemented internal financial controls to ensure prudent financial management of resources.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Council Secretary is urged by the Committee to ensure that officers who misfiled receipts are disciplined only then will the matter be closed.

ii. Unaccounted for Revenue K29,463

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ue 5 i X] h c
to lapses in system coordination and reconciliation of revenue. The manner in which cash received for various payments were recorded in cash books and Bank deposit made it difficult to analyze the revenue received. Debt swaps that occurred between the council and councilors who had monthly allowance arrears with the council against licenses and permits for their business resulted in issuance of receipts without receiving actual cash being received instead of an agreement letter and adjustment of Individual Ledgers. The Council had since stopped batch deposits and was in the process of engaging ZANACO mobile agents to be accompanying revenue collectors so as to had direct credits to our accounts. The Council Secretary submitted that internal financial controls had been enhanced and implemented to ensure prudent financial management of resources.

7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee is disappointed with the weak internal controls observed at this council. The Council Secretary is strongly urged by the Committee to ensure that officers who failed in their duties are disciplined and that internal controls are strengthened without further delay. The Committee, however, resolves to close the matter subject to audit verification.

c) Failure to Collect Revenue

i Billboard Fees K138, 554

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c
result of ZESCO not responding to the invoices issued despite several reminders. The Council Secretary submitted that ZESCO had since honored their obligations and the billboard fees had been collected from. A transfer of K277,108 (Two hundred seventy - seven thousand one hundred and eighty kwacha) had since been made for the 2019/2020 financial years. The Council Secretary submitted that a litigation plan had since been put in place to avoid similar occurrence of delays in paying bills.

7 c a a] h h Y Y Ð g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

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

i Personal Levy K10,650

i Response by the Council Secretary

H \ Y ' 7 c i b W] ` ' U W_ b c k ` Y X [Y g ' h \ Y ' U i X] h c f Ð g ' c V g Y f
collect Personal Levy was as a result of Ministry of Finance not remitting the funds during the period under review. The Council had continued to engage the Payroll Management and Establishment Control (PMEC) in order to reconcile and establish the exact number of civil servants within the district. Discussions with various banks and all relevant stakeholders had Wc a a Y b WY X ' h c ' h f m' U b X ' Wc ` ` Y Wh ' h \ Y ' d Y f g c b U ` ` ` Y j

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by the Council Secretary to collect personal levy in accordance with the laid down procedure. The Committee urges the Council Secretary to ensure that the outstanding amounts are collected without further delay. The Committee resolves to await a progress report.

j Sale of Plots K1,003,950

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y Wf Y h U f m` U W_ b c k ` Y X [Y X ` h \ Y ` U i X] h c
of provision of services in the planned area, as a result, there was poor response from the general public. The Council had since connected water to strategic points so as to attract developers in the area and this had since attracted commitment to liquidate the plot premiums and an amount of K125,650 had since been collected to date. The Council would ensure that Land offered to would be developers had all the necessary services provided before being offered to the public to avoid delays in the process of revenue collection.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by the Council Secretary to pursue aggressively the collection of revenue from their sales of plots. The Committee directs the Council Secretary to ensure that all the outstanding amounts are collected without further delay. The Committee resolves to await a progress report.

d) Introduction on Payroll without Authority

Response by the Council Secretary

The Council Secretary regrettably acknowledged the auditors observation and reported that there was a serious need of the service of the officers which led to going ahead in employing them on contract. The Council Secretary submitted that the contracts of the three cited officers had since been terminated. The Council had since reverted to following procedure on the rules and regulations that govern the engagement of employees by seeking authority from the Local Government Service Commission, which was mandated to oversee staffing matters in Local Authorities.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by the Council Secretary to adhere to laid down procedure on recruitments as guided by *Section 93 of the Local Government (Amendment) Act No. 6 of 2010*. The Committee sternly cautions the Council Secretary to desist from abrogating procedure willfully and urges him to ensure that does not recur. The Committee resolves to close the matter subject to audit verification.

e) Procurement of Goods and Services

i. Unsupported and Missing Payment Vouchers K921,140 and K354,041

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ` G Y Wf Y h U f m b s e r v a t i o n s r e p o r t e d t h a t [t h a t t h i s w a s d u e t o U i X] h c misfiling of the supporting documents and payment vouchers during the time of audit. The Council Secretary submitted that the missing payment total (58) vouchers totaling K468,042.70 (Four hundred sixty eight thousand forty two kwacha seventy ngwee) had since been traced, leaving a balance of K453,898 still missing. The Council Secretary submitted that a total of (18) payments amounting to 139,065 had since been adequately supported with the relevant documentation leaving a balance of payments amounting to K214, 976 as inadequately supported. The Council had since strengthened internal controls and will ensure that only payments with all supporting documents are processed. The Council would further ensure that documents are properly filed and supporting documents attached accordingly at all times as per Local Authorities Financial Regulation No. 98.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to caution officers responsible for this failure. The Committee, however, resolved to close the matter subject to audit verification.

ii. Unretired Imprest K249,959

Response by the Council Secretary

H \ Y ' 7 c i b W] ` ` G Y Wf Y h U f m ` U W o n s r e p o r t e d t h a t [t h a t t h i s w a s d u e t o U i X] h c separate filing of certain documents such as receipts and activity reports. The Council Secretary submitted that retirements had since been submitted and deductions were being effected on officers who could not avail retirements through the payroll. The Council had enhanced internal controls in the finance departments and Internal audit unit and will ensure imprest was retired within 48 hours of amounts being expended. The Council would also ensure that subsequently, no imprest would be issued to officers with unretired imprest.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to caution officers responsible for this failure. The Committee, however, resolved to await a progress report until all imprest is recovered through the payroll.

iii. Unaccounted for Stores K340,170 (general stores Ë K293,807 and fuel Ë K46,363)

Response by the Council Secretary

The Council Secretary submitted that the failure to avail receipts and disposal records was due to misplacement and misfiling of the relevant documentation. The Council Secretary submitted that the respective receipts and disposal records had since been retrieved and the cited stores items costing K340, 170 (general stores K293, 807 and fuel K46, 363) were now fully accounted for. The Council would ensure strict adherence to Local Authorities Financial Regulation No. 145 and that there was proper filing and record keeping of all accountable documents. Further, monthly audit of transactions were being conducted for completeness so that no supporting documents are missing and filing of documents was done on a daily basis, as soon as the transactions were concluded.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to sternly caution officers responsible for this failure. The Committee, however, resolved to close the matter subject to audit verification.

f) Management of Assets K Lack of Title Deeds

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y Wf Y h U f m ` U W_ b c k ` Y X [Y X ` h \ Y ` U i X] h c failure by the Council initiate the processes of obtaining title deeds on time coupled with lengthy legislation procedures involved in the securing of title deeds. The Council also informed the Committee that the Ministry of Lands had since been engaged through the Office of the Surveyor General to have the buildings surveyed and numbered, a process which would lead to the acquisition of Title Deeds for the cited Council properties. Further, the Council had paid for invitation to treat and were awaiting to collect the offers for Civic Centre and Dry port. The Council would strive to ensure that all its properties are surveyed and on title in accordance with *Section 41(4) of the Public Finance Management Act No. 1 of 2018*.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee urges the Council Secretary to ensure that all properties are secured with titles to guarantee ownership without further delay. The Committee awaits a progress report on the matter.

g) Management of Local Government Equalization Fund K Misapplication of Funds K143,188

Response by the Council Secretary

H \ Y ` 7 c i b W] ` ` G Y Wf Y h U f m ` U ~~W~~ ~~at~~ ~~ion~~ ~~can~~ ~~be~~ ~~re~~ ~~im~~ ~~b~~ ~~u~~ ~~r~~ ~~s~~ ~~e~~ ~~d~~ ~~th~~ ~~at~~ ~~th~~ ~~e~~ ~~C~~ ~~o~~ ~~u~~ ~~n~~ ~~c~~ ~~i~~ ~~l~~ U i X] h c could not immediately reimburse the borrowed funds due to financial constraints. The Council Secretary submitted that it had since stopped the trend of borrowing from the 20% capital

account. The Council was almost completing a second Dry port and this would see an increase in revenue as a result Management had committed 10% of all locally generated funds towards repayment of the misapplied the fund monthly. The Council had since constituted a Revenue Task Force whose composition includes officers from all the departments of the Council to assist the Finance department maximize local revenue collections. The Council would ensure would strict adherence to the stipulations and guidelines of the Local Government Act.

Comm] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expresses concern at the failure by management to adhere to the Local Government (Amendment) Act No. 12 of 2014 which requires that a Council should use at least twenty percent (20%) of its equalization funds received in any financial year to finance capital projects. The Council Secretary is urged to ensure that the remaining amount is reimbursed to the capital account without further delay. The Committee awaits a progress report on the matter.

h) Management of Constituency Development Fund

Response by the Council Secretary

Concerning the projects tabulated above, the Council Secretary responded as set out below.

