



REPUBLIC OF ZAMBIA

REPORT

OF THE

COMMITTEE ON LOCAL GOVERNMENT ACCOUNTS

ON THE REPORT OF THE

**AUDITOR GENERAL ON ACCOUNTS OF LOCAL AUTHORITIES FOR THE
FINANCIAL**

YEARS ENDED 31ST DECEMBER, 2015, 2016 AND 2017

FOR THE

**FOURTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY APPOINTED ON
21ST SEPTEMBER, 2017**

Printed by the National Assembly of Zambia

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REPORT OF THE COMMITTEE ON LOCAL GOVERNMENT ACCOUNTS ON THE REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF LOCAL AUTHORITIES FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER, 2015, 2016 AND 2017, FOR THE FOURTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY, APPOINTED ON 21ST SEPTEMBER, 2017

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 E Mulenga, MP; Ms P C Kucheka, MP; and Mr L K Fungulwe, MP.

Following the appointment of Mr E Mulenga, MP to a ministerial position, the composition of the Committee changed and, Mr L Kaziya, MP was appointed to replace him 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 Accounts of Local Authorities for the Financial Years Ended 31st December 2015, 2016 and 2017.

2.0 Functions of the Committee

In accordance with National Assembly Standing Order No 157(2), the functions of the Committee are to:

- i. study, report and make appropriate recommendations to the Government through the House on the mandate, management and operations of the Government ministries, departments and/or agencies under its portfolio;
- ii. carry out detailed scrutiny of certain activities being undertaken by the Government ministries, departments and/or agencies under its portfolio and make appropriate recommendations to the House for ultimate consideration by the Government;
- iii. make, if considered necessary, recommendations to the Government on the need to review certain policies and certain existing legislation;
- iv. examine annual reports of Government ministries and departments under its portfolio in the context of the autonomy and efficiency of Government ministries and departments and determine whether the affairs of the said bodies are being managed according to relevant Acts of Parliament, established regulations, rules and general orders;

- v. consider any Bills that may be referred to it by the House;
- vi. consider international agreements and treaties in accordance with Article 63 of the Constitution;
- vii. consider special audit reports referred to it by the Speaker or an Order of the House;
- viii. where appropriate, hold public hearings on a matter under its consideration; and
- ix. consider any matter referred to it by the Speaker on an Order of the House. In this regard, the main focus of the Committee is to:
 - x. consider the reports of the Auditor General on the accounts of local authorities, and;
 - xi. consider the reports of the Auditor General on the management of Constituency Development Fund and grants to local authorities.

3.0 Meetings of the Committee

During the period under review, the Committee held twenty four meetings to consider the Report of the Auditor General on the Accounts of Local Authorities for the Financial Years Ended 31st December 2015, 2016 and 2017.

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 Accounts of Local Authorities for the Financial Years Ended 31st December, 2015, 2016 and 2017.

5.0 Arrangement of the Report

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

PART I

Auditor General's Preamble

The Committee was informed that the local authorities (councils) were public institutions established under Section 3 of the *Local Government Act, Chapter 281 of the Laws of Zambia* and they were Government institutions. The main objective of establishing councils was to provide services on behalf of Central Government to residents within their areas of jurisdiction. Councils were a key factor in socio-economic development because their operations were directly linked to community services. Currently, there were 116 councils across the country.

The Committee also heard that the *Constitution of Zambia as amended by Act No. 2 of 2016* devolved powers to the Councils to decentralise the operations of Government. All Government departments and institutions would be managed at the local authority level. This, therefore, entailed that there should be greater accountability on the part of the councils. In this regard, *Article 250 (1) (i) of the Constitution of Zambia as amended by Act No. 2 of 2016* mandated the Office of the Auditor General (OAG) to audit the accounts of the councils. The audits assisted in promoting transparency and accountability in the management of resources in councils.

PART II

SUBMISSION BY THE SECRETARY TO THE TREASURY - MINISTRY OF FINANCE

Executive Summary

The Committee was informed that this audit report on the councils provided the audit findings on councils for the financial years from 2015 to 2017. The councils' sources of income included funds raised through rates, local taxes, fees and charges, licenses, levies, permits and other incomes. In addition, councils also received grants from the Government such as the Local Government Equalisation Fund (LGEF) and the Constituency Development Funds (CDF) meant to enhance development in the local communities and constituencies, respectively. The Audit Report contained paragraphs on thirty two councils. The principle findings included failure to prepare financial statements, lack of updated valuation rolls, lack of title deeds, failure to fill key positions, failure to maintain properties, and failure to adhere to the provisions of the *Environmental Management Act*. Other issues contained in the report included non-remittance of statutory contributions to the Zambia Revenue Authority (ZRA), the National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF), unsupported payments, unaccounted for stores, irregular procurements, questionable payments and failure to settle retirees' benefits among others. These are summarised in the table below.

ISSUE	AMOUNT K
Failure to Remit Statutory and Other Obligations	423,641,615
Failure to Settle Staff Obligations	152,081,443
Misapplication of Funds	12,891,514
Unsupported Payments	27,020,572
Unapproved Payments	1,048,306
Unretired Accountable Imprest	2,876,131
Unaccounted for Revenue	502,006
Unspent Funds	699,143
Failure to Collect Revenue	33,672,990
Failure to Follow Procurement Guidelines	527,148
Failure to Insure Assets	36,560,778
Irregular Payment of Allowances	3,073,934
Missing Payment Vouchers	14,334,890
Overpayments	163,889
Questionable Payments	120,631
Unaccounted for Stores	23,075,525

The Committee also learnt that the audit findings on the local authorities included governance, operational and financial matters which required to be addressed in order for the councils to provide quality services and development in their respective communities. The Secretary to the Treasury responded as set out below.

Treasury Response

The Secretary to the Treasury submitted that the observations of the Auditor General in the Executive Summary were appreciated, especially the highlighting of the role of the local authorities in the Government programme of devolution of powers and functions in the quest to decentralise the operations of all the Government departments and institutions in districts to the local authority level. He added that in order to attain high levels of accountability, the Government enacted the *Public Finance Management Act No. 1 of 2018* which also covered Local Authorities to ensure that the Public Finance Management oversight role of the Treasury was harmonised with the provisions contained in the Republican Constitution. This would allow for systematic interventions to address the shortcomings identified by the Auditor General.

Introduction

The Committee was informed that the responsibilities of the Minister of Finance, Secretary to the Treasury, controlling officers and the Auditor General with regard to the management of public resources, reporting and accountability were as contained in line with the *Constitution of Zambia (Amendment) Act No. 2 of 2016*, the *Public Finance Management Act No. 1 of 2018* and the *Public Audit Act No. 13 of 1994*. The Auditor General was responsible for the Audit of all Public Funds. The councils were governed in accordance with the *Local Government Act, Cap 281 of the Laws of Zambia*. The Report contains thirty two paragraphs on councils whose issues remained unresolved as at the date of reporting.

Treasury Response

The Secretary to the Treasury submitted that the facts were correctly stated by the Auditor General with regard to the responsibilities of the office of ST and those for the Minister of Finance, his office and the principal officers in the management of public resources, reporting and accountability in local authorities as contained in the Constitution and the revised *Public Finance Management Act No.1 of 2018*. The Secretary to the Treasury appreciated the Auditor General for reviewing the operations of the local authorities for the reporting periods under consideration. He informed the Committee that his office was currently reviewing the unresolved issues, and would take appropriate action in accordance with the law where deficiencies were observed.

Scope

The Committee was informed that the Audit Report was as a result of a programme of test checks on the operations of selected local authorities for the Financial Years Ended 31st December 2015, 2016 and 2017. In preparing this Report, the Controlling Officer at the Ministry of Local Government was availed draft paragraphs for comments and confirmations of the correctness of the facts presented. Where comments were received and varied materially with the facts presented, the paragraphs were amended accordingly.

Treasury Response

The Committee was informed that the facts on the audit scope were as stated by the Auditor General in line with the audit process.

Committee's Observations and Recommendations

The Committee notes the Secretary to the Treasury's response on the matter.

Internal Control

The Committee heard that in the Audit Report, specific mention of non-preparation of financial statements, failure to remit statutory contributions, weaknesses in procurement procedures, irregular payments and poor waste management among other issues by the respective Councils were mentioned.