< Construction of 1x3 CRB at Kalikiti

H \ Y ` 7 c i b W] ` ` G Y Wf Y h U f m ` U r U t i o n s a n d r e p o r t e d t h a t t h e a c c e s s t o U i X] h c
the site was difficult due to heavy rains which had made the site inaccessible. The Council Secretary submitted that the contractor had since executed all the outstanding construction works and the project was now complete. The Council would always ensure that contractors were closely monitored and supervised so that contracts were executed within the stipulated timeframe. Further, the Council would put in measures to ensure projects did not commence in the rainy season so as avoid delays in project execution.

< Construction of a Mortuary at Matumbo

H \ Y ` 7 c i b W] ` ` G Y Wf Y h U f m ` U W _ b c k ` Y X [Y X ` h \ Y ` U i X] h c
completion was in part due to the failure to secure the 25% upfront community contribution as well as bad weather that made the site inaccessible. The Council Secretary submitted that the project was 90% complete and would be 100% complete by 31st March, 2021. The Council would always ensure that contractors were closely monitored and supervised so that contracts were executed within the stipulated timeframe. The Council would further make certain that projects are adequately funded before commencement.

< Construction of 1x2 CRB at Chiseko Primary School

The Council Secretary acknowleX [Y X ` h \ Y ` U i X] h c f g Đ ` c V g Y f j U h] c b g ` delayed tender process as well as unfulfilled contribution. The Council Secretary submitted that Phase I was completed and phase II was awaiting ministerial approval of 2020 CDF projects for

funds to be released. The Council would make certain that projects are adequately funded before commencement as opposed to phasing meaning in order to avoid delays in completion of works. Further, the Council would utilise simplified bidding process in the future.

◀ **Construction of 1x2 CRB at Chiseko at Chimpusa Community School**

H \ Y ' 7 c i b W] ` ` G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c
to the site was challenging due to heavy rains which had made the site inaccessible. The Council Secretary submitted that Phase I was completed and phase II was awaiting Ministerial approval of 2020 CDF projects for funds to be released. The Council would make certain that projects were adequately funded before commencement as opposed to phasing meaning in order to avoid delays in completion of works. Further, the Council would put in measures to ensure projects do not commence in the rainy season so as avoid delays in project execution.

◀ **Completion of 1x2 CRB at Chikuta Primary School**

ThY ' 7 c i b W] ` ` G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c f
completion was a result of a conflict between the first contractor and the community. The Council Secretary submitted that Phase I was completed and phase II was awaiting Ministerial approval of 2020 CDF projects for funds to be released. The Council would always ensure that contractors were closely monitored and supervised so that contracts were executed within the stipulated timeframe. Further, the Council would make certain that projects were adequately funded before commencement as opposed to phasing meaning in order to avoid delays in completion of works. The Council would sensitise the community on the process of engaging contractors so as to avoid future conflicts.

◀ **Rehabilitation of 1x2 at Masongo Primary**

H \ Y ' 7 c i b W] ` ` G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c
to the site was challenging due to heavy rains which had made the site inaccessible. The Council Secretary submitted that the contractor was given an extension of time for completion of outstanding works and works have since been completed. The Council would put in measures to ensure projects do not commence in the rainy season so as avoid delays in project execution.

◀ **Renovation Ilondola Police Post and Construction of VIP Toilets**

H \ Y ' 7 c i b W] ` ` G Y Wf Y h U f m' U W_ b c k ` Y X [Y X ' h \ Y ' U i X] h c
to the site was challenging due to heavy rains which had made the site inaccessible. The Council Secretary submitted that the project had since been completed. The Council would put in measures to ensure the appraisal of projects should include all the stakeholders to mitigate unnecessary changes in the scope of works.

7 c a a] h h Y Y Ð g ` C V ~~commendation~~ c b ` U b X ` F

The Committee urges the Council Secretary to ensure that all its projects are thoroughly and expeditiously completed to ensure value for money. The Town Clerk is also urged to ensure that

budgetary provisions are secured to guarantee funding and completion of all outstanding works on the projects. Concerning the Renovation of Ilondola Police Post, Construction of VIP Toilets and Construction of 1x3 CRB at Kalikiti, the matters are recommended for closure while the Committee awaits a progress report on the rest of the projects.

i) Management of Liabilities – Failure to Remit Statutory Obligations K2,049,656

Response by the Council Secretary

of statutory obligations has been a challenge due to the constrained cash flow to meet the gross payroll as well as provide the social services on a monthly basis. The Council had managed to pay a total of K 66,852.59 leaving a balance of K 1,982,803.86 .

No.	Institution	Amount K	Amount Paid to date	Balance
1	ZRA	1,729,342	57,704.14	1,671,637.86
2	NAPSA	204,190	0	204,190.00
3	LASF	116,124	9148.45	106,975.55
	Total	2,049,656	66,852.59	1,982,803.86

The Council would ensure that its cash flow was improved in form of revenue collections in order to manage the payment of statutory obligations as and when they fell due on a monthly basis. Further, had engaged its creditors and a monthly payment of K15,000 had been agreed upon awaiting approval from the cred] h c f Đ g ' < Y U X ' C Z Z] WY "

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

In noting the submission, the Committee urges the Council Secretary to ensure that all available options are employed to ensure that all statutory obligations are paid without any further delay. The Committee awaits a progress report.

Siavonga Town Council

Paragraph 56

56.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects carried out in October, 2020 revealed the following weaknesses to which the Council Secretary submitted as set out below.

a) Budget/Income K12,404,368

b)

Response by the Council Secretary

The Council Secretary highlighted that they failed to collect according to budget as tabulated below after which he gave an explanation on each item.

Licences	15,000	14,700	-300
Levies	3,601,097	2,253,670	-1,347,427
Permits	434,870	100,692	-334,178
Other Receipts	1,278,470	47,868	-1,230,602
Sub- Total	17,315,633	7,723,305	-9,592,328
Type of Grant			
LGEF (Equalization Grant)	8,484,412.00	7,272,372.00	-1,212,040.00
Grants in Lieu of Rates	0.00	0.00	0.00
Constituency Development I	1,600,000.00	0.00	-1,600,000.00
Sub-Total	10,084,412	7,272,372	-2,812,040

i. Licences

Data bank was updated and was available for verification. The Council would ensure that Data bank was always up to date so that correct revenues were estimated.

ii. Levies

The Council had established a checkpoint at bottom road on which it is anticipated that most revenues that caused the variance are collected.

The Council would ensure to budget for a well-established revenue source.

iii. Permits

The Council had established a Revenue Taskforce comprising Fire Officers, Public Health Officers and Revenue Collectors to enforce collections on permits. Evidence of appointments was available for verification. The Council had started sensitizing the community on importance of paying permits.

iv. Other Receipts

The Council had started renovating the Council Lodge at the estimated cost of K495, 000 to make it become competitive in the hospitality industry. The Council would ensure realistic budgeting.

◀ **Local Government Equalisation Fund**

The Ministry had indicated that the undisbursed grant will be disbursed in the following year which is 2020. The Council would continue depending on the Ministerial guidance on the above.

◀ **Grants In Lieu of Rates**

The Ministry guided during the budgeting period that Grand in Lieu of Rates amounting to K200, 000 should be included in the budget which had adhered to. The Council would continue depending on the Ministry of Local Government guidance regarding the disbursement of grants.

◀ **Constituency Development Fund**

The Ministry guided during the building period that the Constituency Development Fund amounting to K1, 600,000 should be included in the Council budget which had been adhered to. The Council would always ensure that the Constituency Development Fund was included in the budget according to the guidance.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with concern the huge negative variances on all revenue types projected against what was actually received by the Council. The Council Secretary is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Council Secretary to enhance their efforts in sensitising the community on payment of rates, fees and other council charges. The revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Environment Management É Poor Management of Dumpsite

Response by the Council Secretary

◀ **Dumpsite not fence**

The Council Secretary reported that the dump site had now been fenced off thereby protecting unauthorized persons from entry. The Council had further constructed a guard house for security guards who were manning it. Evidence was available for verification. Fencing of the dumpsite was the best that the Council had undertaken which was a permanent solution to unauthorized entry. The warning signage had been mounted following the fencing off of the dump site. Evidence was available for verification. The Council would ensure that the warning signage for the Siavonga dumpsite was always in place. Compacting of waste was being done though it was not a one off activity but was done quarterly looking at the magnitude of waste generated, collected daily and the finances required hiring heavy machinery for compacting. The Council would continue to undertake quarterly compacting of the waste and had also started sensitizing communities the importance of separating waste at house hold level in order to reduce the quantity of waste being taken to the dump site as most of it could be recycled.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc

In noting the submission, the Committee urges the Council Secretary to ensure that there is strict adherence to *the Environmental Management Act No. 12 of 2011*. The Committee resolves to close the matter subject to audit verification.

b) Accounting for Revenue - Unaccounted for Revenue K234, 011

Response by the Council Secretary

The Council Secretary reported that the deposit slips had been traced from where they were misfiled. Evidence was available for audit verification. Accounts Officers in the revenue section no longer handle cash as clients were advised to deposit appropriate fees and charges into the Council account and afterwards present the deposit slip to be issued with receipts. This had stopped revenue collectors from handling cash save for market fees which activity was being supervised by the Internal Audit Unit.

7 c a a] h h Y Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against officers responsible for their failure to adhere to Local Authorities Financial Regulation No. 72. The Committee, however, resolves to close the matter subject to audit verification.

c) Managing Payroll - Failure to Recover Staff Advances/Loans K55, 000

Response by the Council Secretary

The Council Secretary submitted that Salary advances for the fourteen officers had all been recovered and one officer who was transferred to Sinazongwe Town Council had paid back in cash. Evidence was available for verification. The Council would ensure that salary advances were recovered within the stipulated time and officers were guided to get salary advances within their limits. The Internal Audit unit had been tasked to enforce deductions of salary advances at pay roll preparation.

CommittY Y Đ g ' C V g Y f j U h] c b ' U b X ' F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against officers responsible for their failure to adhere to Terms and Conditions of Service for Local Government Officers No. 105 (d). The Committee, however, resolves to close the matter subject to audit verification.

d) Procurement of Goods and Services

i. Unsupported Payments K657, 588

Response by the Council Secretary

The Council Secretary informed the Committee that supporting documents had been traced and attached to payment vouchers. Evidence was available for verification. The Council would ensure that supporting documents were attached always at the time of writing payment vouchers. Payment vouchers were now put in files as they were carried from one office to the another to avoid losing any of the documents.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against officers responsible for their failure to adhere to Local Authorities Financial Regulation No. 98 (1). The Committee, however, resolves to close the matter subject to audit verification.

ii. Unretired Accountable Imprest K216, 034

Response by the Council Secretary

Special imprest totaling K216, 034 had not been retired at the time of audit. Officers were instructed to retire imprest failure to which deductions were to be effected from their salaries and all had complied. Evidence was available for verification. Retirement of imprest was enforced by the audit unit immediately officers return from an undertaken activity of the Council.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against officers responsible for their failure to adhere to Local Authorities Financial Regulation No. 98 (1). The Committee, however, resolves to close the matter subject to audit verification.

iii Unaccounted for stores K608, 289 (General stores K53,782 and fuel K554 507)

Response by the Council Secretary

The Council Secretary submitted that disposal details and receipts had been traced and attached to payment vouchers. Evidence was available for audit verification. The Council would ensure that all necessary documents such as disposal details and receipts were attached to payment vouchers. This was enforced by the Audit Unit.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against officers responsible for their failure to adhere to Local Authorities Financial Regulations No.145. The Committee, however, resolves to close the matter subject to audit verification.

e) Management of Assets - Lack of Title Deeds

Response by the Council Secretary

Public properties under the charge of a controlling officer had no title deeds at the time of audit. The Council had already secured Invitation to Treaty (ITT) for all the public properties from the Ministry of Lands. Evidence was available for verification. The Council would ensure that title deeds were secured for all public properties to guarantee ownership.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with concern the laxity by the Council management regarding the security of their properties. The Controlling Officer in the Ministry of Local Government is strongly urged to ensure that he complies with Section 41 (4) of the Public Finance Management Act No.1 of 2018 by making sure that all council properties are secured with title deeds and insured to guarantee ownership and avoid any possible loss. The Committee awaits a progress report.

f) Management of liabilities

h. Failure to Remit Statutory Obligation K6, 102,747

Response by the Council Secretary

The Council Secretary submitted that management was paying current statutory obligations for NAPSA monthly and had also entered into an arrangement with NAPSA where it was paying an amount of K25,000 in addition to monthly contributions in order to quickly settle the amount owed. The Council had also entered into a payment plan with ZRA where K50, 000 was being remitted monthly and may be increased depending on the availability of funds. Evidence was available for verification for the periods on which payments had been made. The Council would ensure that payments were honored as agreed in order to quickly settle the amount owed.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Committee urges the Council Secretary to ensure that all available options are employed to ensure that all statutory obligations are paid without any further delay. The Committee awaits a progress report.

ii. Failure to Settle Staff Obligations - 1, 326, 984

Response by the Council Secretary

The Council had not adequately paid staff obligations at the time of the audit. From the time of the audit the Council had reduced the staff obligations from K1, 326, 984 to K 988, 248.20 and the terminal benefits have since been cleared. In the 2021 budget, the Council had allocated an amount of K572, 000 for its staff creditors.

In noting the submission, the Committee urges the Council Secretary to ensure that all available options are employed to ensure that all staff obligations are paid without any further delay. The Committee awaits a progress report.

Sinazongwe Town Council

Paragraph 57

57.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following weaknesses to which the Council Secretary responded as set out below.

c) Budget/Income - 10,334,558

Response by the Council Secretary

Local Taxes

Management had since come up with an updated and approved 2019 valuation roll which had taken care of the inadequacies of the under collections. Management had also acquired the electronic mass bills distribution software with the help of our partner GIZ which was helping to send bulk bill and reminder messages to rate payers. Management had also sent demand notices to all defaulters reminding them to settle outstanding arrears hence reducing the under collected amounts stated above.

Fees and Charges

Management had re-advertised the plots which were unsold to the general public and repossessed those which were not paid for. The copy of the advert was available for verification.

Licenses, Levies and Other Receipts

Management had come up with a correct data base for the businesses in the district.

Local Government Equalization Fund and Constituency Development Fund

Management wrote letters to the Ministry of Local Government concerning the non-receipt of November and December 2019 Equalisation Grants amounting to K1,796,486 and the CDF fund of K 1,400,000. A response was written to us in a letter dated 6th January 2021 concerning the CDF fund that as Sinazongwe, they did not receive the funding because they were funded in 2018 and only Councils that did not receive the funding in 2018 were funded for 2019. Management had put in place updated databases to make sure that budgets were accurate to avoid under or over budgeting.

7 c a a] h h Y Y Ð g ´ C V g Y f j U h] c b ´ U b X ´ F Y Wc a a Y b X U h] c b

The Committee observes with concern the huge negative variances on all revenue types projected against what was actually received by the Council. The Council Secretary is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Council Secretary to enhance their efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Operational Matters - Lack of Fire Fighting and Prevention Services

Response by the Council Secretary

Sinazongwe Town Council was declared a Fire Authority under Statutory Instrument number 47 of 2019 and communicated to the Council via Ministerial letter dated 25th September 2019. The Council had since acquired a piece of land in Sinazeze Township where the Fire station would be built. In the future, the Council would adhere to such service provision regulations and made operational infrastructure needed to serve the public better.

7 c a a] h h Y Y Ð g ´ C V g Y f j U h] c b ´ U b X ´ F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to put in place, establish and maintain firefighting and prevention services expeditiously in accordance with the First Schedule Section 16(2) sub section (5) (c) of the Local Government Act No. 2 of 2019. The Committee resolves to await a progress report.

c) Failure to collect proceeds from sale of plots EƘ 151,403

Response by the Council Secretary

Management repossessed the said plots which were offered but have not been paid for and advertised them to the general public, the advert was attached for your verification. Council and Management will make sure that members of the General public that apply for plots pay in full before plots are allocated to them.