Treasury Response

The Committee was informed that the Treasury took note of the lapses in internal controls identified by the Audit Report, namely: non-preparation of financial statements, failure to remit statutory contributions, weaknesses in procurement procedures, irregular payments and poor waste management. In order to address these weaknesses comprehensively the Ministry of Finance found it expedient to regulate the process in the *Public Finance Management Act of 2018*, as part of the responsibilities for controlling bodies and appropriate controlling officers from particular ministries. The Act provided for punitive sanctions for failure to perform these processes by both the controlling bodies and appropriate controlling officers. The specific sections in the *Public Finance Management Act* dealing with local authorities included sections 12 (Fiduciary Duties), sections 29, sections 44, 49, 71, 73, 82 and 89. These sections should enhance the internal controls and contribute to the better performance of local authorities, and enable Government to maximise service delivery to the local communities.

Committee's Observations and Recommendations

The Committee notes the response on the matter and recommends that the Secretary to the Treasury take stringent measures to forestall similar occurrences in future.

Background

The Committee learnt that a council was a body corporate that was established under the *Local Government Act*. The main business of a council was to deliver basic social and economic services to the people, discharge all the functions set out in the Act which included, among others, power to make by-laws, power to make regulations, imposition of levies, fees and other charges; and to formulate local policies to promote, guide and regulate development in the district through its various relevant departments.

Treasury Response

The Secretary to the Treasury submitted that the establishment and mandate of the local authority was as stated in the Report by the Auditor General.

Committee's Observations and Recommendations

The Committee notes the Secretary to the Treasury's response on the matter.

Sources of Funds

The Committee was informed that the councils raised funds through rates, local taxes, fees and charges, licenses, levies, permits and other incomes. The councils also received grants from the Central Government.

Treasury Response

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

Committee's Observations and Recommendations

The Committee notes the Secretary to the Treasury's response on the matter.

AUDIT QUERY

PARAGRAPH 6

Non-Preparation of Financial Statements

6. The Committee was informed that *Section 43 (3) of the Local Government Act, Cap 281* of the Laws of Zambia required the proper preparation of accounts, balanced, summarised, certified under the authority of the Treasurer of the Council and presented to the Council meeting within six months after the end of the financial year of the council. Contrary to the provision, the councils shown in the table below did not prepare financial statements for the financial years ended 31st December 2015, 2016 and 2017.

Name of Council
Chadiza
Chama
Chirundu
Ikelenge
Isoka
Kasama
Kawambwa
Lufwanyama
Mansa
Serenje
Sesheke
Vubwi
Zambezi

Treasury Response

The Secretary to the Treasury submitted that the facts were as stated by the Auditor General. He stated that section 70 of the *Public Finance Management Act No. 1 of 2018* obligated local authorities to submit their annual financial reports to the Treasury and the appropriate executive authority. In addition, section 72(3) placed the responsibility of ensuring that the financial reports were produced and availed to the Treasury and the executive authority of the council. In this regard, the Treasury envisaged that all local authorities would comply

with the Act and would continuously monitor their compliance as failure to do so would amount to financial misconduct. Further, the failure to prepare financial statements was as a result of a lack of a standard financial reporting framework to provide guidance to local authorities on the preparation of financial statements. In this regard, on 8th October, 2019, the Secretary to the Treasury issued a Treasury and Financial Management Circular No. 10 Of 2019 which provided “Policy Guidance for Preparation of Financial Statements in Local Authorities” using Cash Basis International Public Sector Accounting Standards (IPSAS) before migration to Accrual Basis Accounting IPSAS) in 2022. The Office of the Accountant General had since drawn up a programme to undertake capacity building activities of accounting staff in all local authorities of Zambia. This programme was currently being implemented and was expected to be completed in the first quarter of 2020.

The individual responses provided by each of the councils cited are as set out below.

i) Chadiza District Council

Submission by the Council Secretary

The Council Secretary submitted that Chadiza District Council regretted the non-preparation of financial statements in the period under review. However, the Council had in the past been preparing receipts and payment reports as its main financial report as opposed to the financial statements. The Council Secretary submitted that the Chadiza District Council had since started preparing financial statements. The financial statements for the years ended 31st December, 2015, 2016 and 2017 were now available for audit verification. The Council would ensure that financial statements were prepared annually as per requirement.

Committee’s Observations and Recommendations

In noting the submission, the Committee urges the Council Secretary to ensure that all financial reports are availed to the Auditor General for verification and that the Council is current in terms of preparing financial statements. The matter is, however, recommended for closure subject to audit verification.

ii) Ikelengi District Council

Submission by the Council Secretary

The Council Secretary submitted that, at the time of the audit, the Council had no financial statements due to non-valuation of the assets and failure to update Asset Register. He added that the Asset Register had since been updated and assets had now been assigned provisional values based on cost of purchase and period in use from time of procurement. The Council Secretary stated that Ikelenge District Council had started preparing final reports and had since prepared the financial statements for the period ended 31st December, 2018. All relevant documents were ready for audit verification.

Committee’s Observations and Recommendations

The Committee finds it unacceptable that officers failed to prepare financial statements for the period under review and wonders how the Council could prepare statements for 2018 when those for 2015 to 2017 statements were not prepared. The Committee finds this

submission misleading and they caution the Council Secretary to desist from misleading it. The Committee urges the Council Secretary to institute disciplinary action against officers responsible for the failure to prepare financial statements. Further the Committee directs the Council Secretary to ensure that all the financial statements for the period under review are prepared and availed for audit verification without any further delay. The Committee awaits a progress report on the matter.

iii) Isoka District Council

Submission by the Council Secretary

The Council Secretary acknowledged the Auditor General's observation and reported that the failure to produce the full set of financial statements at the time of audit was due to the fact that non-current assets were not valued to ascertain their values. The Council Secretary submitted that the Council had resolved to use management valuation and the management valuation values were reported in the Council via minute Number FHRLP 109/03/19. Further, the Council approved the depreciation rates for its assets under the same minute. The Council Secretary assured the Committee that financial statements were prepared after the expiry of each financial year.

Committee's Observations and Recommendations

The Committee observes with concern the lack of seriousness and laxity on the part of officers tasked with the responsibility of managing local authorities. The Committee does not accept the reasons given for failure to produce the financial statements and counseled the Council Secretary to be proactive as the failure to have an updated valuation roll resulted in difficulties to prepare financial statements. This was unacceptable. The Committee urges the Controlling Officer, Ministry of Local Government, to consider helping all local authorities to update their valuation rolls by providing the expertise needed by the councils for this exercise. The Committee resolves to await a progress report on the matter.

iv) Kasama Municipal Council

Submission by the Town Clerk

The Town Clerk informed the Committee that at the time of reviewing the operations of the councils for the period under review, Kasama Municipal Council did not have the necessary qualified staff to prepare financial statements. The Town Clerk, however, informed the Committee that the Council had prepared the financial statements for the period under review and these were available for audit verification. The Town Clerk also informed the Committee that management would endeavour to adhere to the provisions of *Section 43 (3) of the Local Government Act, Chapter 281 of the Laws of Zambia*.

Committee's Observations and Recommendations

The Committee is disappointed by the reasons given by the Town Clerk for failure to prepare the financial statements. In this vein, the Committee urges the Council Secretary to ensure that the Council is current in terms of preparing financial statements henceforth. The Committee further directs that all relevant documents be submitted for audit verification, subject to which the matter should close.

v) Kawambwa District Council

Submission by the Council Secretary

The Council Secretary submitted that the observation by the Auditor General regarding Non-Preparation of financial statements was correct. The Council Secretary submitted that Kawambwa District Council failed to prepare the financial statements for the year ended 31st December 2015, 2016 and 2017 due to non-availability of a standard accounting data base (system). Kawambwa District Council had since acquired an accounting data base to help in the data capturing of all the transactions and preparation of the financial statements. The financial statements for the year ending 31st December 2018 were available for verification together with draft financial statements for the year ending 31st December 2015, 2016 and 2017 prepared manually using the receipts and payments information. The Council Secretary assured the Committee that the Council would strictly abide by the provisions of the *Local Government Act* and would always prepare financial statements.