7 c a a] h h Y Y Ð g ´ C V g Y f j U h] c b ´ U b X ´ F Y Wc a a Y b X U h] c b

The Committee directs the Council Secretary to ensure that all available options are employed to collect outstanding revenue from sale of plots without fail. The Committee awaits a progress report.

d) Procurement of Goods and Services- K13,255

i) Unsupported Payments- K13,255

Response by the Council Secretary

Management had since attached all the supporting documents which were not attached at the time of the audit to the five (5) payments in amounts totaling K 13,255 all attachments were attached for audit verification. Management had since set up a control that only payments with all supporting documents were processed.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to take disciplinary action against officers responsible for their failure to adhere to Local Authorities Financial Regulation No. 98 (1). The Committee, however, resolves to close the matter subject to audit verification.

i) Irregular Payment of Sitting Allowances Ğ K90,600

Response by the Council Secretary

The Council Secretary submitted that management had recovered and still in the process of recovering the monies paid irregularly as sitting allowances from the concerned officers. Recoveries were effected through the payroll from officers still serving with Sinazongwe Council. Management had also written to all the concerned officers who had left the Council to refund the money and so far three officers had since refunded the Council in full. Receipts and all relevant evidences were attached for audit scrutiny. Management had set out a mechanism that allowed only outsiders to be paid sitting allowances when such meetings were held as provided for in the Cabinet Office Circular No. 11 of 2013.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Council Secretary is strongly urged to ensure that ensure that conditions of service and Cabinet circulars are strictly adhered to by management. The Committee resolves to await a progress report on the matter.

j) Management of Assets - Lack of Title Deeds

Response by the Council Secretary

Management was pursuing these matters separately as tabulated below

S/N	Description	Location	Plot No	Market value	Comment	A U b U [Y a Y b h Action
1	Siabaswi SOMAP Shop	Siabaswi, Sinazongwe	Unsurveyed	94,000.00	uninsured	Management has met the Permanent Secretary, Ministry of Chiefs and Traditional Affairs to seek permission to allow

						caretaker chiefs to give consent to traditional land. He stated that currently Chief Mweemba was not able to give consent due to the active Court Injunction
2	Underdeveloped land	Maamba	Unsurveyed	50, 000.00	uninsured	Management carried out a verification exercise and confirmed that the land in question does not belong to the Council
3	Check Point Office Building	Maamba	Unsurveyed	23, 000.00	uninsured	Management met the Permanent Secretary, Ministry of Chiefs and Traditional Affairs to seek permission to allow caretaker chiefs to give consent to traditional land. He stated that currently Chief Mweemba was not able to give consent due to the active Court Injunction
4	Check Point Office Building	Sinazeze	Unsurveyed	200, 000.00	uninsured	Management was in the process of engaging a private Land Surveyor to survey the said land
5	Nkandabwe Check Point	Sinazeze	Unsurveyed	50, 000.00	uninsured	Management had written to Chief Sinazongwe to seek for conversion of land from customary to state land. However, the Chieftom of Sinazongwe currently has no Chief from the time the previous one died.

6	Sinazeze Market	Sinazeze	Unsurveyed	550, 000.00	uninsured	Management was in the process of engaging a private Land Surveyor to survey the said land.
7	Maamba Market	Maamba	Unsurveyed	800, 000.00	uninsured	Management was in the process of engaging a private Land Surveyor to survey the said land
8	Council Guest House	Sinazeze	Stand No. 348	700, 000.00	uninsured	Management was in the process of engaging a private Land Surveyor to survey the said land
9	Sinazongwe Civic Centre Building	Sinazongwe		2, 100, 000.00	uninsured	The land in question had a title deed
10	Sinazongwe Market	Sinazongwe	Unsurveyed		uninsured	Management was in the process of engaging a private Land Surveyor to survey the said land
	Total			4, 567, 000		

Management would always make sure that title and land ownership matters were solved and that title for the land was obtained for the Council before properties were built.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with concern the laxity by the Council management regarding the security of properties. The Council is strongly urged to ensure that all its properties are secured with title deeds and insured to guarantee ownership and avoid any possible loss. The Committee awaits a progress report.

k) Managing of Liabilities - K 3,399,102

i) Failure to Remit Statutory Obligations- K 3,399,102

Response by the Council Secretary

The Council Secretary informed the Committee that management was liquidating these debts and had entered into Memoranda of Understanding with ZRA, LASF and NAPSA concerning the payment plans. So far about K 500,000 had been paid to NAPSA towards arrears, K20,000 to ZULAWU and K20,000 to ZCTU. Receipts and consent orders were available for verification. Management was paying for the all statutory deductions as they fell due. To this effect, they

were making payments towards the liquidation of the old debt and paying for the current monthly deductions.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Committee urges the Council Secretary to ensure that all available options are employed to ensure that all statutory obligations are paid without any further delay. The Committee awaits a progress report.

ii) Failure to Settle Staff Obligations Ę K 645,032

Response by the Council Secretary

The Council Secretary submitted that they had set a provision to liquidate these debts in the 2021 budget and so far an amount of K50,000 had been paid towards salary arrears leaving a balance of K82,306. Payment vouchers and draft estimates of revenue and expenditure for the year 2021 were available for verification. Management was committed to settle staff obligations as they fell due to avoid accumulation of the liabilities.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Committee direct the Council Secretary to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is further directed to explore all available options including lobbying for more funding to expedite the process. The Committee resolves to await a progress report.

Sinda Town Council

Paragraph 58

57.1 Audit Findings

a) Income-Budget vs Actual K6,363,941

Response by the Council Secretary

Local Taxes

The Council Secretary acknowledged the under collection from Local taxes and this was due to non-receipt of personal levy from Workers in the central Government and other workers within the District. The Council Secretary stated that a data base has been developed in consultation with District Labour office to establish the number of employed officers in the District and this has seen a steady improvement in collection from Local taxes. Information is available for verification. The Council has formed a taskforce on revenue mobilization to be going round the District twice a week to enforce on revenue collection and ensuring that invoices are sent to companies in good time.

Fees and Charges

The Council Secretary acknowledged the under collection from fees and Charges and this was due to delay in opening the bus station as well as failure to collect plot premium fees as a result of not having the Central Business District hence the response has been poor from the public in terms of honoring the payments. The Council wishes to report that the bus station will be opened by the 1st week of April 2021 and the Council has made frantic efforts to engage Paramount Chief Gawa Undi to have township boundaries signed and this was scheduled for the 3rd week of March 2021 and the Council has constructed a small house at the check point to be operating twenty four seven. Furthermore, The Council has sent reminder notices to all the clients owing the council in form of plot premium and survey fees. The information is available for verification. The Council Secretary would continue engaging the Chiefs in the District about land matters. Furthermore, the council has tasked officers to be in constant touch with all clients owing the council.

Licenses

The Council Secretary acknowledged the under collection from Licenses and this was due to failure to implement dog registration exercise for the year under review. The Council has started sensitizing the public on the importance of dog registration and has since procured the dog tags for the exercise. The Council has formed a revenue mobilization team and will be carrying out inspections round the District to ensure compliance.

Levies

The Council Secretary acknowledged the under collection from livestock levy and this was because of a ban on the movement of animals in the year under review. The Council has engaged the Police not to be signing the movemeb h ` c Z ` U b] a U ` Đ g ` d U d Y f g ` k] h \ c i l the Council and this was expected to improve revenue collection.

Permits

The Council Secretary acknowledged the under collection from the permits and this was because the Council was not a fire authority for the year under review. The Council Secretary stated that, the Council was declared a fire authority in the 2020 and fire officers had since been sent by the Local Government Service Commission. The Council has continued engaging the Ministry of Local Government about the possibility of being given a fire tender in order to fully operationalise the fire section.

Service charges

The Council Secretary acknowledged the under collection from service charges and this was due to failure to collect plot premiums from both commercial and residential plots. The response from the public has been poor in terms of honoring payments. The Council Secretary stated that it had made frantic efforts to engage Paramount Chief Gawa Undi to have township boundaries signed and this was scheduled for the 3rd week of March 2021, Furthermore, The Council had

sent reminder notices to all the clients owing the council in form of plot premium. The information was available for verification. The Council would continue engaging the Chiefs in the District about land matters. Furthermore, the Council had tasked officers to be in constant touch with all clients owing the council however this was proving to be difficult because the district had no central business area and a defined township boundary to enforce forward planning and development control.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with concern the huge negative variances on all revenue types projected against what was actually received by the Council. The Committee directs the Council Secretary to ensure that the Council devises new strategies to enhance revenue collection and improve the current status quo. The Committee also encourages the Council Secretary to enhance efforts in sensitising the community on importance of paying for rates, fees and other council charges. The Committee awaits a progress report on the matter.

b) Operational Matters-Environmental Management-Poor Management of Dumpsite

Response by the Council Secretary

The Council Secretary acknowledged that at the time of the audit the dumpsite was not fenced and had no warning signs this was as a result of not having a permanent designated place as a dumpsite and the place mentioned was being used for temporal purposes. The Council Secretary had commenced the process of fencing off the dumpsite. She further informed the Committee that management had also commenced the process of putting the warning signs at the dumpsite. However, the Council was facing challenges due to lack of township boundaries which would give authority to the Council to have a permanent designated place as a dumpsite. The Council Secretary would continue observing and operating within the confines of the Solid Waste Regulation and Management Act of 2018 which gave Local Authorities regulatory powers over waste management at all-times. Management had started monitoring disposal of waste by ensuring that waste was not dumped indiscriminately and loose soil spread to cover waste. Furthermore, Management had continued to engage his Royal Highness Paramount Chief Gawa Undi on the need to have a designated dumpsite within the proposed township boundary.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Committee urges the Council Secretary to ensure that a permanent dumpsite is identified and that there is strict adherence to *the Environmental Management Act No. 12 of 2011*. The Committee resolves to await a progress report on the matter.

c) Accounting for Revenue-Failure to Produce a Valuation Roll

Response by the Council Secretary

The Council Secretary acknowledged that at the time of audit, the Council did not have the valuation roll and this was because the Council was not yet a rating authority and still relied on

the parent Council. The Council reported that on 18th November 2020 authority was sought from the Ministry of Local Government to have a valuation officer appointed to update the main valuation roll. However, the request was not granted because the Council was not a rating authority. Furthermore, management would engage Katete Town Council to undertake a joint valuation roll. Information was available for audit verification. The Council Secretary would continue engaging the Ministry of Local Government to have a district declared a rating authority so that the valuation roll could be updated for the District and expand the revenue base for the District.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and encourages the Council Secretary to ensure that she impresses upon the relevant authorities to have the district approved as a rating authority. The Committee resolves to await a progress report on the matter.

a. Management of Payroll and staff Related matters-Failure to Recover Staff Advances

Response by the Council Secretary

The Council Secretary submitted that at the time of the audit, the Council did not recover salary advances amounting to K 15,000 due to failure to maintain ledgers to keep track all advances issued to staff. The Council Secretary stated that the said advances had since been recovered from the affected officers. Information was available for verification. The Council had put up a system to have a payroll validated by the Human Resource, Internal Audit and Finance Departments and a specific ledger for advances was being maintained to keep track of all advances issued to officers.

d) Management of Assets-Lack of Title Deeds

Response by the Council Secretary

The Council Secretary acknowledged that at the time of the audit the Council did not have title deeds for the properties and the properties were not insured. The Council Secretary stated that the process to have all properties titled has begun and so far the Council has managed to have the three properties numbered by the Ministry of Lands and has since received the invitation to treaty on the three properties. Furthermore, Management had insured all the Council properties and payments for insurance premiums had since been made to the insurance company. Information is available for verification as Appendix 6, 7 and 8 respectively. The Council Secretary would continue adhering to the provisions of the 2018 Public Finance Act during the discharge of its functions at and will ensure that all properties are titled and insured at all time.

e) Outstanding Receivables K 171,735

Response by the Council Secretary

The Council Secretary acknowledged that at the time of audit, the Council did not collect revenue amounting to K 171,735 in respect of business permits and telemast levies this was due to the disputes the Council had with some of the companies cited in the report. The Council Secretary stated that efforts to have the debts collected are being made and some companies have so far made payments to the Council, receipts are available for verification. However some of the companies cited had since closed down due to the negative effects of the Corona virus Pandemic making it difficult to collect revenues. Information is available for verification as Appendix 9.

NO	DETAILS	AMOUNT OWED	AMOUNT COLLECTED	BALANCE
1	Grain Levy	105,852.00	12,854.00	92,998.00
2	Tele mast and booth levy	19,000.00	30,000.00	(11000.00)
3	Business and billboard	3,619.00	Nil	3,619.00
4	Bill board levy	531.00	Nil	531.00
5	Pole levy	3,465.00	Nil	3,465.00
6	Owners rates	32,788.00	27,000.00	5,788.00
7	billboard	1,200.00	Nil	1,200.00
8	Crop levy	5,279.00	Nil	
	Total	171,735.00	69,854.00	101,881.00

The Council Secretary would continue to adhere to all the pieces of legislation in its operations and a task force has been formed and a check points constructed to ensure that revenues due to the Council are collected without delay.

f) Management of Liabilities. Failure to remit Statutory Obligations and settle staff obligations

Response by the Council Secretary

The Council Secretary acknowledged that at the time of the audit, the Council owed statutory obligations amounting to K 348,545 to various institutions and K 385,918 to staff and Councilors in terms of monthly allowances, gratuities and settling in allowances and this was due to lack of funds to meet all the financial obligations. The Council Secretary stated that we remain committed to offsetting the debts owed to various institutions and staff. The Council has so far made payments of arrears as stated below and payment vouchers are available for verification.

NO	NAME	AMOUNT OWED	AMOUNT PAID	BALANCE1
1	ZRA	76,538.00	76,538.00	NILL
2	NAPSA	262,310	262,310.00	NILL
3	LASF	9,697.00	9,697.00	NILL
	Total	348,545.00	348,545.00	

And further, the Council has made a total payment of K 44,000 towards the Councilors allowances and 115,000 has been paid towards staff debts leaving a balance of K 270,918.00. Attached are the payment vouchers for your verification. The Council has continued exploring other revenue sources to improve on collection efficiency and remains committed to offsetting the debts as evidenced by the number of payments made so far.

Solwezi Municipal Council

Paragraph 59

a) Budget and Income K14, 948, 682

Response by the Town Clerk

The Town Clerk submitted that they did not collect all the expected revenue as budgeted for due to a number of challenges encountered during the period under review. However, he correct one observation made on Constituency Development Fund (CDF), the budgeted amount in 2018 was K1, 400,000 and not K11, 400, 000, the expected total for the two (2) years is K3,000, 000 and not K13, 000, 000. This brought their variance to K4, 948, 682 and not K14, 948,682. The Council had issued and distributed demand notices to all the Debtors, and the Local Authority was about to re-advertise the plots which were budgeted for in 2019 but were not taken. The Council would ensure that all the revenues budgeted for were collected without fail.

7 c a a] h h Y Y Ð g · C V g ~~Y m f n d a t i o n~~ c b · U b X · F Y W

The Committee notes the submission but urges the Town Clerk to set realistic budgets coupled with detailed analysis of sources of revenue to avoid failure. The Town Clerk is also urged to ensure that turn around strategies are devised to counter unintended outcomes. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

b) Operational Matters Ë Environmental Management

i) Failure to collect fees

Response by the Town Clerk

The Town Clerk acknowledged the observations made by the Auditors, and submitted that non performance of some clauses in the contract attributed to failure to collect chargeable fees. The Council had since taken the matter to Courts of Law and currently awaiting Court order to compel Wana Cleaning and Refuse collection Services to liquidate the outstanding fees. The Council was now collecting the licence fee on invoice and not on profit from the companies that were contracted for refuse collection in order to avoid companies claiming to have been operating on loss, as this is the reason Wana had been giving to the Council for failure to pay licence fees.

7 c a a] h h Y Y Ð g · C V g Y f j U h] c b · U b X · F Y W c a a Y b X U h] c b

The Committee notes the submission and urges the Town Clerk to ensure that it is resolved to its logical conclusion. The Committee awaits a progress report.

ii) Poor Management of a dumpsite Ę Lack of Fencing

Response by the Town Clerk

The fencing of the dumpsite was not complete due to the fact that the contractor abandoned the site. The Council had since taken the matter to Courts of Law and currently awaiting Court order to recover the money that was paid. Further, the Council had re-planned to undertake the works internally. The Council would ensure that no contractor was paid in full before the completion of the project.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes that the matter is before the court and resolves to await a progress report on the matter.

c) Accounting for Revenue - Failure to Collect Property Rates

Response by the Town Clerk

The Council did not collect revenue from all property rates payers due to different challenges encountered during the period under review. The Council had since issued and distributed demand notices to all the Debtors on the valuation roll and was currently executing Warrants of distress to all the defaulters. In view of this, K5, 131,012.90 had since been collected leaving a balance of K36, 564, 123 yet to be collected. The Council had introduced E-billing system which includes Bulk SMS and Emails in order to reach out to rates payers promptly.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee notes the submission and urges the Council Secretary to ensure that debt collection strategies are enhanced to improve the Councils revenue collection. The Committee resolves to await a progress report on the full collection of outstanding amounts relating to property rates.

d) Irregular payment of value added tax (VAT) to unregistered Companies

Response by the Town Clerk

H \ Y ` H c k b ` 7 ` Y f _ ` U W _ b c k ` Y X [Y X ` h \ Y ` 5 i X] h c f Đ g ` c V g unregistered companies in amounts totaling K351, 571. The Council had since written to the contractors to refund all VAT amounts paid to them. The Town Clerk also reported that only VAT registered suppliers and contractors were being transacted with.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee expressed concern at the failure by the Council management to appraise the contracted firms. It was evident that due diligence was not carried before engaging the

contractors. The Committee strongly urges the Town Clerk to ensure that officers responsible are disciplined for this failure and a progress report will be awaited.

e) Failure to Remit Statutory Obligations K35, 155, 518

Response by the Town Clerk

The Town Clerk submitted that the Council owed penalty fees to NAPSA in amounts totaling K35, 551,512.18 on paid up contributions. He also reported that a payment plan had been done to ensure that these exorbitant penalties were paid. The payment plan was to run from 2021 to 2024. The Council managed to clear ZRA and LASF in the year 2018 and 2019. Further, the Local Authority was up to date with the current contributions to NAPSA, ZRA and LASF. The Council would ensure that returns and statutory contributions are made in time to avoid penalties and debt accumulation. He assured the committee that all the strategies submitted would be enhanced to improve on the accountability function in order to attain expected service delivery to the community of Solwezi.