Committee's Observations and Recommendations

The Committee is disappointed with the reason given by the Council Secretary for failure to prepare the financial statements as it is evident that no serious efforts were made by the Council to prepare these key accounting documents or even exploring the possibility of using qualified staff from other departments within the District. The Committee prods the Council Secretary to act proactively in such matters in future and further urges him to mete out disciplinary action against officers who caused this lapse in order to avoid recurrence. The Committee directs the Council Secretary to submit all relevant documents for audit verification, subject to which the matter should close.

vi) Lufwanyama District Council

Submission by the Council Secretary

The Council Secretary informed the Committee that the query on the non-preparation of financial statements was due to the absence of valuation reports to establish the value of land and buildings in respect of council houses, offices, as well as motor vehicles, plant and machinery which were constructed and procured several years ago. The valuation report was necessary to avoid management determining values which could be subjective. The Council settled for the independent and Registered Government Valuation Surveyor to do the valuation of fixed assets. The Council on 18th December, 2017 engaged the Government Valuation Department to value the civic centre offices, sixteen council houses, and three motor vehicles for balance sheet and insurance purposes. The Council had since prepared the 2017 and 2018 financial statements. Valuation reports and samples of statement of comprehensive income, financial position and statement of cash-flow were available for audit verification. As a mitigation measure, Management had developed a Valuation of Fixed Assets Draft Policy which would be submitted to the Council before the end of 2019. In this Policy, land and buildings, Motor Vehicles, Plant and Machinery would be valued every five years for purposes of balance sheet preparation. The management minutes approving the Valuation of Fixed Asset Draft Policy were available.

Committee's Observations and Recommendations

The Committee is disappointed with the reason given by the Council Secretary for failure to prepare the financial statements as it is evident that no serious efforts were made by the Council to prepare these key accounting documents. The Committee prods the Council Secretary to be proactive in such matters in future and further urges him to mete out disciplinary action against officers who caused this lapse in order to avoid recurrence. The Committee directs the Council Secretary to submit all relevant documents for audit verification, subject to which the matter should close.

vii) Serenje District Council

Submission by the Council Secretary

The Council Secretary submitted that management did not prepare financial statement because the assets were not valued at the time of audit due to lack of funds to engage valuation officers. The Council Secretary submitted that Local Government Service Commission filled in the position of valuation officer who had since valued the assets, and the Council was in the process of preparing financial statements. The Council would be updating its asset register and prepare financial statements in every financial year.

Committee's Observations and Recommendations

The Committee does not accept the reasons given by the Council Secretary as estimated values could have been used to prepare the financial statements. The Committee strongly cautions the Council Secretary to ensure that all the available options are employed to prepare financial statements without fail each financial year. The Committee further directs the Council Secretary to institute disciplinary measures against officers in the Accounts Department so as to deter inefficiency in their performance of duty. The Committee resolves to await a progress report on the matter.

viii) Sesheke District Council

Submission by the Council Secretary

The Council Secretary submitted that the Council only prepared financial statements up to receipts and payments, and annual budget performance at the time of the audit. He also reported that management had started the process of preparation of financial statements. An accounting software was also being developed in-house to enhance information management system in the preparation of financial statements. The Council would endeavour to ensure that all financial statements were prepared within the required time frame.

Committee's Observations and Recommendations

The Committee cautions the Council Secretary to ensure that she acts proactively and further that officers who fail in their duty are strongly cautioned too to avoid recurrence. The Committee resolves to await a progress report on the matter.

ix) Vubwi District Council

Submission by the Council Secretary

The Council Secretary acknowledged the observation of the Auditor General, and deeply regretted the non-preparation of financial statements for the Financial Years Ended 31st December 2015, 2016 and 2017. The Council Secretary also reported that Vubwi District Council had started preparing the financial statements to comply with this requirement. The Council Secretary promised that he would ensure timely preparation of financial statements in line with the provisions of the law.

Committee's Observations and Recommendations

The Committee observes with concern the non-preparation of financial statements by the Council Secretary and warns that it may be difficult to ascertain the performance of the Council without these reports. The Council Secretary is strongly urged to ensure that all financial statements are prepared without any further delay. The Committee resolves to await a progress report on the matter.

x) Zambezi District Council

Submission by the Council Secretary

The Council Secretary responded that at the time of audit, Zambezi District Council did not prepare the financial statement due to non-valuation of the Council assets and Assets Register was not updated. The Council Secretary informed the Committee that the quotation from the Government Valuation Department for the Main Valuation Roll which included all the Council assets had been collected and the Council was sourcing for the funds for the exercise. The Council Management was also awaiting information and guidance on the standard preparation of the financial statement from Ministry of Finance. The Council would ensure that financial statements were prepared as stipulated in the *Local Government Act, No. 2 of 2019* and submit to the Ministry of Local Government.

Committee's Observations and Recommendations

The Committee observes with concern the non-preparation of financial statements by the Council Secretary and warns that it may be difficult to ascertain the performance of the Council without these reports. The Council Secretary is strongly urged to ensure that all financial statements are prepared without any further delay. The Committee resolves to await a progress report on the matter.

Committee's General Observation and Recommendation

In noting the submission by the Secretary to the Treasury and individual councils, the Committee encourages the Secretary to the Treasury to consider stiffening the punishment for failure to produce financial statements so as to forestall recurrence of this irregularity.

PART III

SUBMISSIONS BY PRINCIPAL OFFICERS OF LOCAL AUTHORITIES

AUDIT QUERY

PARAGRAPH 7

CHADIZA DISTRICT COUNCIL

Accounting and Other Irregularities

7. An examination of accounting and other records maintained at the Council for the period under review and a physical inspection of selected projects carried out in September, 2018 revealed various irregularities, to which the Council Secretary responded as set out below.

a) Failure to Maintain a Valuation Roll

Submission by the Council Secretary

The Council Secretary acknowledged the Auditor General's findings that the Council did not maintain a valuation roll during the period under review. The Council had started preparation of a valuation roll in 2010 and that a total of K41,000 was paid to the Government Valuation Department. The appointed Surveyor did not carry out the exercise until 2013. A follow up was made and another Surveyor was appointed, but to date the valuation had not done. The Council Secretary further submitted that the Council had again written to the Government Valuation Department to make a follow up on the earlier engagements. A response from the Government Valuation Department was being awaited. Further the Council had included a budget line in the 2020 budget which was yet to be approved. The Council reported that it would ensure that the preparation of the valuation roll was prioritised and the roll would henceforth be updated before it expired.

Committee's Observations and Recommendations

The Committee finds the lack of seriousness and laxity on the part of officers tasked with the responsibility of following up the preparation of the valuation roll unacceptable and calls for disciplinary action to be meted out against them for failure to perform their duties. The Committee notes with concern, in this regard, that failure to have an updated valuation roll will compromise the Council's revenue base and present difficulties in the preparation of financial statements. The Committee urges the Controlling Officer, Ministry of Local Government, to support all local authorities to update their valuation rolls by providing the necessary expertise needed by the Councils to undertake this exercise. The Committee resolves to await a progress report on the matter.

b) Irregular Payment of Allowances – K23, 543

Submission by the Council Secretary

In acknowledging findings by the Auditor General, the Council Secretary stated that Chadiza District Council regretted making such payments. The Council had since recovered a sum of K3, 675 through the payroll, leaving an amount of K19,868. The outstanding balance was paid to officers who were subsequently transferred to other councils.

Management had since written letters to their respective councils to effect recoveries on their behalf. Management was complying with the circular (specify which circular please) by ensuring that all the officers sitting on various committees as part of their duties did not draw sitting allowances.

Committee's Observations and Recommendations

The Committee observes with concern the failure by management to interpret circulars and conditions of service correctly. The Committee sternly cautions management to desist from disregarding laid down regulations, and for failure to consult where they are not clear. The Committee urges the Council Secretary to institute disciplinary action against all officers who were responsible for the irregular payments and ensure that management strictly complied with the provisions of the conditions of service applicable to officers henceforth. The Committee, however, resolves to await a progress report on the matter.

c) Failure to Avail Activity Reports – K95,164

Submission by the Council Secretary

The Council Secretary submitted that the failure to avail activity reports was due to misfiling. The Council had since retrieved all the activity reports and they were available for audit verification. The Council pledged to ensure that all officers undertaking activities which were sanctioned and financed by the Council provided activity reports upon their return from attending meetings/workshops to avoid reoccurrence of similar queries.