7 c a a] h h Y Y Đ g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Committee urges the Town Clerk to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

Zimba Town Council

Paragraph 60

a. Budget and Income K23,196,285

Response by the Council Secretary

The Council Secretary stated that they were unable to acknowledge the variance of K23,196,285 as Zimba Town Council did not perform as indicated above. However, our performance for the two years under review was as highlighted below;

Year	Budget	Actual	Variance
2018	13,327,478	16,411,286	(3,083,808)
2019	13,520,844	8,748,826	4,772,018
TOTAL	26,848,322	25,160,112	1,688,210

The following were the reasons for the total variance of 1,688,210:

Plot premiums

The Council did not plot premiums from would be developers in Zimba Township as was

planned due to some settlers who had claimed ownership to the same land. The land was given to the local authority by traditional leadership and settlement of disputes with settlers had resulted in the delays to collect the premium fees. The disputes had now been resolved through the stakeholder meetings such as the one held on Friday, 19th February, 2021 as per attached minutes.

Building inspection fees

Building inspection fees were not collected as expected due to non-availability of the Building Inspector to carry out structural inspections following approval of his study leave by the Local Government Service Commission.

Crop Levy

During the period of 2018/2019 agricultural season. The district experienced prolonged dry spells which led to poor harvest. The council could not sufficiently collect crop levy due to the poor harvest.

Livestock Levy

An outbreak of foot and mouth disease was experienced during the period under review hence affecting our livestock levy revenue.

Local Government Equalisation Fund

The Council did not receive the Local Government Equalisation Fund for a number of months as well as the Constituency Development fund during the year 2019.

The Council Secretary reported that the following actions had been taken:

<

The revenue agents and collectors at check points had been given a weekly target each of K1,500.

<

The revenue collectors in markets had been given a daily target of K100.
The valuation roll had been updated.

The township boundary had since been redefined in order to create plots/stands for offer to the would-be developers in the township area.

< The trucking yard had been constructed where truckers park at a fee of K35 per night and was expected to generate average revenues amounting to K1,820 weekly.

<

A block making machine had been procured to manufacture blocks for resale to property developers and general public in the District.

<

< The Council guest house had been rehabilitated to include three chalets to increase its revenue base. Council had planned to procure two (02) motor bikes in order to increase accessibility to all revenue points especially those located on the outskirts of the district.

<

< Council had planned procurement of motor vehicle for planning development control to ensure revenue from land was collected.

7 c a a] h h Y Y Ð g · C V g Y f j U h] c b · U b X · F Y Wc a a Y b X U h] c b

The Committee notes the submission urges the Council Secretary to set realistic budgets coupled with detailed analysis of sources of revenue to avoid failure. The Town Clerk is urged to ensure that turn around strategies are devised to counter unintended outcomes. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

d) Operational Matters

i. Lack of Firefighting and Prevention Services

Response by the Council Secretary

The Council Secretary reported that it had not established firefighting and prevention services due to inadequate staffing and financial resources during the periods under review. Government of the Republic of Zambia under statutory Instrument of 2019 declared Zimba Town Council as a fire authority. In this regard, Zimba Town Council had since identified 2 officers, who were earmarked for training as fire fighters, at the National Fire Service Training School in Kabwe and would subsequently be recommended to the Local Government Service Commission for re-designation as fire fighters. Zimba Town Council management would ensure that commencement of services and completion of the recruitment processes of support staff and necessary resources for the respective section/unit were done expeditiously.

7 c a a] h h Y Y Ð g · C V g Y f j ~~ation~~ c b · U b X · F Y Wc a a Y b

The Committee notes the submission and urges the Council Secretary to ensure that commencement of services and completion of the recruitment processes of support staff and necessary resources for the firefighting unit are carried out expeditiously. The Committee will await a progress report on the matter.

ii. Environmental Management Ë Poor Management of Dumpsite

Response by the Council Secretary

The Council Secretary submitted that an agreement was arrived at with the stakeholders to have the current dumpsite be fenced and compacted on temporal basis using temporal materials (wooden poles) in the meantime till the misunderstanding between the Council and Matanyani settlers was settled.

The Committee notes the submission and urges the Council Secretary to ensure that the misunderstandings with Matanyani settlers is resolved expeditiously. The Committee awaits a progress report.

c) Accounting for Revenue Ę Missing Receipt Books

Response by the Council Secretary

The Council Secretary acknowledged the observation by the Auditor and stated that the eight (8) receipt books had not been traced to date. He informed the Committee that out of the eight, three were from revenue agents who were no longer collecting for the Council. A report from the immediate supervisor of the officer still on duty indicated that the books were searched for but could not be found. It was at this point that the Revenue Collector was written to to exculpate himself. An estimation based on one collection sheet which tallied with one of the missing receipts was used as a basis for the computation of the remaining receipt books which amounted to K15,912. The amount in question would be recovered by deducting a K663 from the employee concerned on a monthly basis with effect from February 2021. Close supervision of the revenue collectors on a day-to-day basis and ensuring that no receipt book is issued before retirement of those issued earlier to a revenue collector.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b
Observation and Recommendation

The Committee expresses concern at the failure by the Council Secretary to act on the matter promptly as efforts to do so have only been put in place after the letter to appear before Parliament was issued. The Council Secretary is cautioned to be proactive and to ensure that the receipt books are located without delay. The Committee will await a progress report on the matter.

d) Procurement of Goods and Services

i) Unretired Accountable Imprest K15,255

Response by the Council Secretary

The Council Secretary submitted that at the time of the audit the retirement receipts were not availed to the Auditors. Efforts were made to trace the documents which were now ready for verification. The Council Secretary reported that a specific officer had been assigned to attach imprest retirement documents to payment vouchers as soon as they are brought in order to be filed immediately.

In noting the submission, the Committee urges the Council Secretary to ensure that officers who misfiled the documents are disciplined only then will the matter be closed.

ii. Missing and Unsupported Payments K41,720 and K258,787

Response by the Council Secretary

The Council Secretary reported that the cited vouchers were erroneously not availed at the time of Audit due to misfiling. The Council Secretary reported that the fourteen (14) payment vouchers in amounts totaling K41, 720 made during the period under review had been traced and secured in the appropriate box files. Further, fifty (50) payments in amounts totaling K258, 787 had been supported adequately with receipts, invitation letters and purchase orders. The Council would ensure that payment and filing systems were strengthened.

e) Management of Assets - Lack of Title Deeds

Response by the Council Secretary

The Council Secretary reported that at the time of audit, the Layout Plans of the cited properties had not been approved and forwarded as an application for title to Ministry of Lands. The Council Secretary reported that the ordinary full Council had approved the layout plan for the nineteen properties and the recommendations had been forwarded to the Commissioner of Lands for issuance of title deeds. Further, quotations were received from various insurance companies to have the properties insured. The Tender committee approved Zambia State Insurance Corporation (ZISC) to insure Zimba Town Council properties. The Council management would ensure that the process of numbering stands/plots and recommendation for offer of Title Deeds to the Ministry of Lands was carried out expeditiously.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with concern the failure by the Council Secretary to ensure that council properties are secured with title deeds and insurance cover. The Committee urges the Council Secretary to ensure that the process of obtaining title deeds and insuring all council properties is done expeditiously to avoid possible loss. The Committee awaits a progress report on the matter.

f) Management of Local Government Equalization Fund - Installation of Street Lights in Zimba District

Response by the Council Secretary

The Council Secretary acknowledged the observation made by the Auditors regarding the delayed installation of street lights in Zimba. The Council Secretary reported that the contract for Ackjoe Contractors and General Dealers was terminated on 04th November 2019 and the Council had taken up the project by completing it using force account. The Council would ensure that it engaged contractors with traceable and outstanding track record with verifiable referrals.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with concern the failure by council management to ensure that due

delligence is carried out on the contractor before engagement. The Committee is disappointed by this laxity and urges the Council Secretary to ensure that disciplinary action is instituted on the officers responsible for the query without further delay. The Committee also directed the Council Secretary to ensure that all works are completed by 30th June 2021. A progress report is awaited.

Management of Constituency Development Fund

i. Unsupported Payments K47,985

Response by the Council Secretary

The Council Secretary reported that the cited payment vouchers were not supported sufficiently at the time of Audit as they were filed separately. The Council Secretary reported that the Six (6) payments in amounts totaling K47, 985 had been adequately supported with documents such as interim payment certificates, receipts and invoices. The Council Secretary reported that filing systems had been enhanced and a supervisor assigned to check through to ensure all documents with supporting vouchers are filed accordingly.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with concern the weak internal controls with regard to documents management and laxity by officers charged with responsibility. The Committee urges the Council Secretary to ensure that disciplinary action is instituted on erring officers. The Committee recommends for a progress report on the matter.

ii. Unaccounted for Stores K502,967

Response by the Council Secretary

The Council Secretary acknowledged the observation made by the Auditor regarding unaccounted for stores due to unavailability of disposal details. The Council Secretary reported that Stores items costing K502,967 procured during the period under review had been accounted for by tracing the receipts and disposal details. The Council would ensure that disposal details were attached to the vouchers so that documents were kept together and not separately.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

The Committee observes with concern the weak internal controls with regard to documents management and the laxity by officers charged with the responsibility. The Committee urges the Council Secretary to ensure that disciplinary action is instituted on the erring officers only then will the matter be closed.

Failure to Remit Statutory Obligations K3,142,440

Response by the Council Secretary

The Council Secretary acknowledged the observation made by the Auditor regarding nonpayment of statutory obligations. The Council Secretary stated that it had entered into agreements with various organisations such as Zambia State Insurance Corporation for payment of instalments in intervals according to the payment plans. The Council Secretary stated that the non-payment of statutory obligations was due to the fact that the grant we receive does not suffice but however it had put in place measures to be able to liquidate certain debts from our locally generated sources. Council had intensified collection of locally generated funds to supplement the grant received from the Ministry of Local Government.

7 c a a] h h Y Y Ð g ` C V g Y f j U h] c b ` U b X ` F Y Wc a a Y b X U h] c b

In noting the submission, the Committee urges the Council Secretary to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

61.0 Audit findings on operational matters

Submission by the Controlling Officer on General Recommendations by the Auditor General

The Controlling Officer took note of the irregularities highlighted in the report and the following were the submissions on the salient matters.

a) Budget and Income

7 c b h f c ` `] b [` C Z Z] WY f Ð g ` g i V a] g g] c b

The Controlling Officer submitted that the gaps in budget performance in many Local 5 i h \ c f] h] Y g ` k U g ` X i Y ` h c ` k Y U _ ` V i X [Y h ` Z c f a i ` U h] c for various revenue streams. There was also failure to track performance of approved budgets against actuals due to lack of automated Financial Management Systems. In view of the foregoing, the Ministry had in the recent past rolled out comprehensive implementation of the Output Based Budgets (in 25 Councils) with a demand from each Local Authority to develop up to date databases of revenue streams that would inform budget formulation and against which budget tracking, evaluation and reporting of performance shall be ascertained and informed for appropriate decision making. Further, this is being enabled by the recent roll out and implementation of standardised General Purpose Financial Statements (GPFS) as guided through the Treasury and Financial Management Circular no 10 of 2019 as variances on individual budget lined were easily computed and analysed. In making this submission he applauded the collaborative efforts that had been put in place by Ministry of Finance, Office of the Auditor General, Cabinet Office Ë the Decentralisation Unit, Individual Councils and the Ministry responsible for local authorities to improve reporting and accountability.

b) Failure to develop integrated development plans,

7 c b h f c ` `] b [` C Z Z] WY f Đ g ` g i V a] g g] c b

The Controlling Officer submitted that the Ministry prepared and circulated guidelines in 2019 and had further facilitated training of staff in Local Authorities in the preparation of Integrated Development Plans as the principle planning framework for the development of districts. Though local authorities had started the process of preparing the plans, progress has been slow due to a number of factors including the following:

- i. Inadequate financial resources
- ii. Staffing levels and inadequate capacity
- iii. High staff turnover due to frequent staff transfers

Despite the above noted challenges, the Ministry had made the following interventions:-

- i. Issuance of directive to all Local Authorities to proceed with the preparation on Integrated Development Plans as required under the Act;
- ii. All Councils have been instructed through Budget Circulars to provide a budget line specifically for the preparation of Integrated Development Plans.
- iii. The Ministry and Provincial Planning Authorities were providing technical backstopping to the Councils on the preparation of Integrated Development Plans.

c) Poor management of solid waste

7 c b h f c ` `] b [` C Z Z] WY f Đ g ` g i V a] g g] c b

The Controlling Officer submitted that the lapses cited above in many Local Authorities are noted with regret. However, with the continued focus on realising sound Solid Waste Management across all Local Authorities, the following actions to remedy the challenges in the short, mid and long term were being undertaken:

i. Policy and legal framework.

The Ministry embarked on reforms to improve the policy and legal framework. This resulted in the enactment of the Solid Waste Regulation and Management Act No. 20 of 2018, which became enforceable in August 2019. The Act seeks to strengthen the regulation and management of solid waste services in all local authorities.

ii. Sector Coordination

With the new Act in place, the Ministry was in the process of strengthening sector coordination to enhance interaction with related sectors for improved service delivery by Local Authorities and stakeholders.

iii. Financing

Over the years, the sector had had inadequate funding to spur innovation and improve service delivery. Currently in most Local Authorities, funding is primarily from tariffs but inadequate to

ensure full cost recovery. There was need to finance the Solid Waste Management in Local Authorities through various instruments from the private sector, government, cooperating partners and civil society. Currently government had secured support for various innovations in selected Local Authorities.

iv. Capacity Building

The Ministry had prioritised training of staff in local authorities at various levels on the solid waste management value chain from both the implementation side and the regulatory side.

v. Keep Zambia Clean, Green and Healthy Campaign

The Ministry Implemented the Keep Zambia Clean, Green and Healthy Campaign. This was to facilitate community engagement and sensitization to spread the key messages of good practices in Solid Waste Management in all City, Municipal and Town Councils. There was need for a robust and aggressive approach to ensure sustained behavioural change.

vi. Supervision, Monitoring and Evaluation

The Ministry had also ensured active and passive monitoring of compliance levels in all districts and would continue to provide technical backstopping to enhance service delivery. Further, the Ministry would prioritise a monitoring and evaluation framework with key performance indicators to ensure sustained monitoring, evaluation and reporting mechanisms to inform decision-making.

d) Failure to update valuation rolls

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The Controlling Officer submitted that the Ministry has instructed Local Authorities to ensure that their valuation rolls are up to date pursuant to section 9 (4) of the rating Act No. 20 of 2018. Further, the Ministry has continued to fund the Local Authorities through monthly grants to assist them meet the costs of preparing and updating valuation rolls.

e) Failure to control markets by the Councils,

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In line with the markets and bus stations Act part 2 section 13 (1) of 1997, Local Authorities had been instructed to constitute market boards. Further, in order to promote efficiency and instill controls in the collection of revenue and in line with the E - governance policy, the Ministry has embarked on the roll out of the E levy system. This was an e-payment platform for markets and bus stations managed by the Ministry and operated by Local Authorities, with the Lusaka City Council BH market being the pilot project. With notable success, the Ministry has conducted training programmes for staff from various Local Authorities at Chalimbana Local Government

Training Institute. Eleven (Eleven (11)) Local Authorities have been targeted for phase one and the e-payment platform has been implemented in 6 Councils thus far. This had resulted in notable improvement in revenue collection and has tangibly reduced the cost of revenue collection. Despite these interventions, Local Authorities are still facing challenges in the smooth implementation of the model from key stakeholders.

f) Weaknesses in procurement and contract management

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The Ministry of Local Government had taken note of the weaknesses in the procurement function of the Local Authorities and would work at strengthening it through capacity building. The ministry directed the councils to adhere to the Public Procurement Act of 2008 and ensure that qualified procurement officers are employed in all the councils in liaison with the Local Government Service Commission.

g) Failure to secure properties with title deeds and Failure to maintain properties

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The Controlling Officer submitted that all Local Authorities were directed to ensure that all Council properties are properly accounted for through obtaining of title deeds as proof of ownership. The Ministry of Local Government would also engage the Ministry of Lands and Natural Resources so that issuance of title deed was expedited. Further, assets were to be appropriately marked so that they were identified as Council property and records of lease agreements for leased out properties should be valid and well maintained. The Ministry would constitute a team of officers to comprehensively look at asset management in the councils.

h) Lack of Firefighting and Prevention Services

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The Ministry acknowledged the lack of Fire - fighting and Prevention Services in most Local Authorities and wishes to report that to mitigate this, the following interventions have been made:

- i. Development and enactment of National Fire and Rescue Services Policy which was launched in 2019 to provide guidelines in the operation of the sector.
- ii. The Ministry facilitated the procurement of more than eighty (80) hydraulic rescue equipment for Local authorities for quick extrication of casualties trapped in a vehicle/s after a road traffic accident.
- iii. The construction of state of the art fire training school in Kafulamase in Kabwe and eleven (11) Provincial and District fire stations (Lusaka, Chirundu, Kapiri Mposhi, Solwezi, Mongu, kasama, Mansa, Chililabombwe, Chipata, Choma & Chinslai) is underway

through the Engineering Procurement and Construction project to enable the noble service to be parallel with the intensive industrialization taking place in the country.