Committee's Observations and Recommendations

The Committee does not accept the reason given by the Council Secretary and hence urges him to ensure that disciplinary action is taken against officers responsible for this failure. The Committee further cautions the Council Secretary for his laxity on the matter as efforts to look for the documents were only made after the audit. He is also sternly cautioned to ensure that future audits are taken seriously and directed to ensure that all the relevant documents are availed to the auditors. In this regard, the Committee directs the Council Secretary to submit all the recovered documents to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

d) Failure to Deduct Tax – K45,803

Submission by the Council Secretary

The Council Secretary submitted that the action by the Council was regrettable and was as a result of an oversight by the officers who carried out the computation. The Council Secretary, however, submitted that Chadiza District Council had done the computation of PAYE for all the officers and recoveries were effected through the payroll for the officers still at the Council. He indicated that so far, an amount totalling K11,447.63 had been recovered. As for the other officer who was transferred to another council, Council Management had since written to the officer's current station, requesting that council to institute recoveries from the officer. The Council had put in place a system that ensured that all tax computations and deductions were done before payments were effected. Relevant documents were available for audit verification. .

Committee's Observations and Recommendations

The Committee notes the submission but expresses concern at the failure by the officers responsible to adhere to the *Income Tax Act, Chapter 323 of the Laws of Zambia*. The Committee urges the Council Secretary to ensure that disciplinary action is taken against the responsible officers for this failure to abide by the law. Further, the Committee directs the Council Secretary to ensure that all the remaining deductions are effected and relevant documents submitted to the Auditor General for verification without any further delay. The Committee awaits a progress report on the matter.

e) Misapplication of Funds - Equalisation Funds

Submission by the Council Secretary

The Council Secretary acknowledged the Auditor General's findings and submitted that this was as a result of financial constraints as funds available could not meet all of the Council's financial obligations. The Council Secretary submitted that Chadiza District Council had since come up with a plan to reimburse the misapplied funds during the period under review. The Council had resolved to remit K25,000 of the misapplied fund on a monthly basis. An amount of K50,000 had since been reimbursed, leaving a balance of K1,963,172. The Council had opened a separate bank account specifically for the capital project and that monthly 20% LGEF received was transferred to the Capital Account. The 20% capital funds had been strictly monitored to ensure that funds were used for their intended purpose.

Committee's Observations and Recommendations

The Committee expresses concern over the failure by the Council management to ensure that other revenue mobilisation strategies, including updating its valuation roll, are employed to improve the liquidity of the local authority. It saddens the Committee that management willfully chose to misapply the 20% portion of the Local government Equalisation Fund (LGEF), contrary to the *Local Government (Amendment) Act, No. 12 of 2014* and the Ministry of Local Government and Housing Circular No. MLGH/71/1/87 dated 30th March, 2015. The Committee finds this situation unacceptable and the Council Secretary is strongly cautioned to desist from this practice. The Council Secretary is further urged to ensure that the Council's revenue base is improved so as to avoid this and similar irregularities. The Committee directs the Council Secretary to expedite the reimbursement and submit all relevant documents to the Auditor General for verification. The Committee will await a progress report on the matter.

f) Failure to Obtain Title Deeds

Submission by the Council Secretary

The Council Secretary submitted that the Council properties were surveyed and numbered but the Survey Department had held on to the survey diagrams awaiting settlement of the outstanding balance on the fees. The payment was still outstanding due to financial constraints. The amount owed was K102, 000. Chadiza District Council was in the process of having all the assets put on title once the payment for survey diagrams was settled. The Council would endeavor to expedite all the processes to ensure that all new and old properties were on title.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by the Council to secure its properties with title deeds. The Council Secretary is reminded that it will be difficult to defend themselves in case of disputes that may arise in relation to ownership of any of its properties. The Committee urges the Council Secretary to ensure that all its properties are secured with title deeds without any further delay. The Committee awaits a progress report on the matter.

g) Failure to Insure Assets K37, 340

Submission by the Council Secretary

The Council Secretary submitted that the failure to have plant and buildings insured was as a result of not having title deeds and valuation of the properties had not yet been carried out. As for the vehicles, the white books had not been surrendered to the Council by the contractors and the Ministry. The Council Secretary submitted that the Council had engaged Chipata City Council to assist Chadiza District Council to value its assets in readiness for the insurance of its fixed assets. The Council would ensure that all assets were insured and insurance renewal done annually.

Committee's Observations and Recommendations

The Committee finds it unacceptable that efforts to follow up with the process of insuring their properties were only made after the audit. The Council Secretary is cautioned against adopting a laissez-faire approach but to ensure that all properties are insured without any further delay. The Committee resolves to await a progress report on the matter.

AUDIT QUERY

PARAGRAPH 8

CHAMA DISTRICT COUNCIL

Accounting and Other Irregularities

8. An examination of accounting and other records maintained at the Council for the periods under review and a physical inspection of projects carried out in February, 2019 revealed various weaknesses, to which the Council Secretary responded as set out below.

a) Lack of Information Communication Technology (ICT) Policy

Submission by the Council Secretary

The Council Secretary submitted that the cause of the audit query was that at the time of audit the Council was yet to finalise the adoption of the ICT Policy. He also informed the Committee that the Council had since finalised the ICT Policy and it was ready for audit verification. In addition, management had finalised the adoption of other policies such as the Risk Management Policy which also covered the ICT management systems.

Committee's Observations and Recommendations

The Committee observes with concern the inordinate delays in putting the ICT Policy in place as this has put the ICT Management System at a risk in case of an unexpected event. The Committee prods the Council Secretary to ensure that he acts proactively on matters rather than waiting to be reminded by the Auditor General. The matter is recommended for closure subject to audit verification.

b) Lack of Register of Accountable Documents

Submission by the Council Secretary

The Council Secretary submitted that the register of accountable documents could not be traced at the time of audit. He explained that management had been trying to get in touch with the former Council Treasurer who was no longer in the system to help locate the register and once it was located, it would be ready for audit verification. He added that the Council was currently maintaining a register for accountable documents.

Committee's Observations and Recommendations

The Committee is displeased to hear that the Council has not traced the registers and was putting the blame on the previous Council Treasurer. This is worrisome to the Committee as it is evident that officers who are transferred are cleared from their original stations without proper handovers. The Committee strongly urges the Local Government Service Commission to ensure that a proper handover system is formulated with clear guidelines for all council officers leaving station on transfer or permanently separating from the Commission. The Committee also urges the principal officers to ensure that all officers transferred or separating from the Councils are cleared only after proper handovers are done. The Committee will await a progress report on the matter.

c) Failure to Provide Receipt Books

Submission by the Council Secretary

The Council Secretary submitted that the receipt books could not be traced at the time of audit due poor record keeping. The Council Secretary submitted that he had since written letters to the Local Government Service Commission to assist the Council to direct the cited officers who had left the Council to help management to locate these receipt books for 2015. The Council Secretary submitted that the Council had put a system in place where all the finished accountable documents should be returned to Council Treasurer after signing in the register for verification and accountability purpose.

Committee's Observations and Recommendations

The Committee finds the reasons given for this irregularity unacceptable and observes that this practice could be used to conceal fraudulent activities happening at the Council. The Committee urges the Council Secretary to ensure that stern disciplinary action is taken against officers who failed to avail the receipt books to the auditors at the time of audit. The Committee directs that more concerted efforts be made to trace these documents and avail them for audit verification not later than 31st December 2019. The Committee awaits a progress report on the matter.

d) Unaccounted for Revenue K12,083

Submission by the Council Secretary

The Council Secretary submitted that the cause of the audit query was lack of qualified staff at the Council. The Council had since written a letter to the former main cashier and the Local Government Service Commission seeking help to enable management resolve this query. Once this was done, documents would then be ready for audit verification. The Council Secretary submitted that the Council now had qualified staff deployed by the Local Government Service Commission.

Committee's Observations and Recommendations

The Committee finds the tendency by the Council Secretary to shift all blame for the irregularities on the former office holders at the Council unacceptable. The Committee further cautions the Council Secretary against using the capacity of staff as an excuse as they are of the view that collecting revenue and banking it accordingly does not require any special technical skills. The Committee, therefore, urges the Council Secretary to ensure that the officers responsible for this irregularity are surcharged for the whole amount without any further delay. The Committee will await a progress report on the matter.

e) Failure to Update Valuation Roll

Submission by the Council Secretary

The Council Secretary submitted that the audit query arose due to liquidity challenges. He, however, informed the Committee that the Council was compiling the data and mobilising resources in readiness for updating the valuation roll and the valuation officer for the Council had already been appointed by the Minister.