- iv. The Ministry was currently constructing three (3) Sub-Fire Stations in Lusaka (Chilenje, Chelstone & Bonaventure) to improve the response time of the fire brigade due to the large catchment area of Lusaka. The fire stations are earmarked for completion this year, 2021 depending on availability of financial resources.
- v. The Guidelines document on Community fire safety campaigns, Firefighter Road Traffic Accidents safety, Standard operating procedures and Incident Command had been rolled out to Local Authorities in order to enhance effective operational management of fire and rescue services.
- vi. The Ministry had developed a Code of Ethics and Standardised uniforms to enhance integrity and the highest standard of ethical conduct and the provision of appropriate uniforms for the fire and rescue service sector. The documents are with Ministry of Justice for clearance before launch.
- vii. Facilitation and collaborations have been made with Ministry of Defense in training of fire fighters in Local Authorities and other sectors in Marine deep and surface water rescue operations involving human and vehicular and rope scaling as well as management aspect by the Commando Special training school in Mbala.

i) Failure to remit statutory and settlement of staff obligations

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The Controlling Officer submitted that failure to remit and settle statutory and staff obligations was noted with regret. Further, efforts to enhance public service delivery in Local Authority jurisdictions continue to be negatively affected by among others the debt burden in Local Authorities. The debt for all Local Authorities combined was estimated at K2.8 Billion, as at 30th June 2020, of which statutory obligations accounted for the largest share at 77.6 percent, personnel related debt at 16.6 percent and the balance is explained by debt to suppliers of goods and services and other debtors (Finance, 2021).

The Ministry had guided Local Authorities to prioritise Institutional debt liquidation by way of engaging Institutions in making payment plans and this was currently being undertaken in most Local Authorities despite liquidity constraints. Local Authorities have also been guided to enhance own source revenue collection and cease further debt contraction.

j) Failure to collect revenue, delayed banking and unaccounted for revenue

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The Controlling Officer stated that the Ministry in collaboration with the Ministry of Finance, Budget office and Office of Accountant General is working on strategies that would assist

councils to improve their revenue collection. It is imperative for councils to have automated revenue management systems, which would improve accountability and reporting for revenue in terms of completeness and accuracy. The councils would also be encouraged to use some revenue enhancement strategies /innovations that have been adopted by Central Government such as; teller implants, dedicated counter services, point of sale services, e- commerce and mobile money banking facilities. This would prevent issues of theft, delayed and non- banking of revenue.

He further submitted that Local Authorities were directed to ensure that all revenue due for collection should be collected and properly accounted for. The Ministry also acknowledged the observations by the auditors that there were delays in depositing revenue by some councils. This was due to lack of banking facilities in the remote parts of the country. However, some councils did not just adhere to the financial regulations and it was wrong for them not to bank revenues on time. It is also disturbing and dangerous to learn that local authorities hold on to cash unnecessarily without reasonable justification or cause. The Ministry will ensure that it follows up on the local authorities cited and those who would be found wanting shall be disciplined.

k) Misapplication of Funds

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The Ministry had implored Local Authorities to fully operationalise and adhere to the guidelines on utilisation of the 20% capital component of the Local Government Equalisation Fund (LGEF) as captioned in the Local Government (Amendment) Act No. 12 of 2018. Further, Local Authorities have been encouraged to open separate bank accounts for operations and capital projects to avoid commingling of funds. The local authorities cited are required the misapplied funds failure disciplinary action would be instilled against them.

l) Poor records keeping of accounting documents

- < **Missing Payment Vouchers**
- < **Missing Receipt Books**
- < **Unsupported Payments**
- < **Unaccounted for Stores**

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The Controlling Officer informed the Committee that most of the councils had missing receipt books and payment voucher, unsupported payments, and unaccounted for stores due to poor record keeping and negligence of officers charged with maintenance of records. Further, most councils have no designated records rooms for storage of records, such that used accountable documents are not secured. Some councils also failed to maintain registers of accountable documents due to negligence and incompetency of some accounting officers. Ministry of Local Government took note of these irregularities and came up with a training program for records management that was being conducted at Chalimbana Local Government Training Institute. All local Authorities are expected participate in this program that will assist them improve their records management.

The Controlling Officer also reported that local authorities were responsible for securing all records as stipulated in the Local Government Act. In this regard, all local authorities cited would be directed to ensure that the authentic missing records were traced and failure to do so would attract disciplinary action against them.

Furthermore, Treasury and Financial Management circular no. 8 of 2019 was issued by the Secretary to the Treasury on Alignment of the Public Stores Management function to the Public Finance Management Act no. 1 of 2018. This circular addresses the deficiencies in the management of public stores that included lack of segregation of duties between procurement function and the stores management function. Thus the councils were also expected re-align their stores management.

m) Unretired Imprest

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H \ Y ` 7 c b h f c ` `] b [` C Z Z] WY f ` U W_ b c k ` Y X [t. Most of the Y ` U i X] affected councils experienced high staff turnover, where affected officers had been transferred to other councils, which made it difficult to recover the unretired amounts. However, for some councils, responsible officers failed to follow up the retirement of imprest or effect recoveries on salaries of affected officers due to negligence of duty. Disciplinary action would be instituted against these officers. Further, all officers with outstanding imprest shall be followed up so that they pay back the unretired amounts.

n) Irregular payments

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The Controlling Officer submitted that some Councils paid subsistence and meal allowances to officers who were sent on official duty to work points within the District but remote and far from the civic centre such that officers could not manage to travel, work and come back same day. The gravel roads also contributed to the long hours of travel to and from the work points. However, the councils needed to seek authority from Public Service management Division, through my office to pay such allowances. Since prior authority was not sought all the beneficiary would have to pay back the money.

The payment of sitting allowance for tender meeting was abolished and all cited local authorities were requested to refund the money.

In his concluding remarks, the Controlling Officer submitted that the lapses cited above in many Councils were noted with regret. However, with the continued focus on realising sound management across all Local Authorities the following measures were being undertaken:

- a. The Ministry was currently focusing on enhancing monitoring and evaluation in the local Authorities in order to proactively motivate councils to work on their weaknesses in corporate governance issues, financial management and service delivery.

- b. The Ministry in collaboration with the Controller of Internal audits was currently working on strengthening of the Internal Control Systems by realigning Internal Audit functions, standardizing and improving the operation of the Internal Audit Units in Local Authorities through capacity building.
- c. On the collection of Own Source Revenue, the Ministry was on course to ensure the Levy system is implemented to enable Local Authorities efficiently and effectively collect revenue from markets and bus stations.
- d. The Ministry through the Ministry of Finance was working on procuring the Local Authorities Financial Management Information System (LAFMIS). This will enable Local Authorities capture, store, manage and update business processes from informed databases necessary for critical decision making and prudent financial reporting.
- e. The Ministry had encouraged Local Authorities to prioritise revenue generation activities that would broaden their revenue base and enhance collection so that they liquidate their debt and improve their service delivery. The ministry has further instructed the councils to prioritize utilization of resources towards service delivery and ensure prudent financial management.

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The Committee notes the submission and encourages the Controlling Officer to ensure that supervision of councils is enhanced by the Ministry of Local Government to counter the status e i c " ´ = h ´] g ´ h \ Y ´ 7 c a a] h h Y Y Ð g ´ j] Y k ´ h \ U h ´ g c a Y ´ c Z result of failure by the principal officers to seek guidance and clarifications on matters they are not conversant with especially as it relate to payment of allowances and interpretation of cabinet circulars. The Committee also encourages the Controlling Officer to strengthen relations with the Local Government Service Commission in order to collectively help councils operate effectively and efficiently. The Committee observes with concern that the huge debt stock on statutory and g h U Z Z ´ c V `] [U h] c b g ´ U b X ´ h \ U h ´] h ´] g ´ Y j Y f m ´ Wc i b W] The Committee therefore recommends that the Controlling Officer should as a matter of urgency consider liaising with the Secretary to the Treasury on the need for the Treasury to help councils offset their outstanding statutory and staff obligations to relieve them of this burden.

CONCLUSION

The Committee wishes to pay tribute to all the stakeholders who appeared before it and made both oral and written submissions. It also wishes to thank you, Mr Speaker for the invaluable guidance throughout the Session. The Committee also appreciates the services rendered to it by the Office of the Clerk of the National Assembly and her staff. The Committee is confident that the observations and recommendations contained in this report will be favourably considered and fully implemented by the Executive in the interest of the Zambian people.

Mr E J Muchima, MP
CHAIRPERSON

MAY, 2021
LUSAKA

Appendix 1

List of National Assembly Officials

Ms C Musonda, Principal Clerk Committees
Mr H Mulenga, Deputy Principal Clerk of Committees (FC)
Ms C K Mumba, Senior Committee Clerk (FC)
Mr A Chilambwe, Committee Clerk
Ms C K Muyunda, Typist
Mr M Chikome, Committee Assistant