Committee's Observations and Recommendations

The Committee finds the lack of seriousness and laxity on the part of officers tasked with the responsibility of following up the preparation of the valuation roll unacceptable and calls for disciplinary action to be meted out against them for failure to perform their duties. The Committee notes with concern, in this regard, that failure to have an updated valuation roll will compromise the Council's revenue base and present difficulties in the preparation of financial statements. The Committee urges the Controlling Officer, Ministry of Local Government, to support all local authorities to update their valuation rolls by providing the necessary expertise needed by the Councils to undertake this exercise. The Committee resolves to await a progress report on the matter.

f) Failure to Provide Lease Agreements K83,812

Submission by the Council Secretary

The Council Secretary submitted that at the time of audit, the lease agreements were not availed for audit verification due to misplacement of the box file. He stated that the Council had since traced the box file and it was ready for audit verification. He added that Chama District Council had now secured the box file for all the lease agreements.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Council Secretary to ensure that disciplinary action is taken against erring officers who failed to avail the lease agreement during the time of audit. The Council Secretary is further cautioned to desist from resolving matters only when called upon by the Auditor General and the Committee of Parliament. The Committee, however, resolves to await an update on the matter.

h) Failure to Avail Values and Receipts for Plots Sold

Submission by the Council Secretary

The Council Secretary submitted that the cause of the audit query was due to poor record keeping. He stated that Chama District Council was still trying to trace the receipts by engaging the previous officers who had been transferred to other local authorities and others who were no longer in the Service. The Council Secretary submitted that the Council had written to the officers to help the Council resolve this query.

Committee's Observations and Recommendations

The Committee finds the response unacceptable and is concerned that the necessary documentation may have been deliberately withheld so as to conceal fraudulent activities. The Committee directs the Council Secretary to ensure that stern disciplinary action is taken against erring officers who failed in their duty to avail the receipt books to the Auditor General and also that all the receipt books are located and availed for audit verification not later than 31st December 2019. The Committee awaits a progress report on the matter.

h) Missing Payment Vouchers K634,340

Submission by the Council Secretary

The Council Secretary submitted that the cause of the audit query was poor record keeping. He stated that the Council had since traced all missing payments vouchers to the tune of K634,340 and they were available for audit verification. The Council Secretary submitted that Chama District Council had put in place a system to ensure that a pre-audit was conducted on the monthly basis to avoid the misplacement of the payment vouchers.

Committee's Observations and Recommendations

The Committee notes the submission but urges the Council Secretary to ensure that disciplinary action is taken against erring officers who failed to avail the payment vouchers during the time of audit. The Council Secretary is also prodded desist from getting involved seriously in resolving matters only when called upon by the Auditor General and the Committee. The Committee, however, resolves to await a progress report on the matter.

i) Unsupported Payments K284,698

Submission by the Council Secretary

The Council Secretary submitted that the query was due to poor record keeping. He added that the Council had traced supporting documents for payment vouchers totaling K221,260.77 out of K 284,697.68. Supporting documents for the remaining amount totaling

to K63,436.91 were yet to be traced. The Council Secretary submitted that the Council was currently ensuring that necessary supporting documents were collected and attached to the payment vouchers in a timely manner.

Committee's Observations and Recommendations

The Committee finds the explanation by the Council and observed that there is laxity on the part of officers tasked with the responsibility of ensuring safe custody of accountable documents at this Council. The Committee directed the Council Secretary to ensure that stern disciplinary action is taken against erring officers who failed to avail the receipt books to Auditor General at the time of audit and also that all the outstanding supporting documents are found and availed for audit verification without undue delay. The Committee awaits a progress report on the matter.

j) Irregular Payment of Subsistence Allowances K3,070

Submission by the Council Secretary

The Council Secretary submitted that the audit query arose on account that Chama District was vast and had no good road connectivity to access some areas within the district. Officers were, therefore, compelled to travel on monitoring and evaluation visits via neighboring districts such as Chinsali and Isoka, covering a distance of about 350 km. The Council Secretary also submitted that the Council had written letters to the Ministry of Local Government and Local Government Service Commission, seeking exceptional authority for a subsistence allowance, as was the entitlement of other officers in the Ministry of Health in the District.

Committee's Observations and Recommendations

While noting the submission, the Committee expresses concern at the failure by management to seek authority for these payments prior to undertaking the activities. The Committee is extremely displeased as it finds that there was no urgency in the activities that were undertaken which would warrant the payment of the allowances without obtaining the necessary authority. The Council Secretary is reminded that retrospective authority is itself an irregularity, and that he should, therefore, desist from even applying for it. The Committee, further, urges him to ensure that the amount is recovered from the concerned officers without further delay. The Committee resolves to await a progress report on the matter.

k) Unretired Accountable Imprest K163,700

Submission by the Council Secretary

The Council Secretary submitted that it was regrettable that officers did not retire imprest during the year under review as they were misplaced at the time of audit. He stated that the Council had since managed to trace retirements totaling K31,334.42 and the remaining balance of K132,366 would be recovered from their outstanding arrears such as salary arrears and Long Service Bonuses. The Council Secretary submitted that the Council was now enforcing financial regulation No.119 where any unretired imprest beyond 48 hours was recovered from the affected officer.

Committee's Observations and Recommendations

While noting the submission, the Committee expresses concern at the failure by management to take disciplinary action against the erring officers for this lapse. The Committee finds it unacceptable that some of the documents are only found after audit. The Committee notes with concern that records management at the Council is very poor.. The Committee also strongly disagrees with the proposal to recover the unretired imprest once outstanding salary arrears or long service bonuses are paid to the concerned officers and directs the Council Secretary to institute recoveries from the monthly salaries of the officers immediately. Further, the Committee sternly cautions the Council Secretary against violating laid down financial regulations and resolves to await a progress report on the matter.

l) Unaccounted for Stores K50,198 (General stores – K32,562 and fuel – K17,636)

Submission by the Council Secretary

The Council Secretary submitted that the audit query arose due to lack of a trained Stores Officer. He stated that the Local Government Service Commission had recruited a trained Stores Officer who had put in place all the necessary stores procedures and the Council had also traced all the receipts and disposal details and these were ready for audit verifications. He added that the Council was now adhering to the procurement and stores procedures.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Council Secretary to ensure that disciplinary action is taken against erring officers for failure to avail the stores details during the time of audit. The Committee reiterates its caution to the Council Secretary to desist from the habit of resolving matters only when called upon by the Auditor General and the Committee. The Committee, will await a progress report on the matter.

m) Failure to Avail Assets Ownership Documents

Submission by the Council Secretary

The Council Secretary submitted that the audit query arose due to lack of proper information in relation to sixteen properties. The Council Secretary submitted that the Council had compiled the data and had submitted it to the Ministry of Lands for processing of title deeds for the ownership of the properties.

Committee's Observations and Recommendations

The Committee is disappointed that efforts to follow up with the process of insuring the properties were only made after the audit. The Committee cautions the Council Secretary against this laissez-faire approach and urges him to ensure that all properties are insured without any further delay. The Committee resolves to await a progress report on the matter.

n) Management of the Environment

A review of the Council's operations regarding its management of the environment revealed the various weaknesses, to which the Council Secretary responded as set out below.

i) Failure to Produce Waste Management Plans and Reports

Submission by the Council Secretary

The Council Secretary submitted that the irregularity arose due to lack of a trained staff as an Environmental Planner. He added that the Local Government Service Commission had since recruited a qualified Environmental Planner and the Council was currently complying with the *Environment Management Act, No 12 of 2011*. The Council Secretary further submitted that the Council would endeavour to comply with the *Environment Management Act, No 12 of 2011*.

Committee's Observations and Recommendations

In noting the submission, the Committee urges the Council Secretary to ensure that he strictly adheres to *Clause 56 Section (2) of the Environment Management Act No 12 of 2011* henceforth. The Committee directs the Council Secretary to submit all relevant documents to the Auditor General for verification, subject to which the matter should close.

ii. Improper Disposal of Waste

Submission by the Council Secretary

The Council Secretary submitted that the failure to hire necessary machinery and labour was due to liquidity problems. . The Council Secretary submitted that within its limited resources, the Council was trying to comply with the license condition and a dump site had been created. He added that the Council would endeavour to adhere to license conditions.

Committee's Observations and Recommendations

In noting the submission, the Committee urges the Council Secretary to ensure that he strictly adheres to license conditions. The matter is, however, recommended for closure subject to verification.

o) Constituency Development Funds (CDF)

Submission by the Council Secretary

The Council Secretary submitted that the irregularity arose due to lack of qualified personnel in the Works Department. The Council Secretary submitted that the Council currently had a qualified Deputy Director of Works, Quantity Surveyor and Procurement Officer who were executing the works professionally. He added that the Council would endeavour to adhere to civil engineering and procurement processes.

Committee's Observations and Recommendations

The Committee finds the reason given by the Council Secretary for this irregularity unacceptable. In this vein, the Committee urges the Council Secretary to mete out disciplinary measures against the officers responsible for allowing poor workmanship as their failure resulted in such a huge loss of public funds and denying the public the much needed service from the projects. The Committee further directs the Council Secretary to ensure that all outstanding works are completed without any further delay, and that all poorly done works are corrected and handed over promptly. The Committee resolves to await a progress report on the matter.

CHILILABOMBWE MUNICIPAL COUNCIL**Accounting and Other Irregularities**

9. An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2015, 2016 and 2017 carried out in October, 2018 revealed the various weaknesses, to which the Town Clerk responded as set out below.

a) Failure to Fill Vacant Positions**Submission by the Town Clerk**

The Town Clerk submitted that the Council failed to fill key positions at the time of audit because the deployment of officers in divisions I, II and III was the preserve of Local Government Service Commission. The Town Clerk further reported that the Council had, however, submitted the quarterly staff returns to the Local Government Service Commission to fill all the key vacant positions and the position of Building Inspector had since been filled.

Committee's Observations and Recommendations

The Committee is concerned that the Town Clerk has not engaged the LGSC to fill the key vacant positions. The Committee notes that this lapse has contributed to the failure to collect all possible revenue needed for the operation of the Council and service delivery. The Committee urges the Town Clerk to request the Commission to deploy officers and fill all key positions without any undue delay.

b) Over Employment of Revenue Collectors**Submission by the Town Clerk**

The Town Clerk noted the observation by the Auditor General and reported that the Council received twenty two employees through the Local Government Service Commission. The Town Clerk further stated that the Council submitted quarterly staff returns and an Establishment Register to the Commission and was awaiting a response so that the staff establishment could be normalised. The Council pledged to always engage the Commission when filling all vacant positions.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by council management to coordinate with the Local Government Service Commission, resulting in over-employing staff, contrary to the staff establishment and a serious breach of guidelines by the Commission. The Committee calls upon the Local Government Service Commission to institute disciplinary action against the Town Clerk for this breach without undue delay. The Committee awaits a progress report on the matter.

c) Failure to Collect Revenue K5, 796, 716

Submission by the Town Clerk (Be consistent, elsewhere you say “Submission”

The Town Clerk submitted that the failure to collect revenue was as a result of non-payment of property rates by leaseholders for residential and commercial property owners, retirement of many workers in the mining industry, and old age of some residents who had no source of income to pay the Council. The Town Clerk further informed the Committee that the Council issued warrants of distress to both residential and commercial clients with outstanding amount totaling K5,796,716 and had since managed to collect K5,729,128.01. A balance of K67,587.99 was yet to be collected. To avoid recurrence of the query, the Council had embarked on a community sensitisation programme outlining the importance of paying rates through the Public Relations Office. Further, in order to reduce the information gap between leaseholders and the Council in terms of rates payment, the Council had constituted a Task Force comprising employees from all the departments to ensure that the Council collected enough revenue from property rates.

Committee’s Observations and Recommendations

While noting the efforts made by the Council in collecting the revenue owed to the Council, the Committee is extremely disappointed that the Council did not taken the initiative to collect the revenue until the Auditor General unearthed the matter. The Committee finds it unacceptable that despite the Council facing liquidity challenges, it is exhibiting high levels of complacency in collecting revenue. In this regard, the Committee urges the Council to ensure that management scales up on aggressive strategies of collecting the outstanding debt. The Committee directs the Town Clerk to submit all supporting documentation for audit verification and awaits a progress report on the matter.

d) Failure to Remit Statutory Obligations – K10, 599,639

Submission by the Town Clerk

The Town Clerk submitted that the failure was caused by reduction in revenue due to non-payment of property rates by Konkola Copper Mine (KCM) and non-payment of rates by residential and commercial property owners. The historic debt and penalties were as a result of the failure by the Council to comply with payment deadlines from statutory bodies coupled with an increase in the Council wage bill due to transfers and appointment of new staff by the Local Government Service Commission. The Town Clerk informed the Committee that the Council had committed itself to settling the historical debt by entering into an agreement with NAPSA for a debt swap in exchange for land in order to cancel the historic debt. The Council had further committed to a monthly payment plan with NAPSA of K25, 000 to offset the arrears, as well as payment of the current bill. The Council had also written an application to ZRA requesting to enter into an agreement for a payment plan of K40, 000 per month for arrears as well as maintain paying the current amount. In addition, the Council had signed a Memorandum of Understanding with LASF, where an agreement of K50, 000 monthly payment had been made, whilst maintaining payment of current bill. Finally, the Council and ZRA reconciled the books, resulting in reduction of total debt owing from K8, 240,563 to which had further K1, 765,069.77. The Council would endeavour to ensure that they adhered to the Memoranda of Understanding entered int with these statutory bodies to avoid increased debts.

Committee's Observations and Recommendations

The Committee finds the reasons given for this omission unacceptable as the Council already deducted the money from employees. The Committee is concerned that the failure by the Council to remit these tax obligations, as required by law, not only result in loss of revenue to the Government but it also denied the employees social protection. The Committee urges the Town Clerk to henceforth desist from diverting money meant for statutory obligations to other activities. The Committee further recommends that the Council should strictly adhere to the payment plans agreed upon to avoid further accumulation of arrears. The Committee awaits a progress report on the matter.

e) Irregular Use of Accountable Imprest – K86,919

Submission by the Town Clerk

The Town Clerk regretted the action and informed the Committee that there were few businesses in the district that could supply everything at once and in one shop. Further, the big suppliers like Shoprite did not accept cheques. The Council had since stopped the practice of using imprest for procurement of goods.

Committee's Observations and Recommendation

The Committee is disappointed that no disciplinary action has been taken against the erring officers in this matter. The Committee urges the Town Clerk to ensure that Officers are closely supervised, and to institute disciplinary action against erring officers for the failure without delay.

f) Failure to Remit Tax - K32, 855

Submission by the Town Clerk

The Town Clerk submitted that the Council did not remit tax which was deducted due to lack of funds and only managed to pay net settling allowances. The Town Clerk further submitted that the Council had included K32,855 bill in the main ZRA Tax Ledger which was due on Settling in Allowances and had applied to ZRA to enter into an agreement on a payment plan.

Committee's Observations and Recommendations

The Committee expresses concern over the Council's failure to remit tax, which is a serious offence. The Committee cautions the Town Clerk against this serious irregularity, and urges him to explore strategies of expanding the revenue base in order to liquidate the amount outstanding. The Committee resolves to await a progress report on the matter.

g) Failure to Repair a Fire Tender – GRZ 851CN

Submission by the Town Clerk

The Town Clerk informed the Committee that the Ministry of Local Government issued a circular guiding all local authorities to ensure that all fire tenders were insured at the cost of K250,000. Meanwhile, the Town Clerk indicated that he would ensure that the fire tender was repaired using all available options. In his verbal submission, the Town Clerk admitted that the correct value of the Fire Tenders was not known although guidance came from the supervising ministry to insure them at K250, 000.

Committee’s Observations and Recommendations

The Committee wonders what would be salvaged if any of the Fire Tender is involved in an accident and rendered beyond repair as the case is with Chililabombwe Municipal Council. The Committee strongly urges the Government to ensure that this matter is revisited to reflect the true value of the fire tenders. The Government is further urged to ensure that all the fire tenders which were procured for councils are all insured at the correct value to mitigate any possible loss of public funds. The Committee resolves to await a progress report on the matter.

h) Management of Properties Owned by the Council

i. Lack of Title Deeds – K1,933,153

Submission by the Town Clerk

The Town Clerk reported that the Council could not produce the title deeds at the time of audit because the plots were not surveyed. The Council had since surveyed the thirty-three properties and had started the process of acquiring titles deeds by engaging the Ministry of Lands and Natural Resources. The Council pledged to endeavour to continue to engage that Ministry in order to acquire title deeds for all the thirty three properties cited in the report.

Committee’s Observations and Recommendations

The Committee wonders why it had to take an audit for the Council to begin the process of acquiring the title deed. This, in the view of Committee, reveals a lack of seriousness in the handling of public property. The Committee urges the Council to accordingly protect public property and seriously pursue the title deeds acquisition process to its logical conclusion. The Committee awaits a progress report on the matter.

ii. Failure to Provide Tenancy Agreements

Submission by the Town Clerk

The Town Clerk responded that the Council did not provide tenancy agreements to the forty-seven shops because the tenants did not renew their tenancy agreements after expiry of their previous agreements. Further, the Council had entered into an agreement with all its tenants to renew their tenancy agreements.

Committee's Observations and Recommendations

The Committee contends that had the Council provided this response to the Auditor General, the matter would have been resolved during the audit process. The Committee further finds the Submission by the Town Clerk unhelpful as it cannot be ascertained whether upon expiring of the tenancy agreement, the tenants vacated the premises or continued operating. The Committee finds the management of public property by the Council inefficient and unacceptable. The Committee sternly cautions the Town Clerk to ensure that tenancy agreements are in place for all properties leased and to submit all relevant documents on this matter to the Auditor General for verification. The Committee awaits a progress report on the matter.

i. Failure to Maintain Properties

Submission by the Town Clerk

The Town Clerk responded that the Council did not maintain the cited properties because the buildings had out lived their economic life and the Council was unable to put up modern structures due to financial challenges it was facing. The Council had, however, embarked on rehabilitation of its properties and had also adopted a plan to ensure that all buildings were maintained and rehabilitated every two years, subject to availability of funds.

Committee's Observations and Recommendations

The Committee is disappointed over the poor management of public property by the Council. The Committee finds the explanation by the Town Clerk misleading as he claims that the properties have outlived their economic life while at the same the rehabilitation works on the properties have commenced. The Committee is further of the view that the Council did not prioritise maintenance of these properties as it did not ring fence some funds in its annual budget to re-invest in terms of rehabilitation. Moreover, the Committee is concerned that if this state of affairs is not addressed, public confidence in council services may be lost. The Committee also strongly feels that building new properties is a long term measure and may not be feasible in view of the current financial challenges. It urges the Town Clerk to ensure that these properties are rehabilitated without any further delay in order to continue providing services and enhance revenue collection. The Committee will await a progress report on the matter.

i) Failure to Survey Plots – K3, 552,000

Submission by the Town Clerk

The Town Clerk responded that the Council did not survey the 444 plots because the applicants did not pay the plot premiums. However, the Council had continued to engage applicants to pay plot premiums so that their plots could be surveyed. The Town Clerk informed the Committee that the Council would continue to survey the plots once payments were made by the successful applicants.

Committee's Observations and Recommendations

The Committee is concerned that the Council ignored stipulated procedure in this matter. The Committee is further disappointed that the Council allocated unsurveyed plots and went ahead to collect premiums, an act which is illegal. Therefore, the Committee strongly urges the Town Clerk to desist from violating existing guidelines and to ensure that all the 444 plots are surveyed, allocated and all outstanding premiums collected without any further delay. The Committee urges the Town Clerk to institute disciplinary action against all officers responsible for this irregularity.

j) Environmental Management

A scrutiny of environmental related records and a physical inspection of the surrounding communities and the dump site carried out in October, 2018 revealed various irregularities, to which the Town Clerk responded as set out below.

i. Failure to Produce Reports

Submission by the Town Clerk

The Town Clerk responded that the Council did not have an Integrated Waste Management Plan in place in order to produce reports. The Council was, however, preparing a three year Integrated Waste Management Plan for the years 2019 to 2021. Once the Integrated Waste Management Plan was in place, the Council would start producing timely reports and submitting them to the Zambia Environmental Management Agency on time.

Committee's Observations and Recommendations

In noting the submission, the Committee wonders why it took the Council so long to produce the Integrated Waste Management Plan. The Committee awaits the progress report on the matter.

ii. Failure to Conduct Medical Examination of Staff

Submission by the Town Clerk

The Town Clerk submitted that at the time of audit, the Council had not completed renewing the medical scheme due to lack of funds. The Town Clerk further reported that the Council had since started conducting medical checkups for all the officers involved in the collection and transportation of waste, and had issued the officers with medical certificates. The Council would continue undertaking medical examinations annually on public health workers who were involved in the collection and transportation of waste.

Committee's Observations and Recommendations

The Committee is disappointed that the Council exposed the officers to health risks due to the absence of a medical scheme. The Committee is of the view that the Council could have secured some funding for this purpose in order to comply with the Environmental Management (Licensing) Regulations, 2013. The Committee urges the Town Clerk to

prioritise the health of officers handling waste and ensure that all legal requirements are met without fail. The Committee further directs the Town Clerk to avail all relevant documentation to the Auditor General for audit verification, subject to which the matter should close.

iii. Illegal Dumping of Waste

Submission by the Town Clerk

The Town Clerk responded that the Council's dumpsite had not yet been approved by ZEMA and the Council did not have a designated dumping site, resulting in waste being dumped indiscriminately. The Town Clerk further informed the Committee that the Council had engaged ZEMA on this matter, and would continue sensitising residents on the need to dump waste in designated areas. Further, the Council had procured heavy duty equipment to help in refuse collection and the Engineering Department has fabricated some more skip bins to put them in strategic locations.

Committee's Observations and Recommendations

The Committee seeks a progress report on the approval of the Council dumpsite by ZEMA.

AUDIT QUERY

PARAGRAPH 10

CHINSALI MUNICIPAL COUNCIL

Accounting and Other Irregularities

10. An examination of accounting and other records maintained at the Council for the period under review and physical inspections of projects carried out in February, 2019 revealed the various weaknesses to which the Town Clerk responded as set out below.

a) Lack of a Risk Management Policy

Submission by the Town Clerk

The Town Clerk reported that the Risk Management Policy was at draft stage at the time of audit. He further submitted that the Risk Management Policy was now in place and was available for verification to ensure smooth operation. The Town Clerk assured the Committee that management would be reviewing the Risk Management Policy annually.

Committee's Observations and Recommendations

The Committee fails to comprehend how the Council has been operating without such a key document. In noting the submission, the Committee urges the Town Clerk to ensure that the Policy is strictly adhered to. The Committee resolves to close the matter subject to audit verification.

b) Missing Receipt Books

Submission by the Town Clerk

The Town Clerk submitted that the failure to avail the cited receipt books at the time of audit was on account of misfiling by the officer responsible. The Town Clerk, however, informed the Committee that three out of the four receipt books had since been traced. The officer responsible had been charged for failure to safeguard accountable documents entrusted in her custody. The Committee was informed that internal controls and systems had been strengthened to ensure that accountable documents were properly filed and secured.

Committee's Observations and Recommendations

While the Committee appreciates that disciplinary action has been taken against the erring officer, it urges the Town Clerk to report the matter relating to the remaining receipt books to the relevant investigative wings. The Committee further urges the Council to strengthen internal controls to avoid recurrence of this matter. The Committee awaits a progress report on the matter.

c) Delayed Banking – K36, 813

Submission by the Town Clerk

The Town Clerk responded that the delayed banking was due to the failure by the Council to collect the money on a daily basis due to long distances between the revenue collection points and the Civic Centre where the chief cashier was based. He added that the Council had since suspended operations of remote check points where the cost of collection was higher than the actual tax collected. Further, the Council was also exploring the possibility of using mobile payment platforms to avoid cash handling and minimise the cost of collecting the tax.

Committee's Observations and Recommendations

The Committee finds that the failure to bank revenue within the stipulated time as prescribed by Local Authorities Financial Regulation No. 19 is a clear indication of weak internal controls. The Committee observes that regardless of the distance, delaying banking for as long as twenty eight days was inordinate and unjustifiable. The Committee urges the Council to expedite the implementation of measures aimed at ensuring that all revenue collected, regardless of the distance, is banked in line with the Local Authorities Financial Regulation No. 19. The Committee recommends the matter for closure subject to audit verification.

d) Unsupported Payments K128,080

Submission by the Town Clerk

The Council wishes to report that the failure to avail the supporting documents to the Auditor General at the time of audit was on account of misfiling. The cited documents had since been traced and were available for verification. To avoid recurrence of this anomaly,

internal controls had been strengthened to ensure that accountable documents were properly filed and secured.

Committee's Observations and Recommendations

The Committee expresses concern over the poor record keeping which resulted in the failure to avail such important documents at the time of audit. While noting that the documents have been traced, the Committee observes that the failure to avail documents during the audit and purporting to locate them afterwards is a recipe of fraud. The Committee urges the Town Clerk to institute discipline the erring officers to avoid the recurrence of the anomaly.

e) Unretired Accountable Imprest K13,494

Submission by the Town Clerk

The Town Clerk submitted that retirement details were filed separately from payment vouchers and could not be traced at the time of audit. The Council submitted that the cited retirement documents had been traced and were available for verification. The Town Clerk informed the Committee that all requests for imprest were now being cleared by Internal Audit before issuance of subsequent imprest. Further, imprest not retired within forty eight hours of the holder's return was now recovered through the payroll.

Committee's Observations and Recommendations

The Committee notes that there is a bad practice of not retiring imprest at the Council, contrary to Local Authorities Financial Regulation No. 11. The Committee urges the Town Clerk to scale up internal controls in order to arrest the practice and avoid this anomaly. The matter is recommended for closure subject to audit verification.

f) Irregular Payments

i. Subsistence Allowances K44, 703

Submission by the Town Clerk

The Town Clerk regretted the anomaly. The Town Clerk also informed the Committee that the full amount totalling K44, 703 had since been recovered from the eight officers.

Committee's Observations and Recommendations

The Committee fails to understand how the payment was processed by the Accounts and Internal Audit Departments. The Committee is of the view that this irregular conduct is unacceptable and constitutes an abuse of public funds. Further, the Committee notes that the recoveries were only effected after the Auditor General raised the query, a situation which could have resulted in the loss of public funds. The Committee calls on the Town Clerk to institute disciplinary action against all officers responsible for the irregular payments. The Committee will await a progress report on the matter.

ii. Fuel Drawings K8,131

Submission by the Town Clerk

The Town Clerk reported that fuel costing K8, 131 was drawn for official activities undertaken by His worship the Mayor. However, no activity reports were prepared. The Town Clerk further submitted that the cited amount was being recovered from the affected officers in six months instalments through the payroll, and an officer had been attached to coordinate the Office of the Mayor.

Committee's Observations and Recommendations

The Committee expresses concern over this irregularity and contends that it is illegal for the Mayor to continue drawing fuel twice for the same purpose. The Committee further expresses regret that the recovery for the anomaly is only instituted after the query is raised. This according to the Committee reveals serious lapses in internal controls. The Committee urges the Town Clerk to desist from subjecting public resources to such abuse and to ensure that internal controls are strengthened. The Committee urges the Town Clerk to institute disciplinary action against the erring officers for the irregularity and hence a progress report will be awaited by the Committee.

g) Unaccounted for Stores K445,092 (General Stores – K81,231 and Fuel – K363,861)

Submission by the Town Clerk

The Town Clerk acknowledged the observations by the Auditor General and submitted that the failure to avail receipts and disposal details for the stores items amounting to K445,092 at the time of audit was on account of misfiling. Further, the failure to indicate the purpose for fuel amounting to K1, 775 was an omission on the part of the officer, and the Council did not have an officer with requisite qualifications and experience in the stores unit during the period under review. The Committee was further informed that the receipts and disposals details for the stores items amounting to K445, 092 had been traced, and the Local Government Service Commission had since deployed a qualified officer to manage the Stores Unit.

Committee's Observations and Recommendations

The Committee notes that the Submission by the Town Clerk is an admission to poor record keeping. Further, the Committee is dismayed that the documents are only traced after the audit period making the authenticity of the documents questionable. The Committee urges the Town Clerk to enhance record keeping in order to avoid such anomalies. The Committee further urges the Council to institute disciplinary action against the erring officers and also directed to ensure that all the documents are availed to the Office of the Auditor general for verification only then will the matter be closed.

h) Fuel Drawn by Motor Vehicles not on Institutional Fleet K21,049

Submission by the Town Clerk

The Town Clerk reported that due to acute shortage of motor vehicles, the Council relied on vehicles from provincial administration, line ministries and quasi-government institutions to

undertake various activities in the district. The failure to avail letters of authority by the responsible officer was on account of misfiling. The Council submitted that, however, the authorisation letters had been traced and were available for verification.

Committee's Observations and Recommendations

The Committee notes with great disappointment the manner in which records are being kept at the Council. The findings by the Auditor General reveal weaknesses in supervision resulting in such kind of irregularities. The Committee also finds the use of motor vehicles from other institutions unsustainable and urges the Council to urgently engage the Ministry of Local Government in order to address the state of affairs. The Committee further urges the Town Clerk to avail the documents for audit verification, subject to which the matter should be closed.

i) Failure to Avail Title Deeds

Submission by the Town Clerk

The Council responded that failure to avail title deeds for Council properties at the time of audit was on account of cash flow challenges to survey the properties, and pay for invitations to treat at the Ministry of Lands and Natural Resources. The Town Clerk informed the Committee that acquisition of title deeds had been prioritised in the 2019/2021 Medium Term Expenditure Framework (MTEF). To avoid reoccurrence of this anomaly, the Council had acquired a differential GPS to cut down on the cost of survey.

Committee's Observations and Recommendations

While noting the efforts being implored by the Council, the Committee expresses concern that the Council failed to secure public property contrary to contrary to the *Lands Act No. 29 of 1995*. The Committee urges the Town Clerk to ensure that all properties in question are on title without any further delay. The Committee awaits a progress report on the matter.

j) Uncollected Revenue K2, 117,166

Submission by the Town Clerk

The Town Clerk informed the Committee that failure to collect funds for the period under review was due to inadequate manpower in the Revenue Section, as well as a deep rooted culture of non-payment of local taxes and non compliance. The Council further reported that the Local Government Service Commission had engaged four fulltime revenue collectors. The Council was also undertaking stakeholder engagements on a quarterly basis to gain community trust and to explain the importance of paying local taxes. A total of K1 243 83 97 had been collected from the cited uncollected revenue leaving a balance of K873 882.03. The Council pledged to continue engaging all stakeholders and to implement more effective revenue collection mechanisms that would utilise technology and innovation.

Committee's Observations and Recommendations

The Committee finds the reasons given by the Council for the failure to collect revenue unacceptable, and the response confirms that little importance is being attached to revenue

generation. Further, the Committee is disappointed that the same Council which is failing to meet operational costs and staff obligations is exhibiting laxity in imploring measures of expanding the revenue base. The Committee is of the view that the Council should have been more proactive on this matter, and it should have assigned officers to assist in revenue collection while waiting for the LGSC to avail officers. The Committee strongly urges the Town Clerk to institute disciplinary action on erring officers for the failure. The Committee awaits a progress report on the matter.

k) Failure to Remit Statutory and Other Contributions – K7, 482, 939

Submission by the Town Clerk

The Town Clerk responded that the failure to remit statutory and other contributions was on account of financial challenges. The Council had entered into a liquidation plan with ZRA where the Council would be paying a monthly installment of K20, 000. Further, the Council was also concluding negotiations with NAPSA for a debt swap with land. The Town Clerk further informed the Committee that through collaborative effort with the private sector, government institutions, civil society, the church and the general citizenry, the Council was spearheading the formulation of the Local Economic Development Strategy (LED). The overall goal was to broaden the Councils revenue base through increased economic activity.

Committee's Observations and Recommendations

While noting the efforts by the Council to liquidate the outstanding obligations and to expand the revenue base, the Committee urges the Council to strictly adhere to the payment plan to avoid accumulation of debt and possible penalties.

l) Outstanding Staff Obligations

Submission by the Town Clerk

The Council reported that the failure to settle outstanding staff obligations was due to increased staff related costs against a narrow revenue base. Annual receivables from rates, the main source of income for the municipality was K1,537,770.38 while the monthly wage bill at gross stood at K1,297,232.01. The Committee was further informed that the Council was dismantling staff arrears as and when funds allowed. The Council had fully so far paid seventeen (17) officer's amount totaling K213,383.31 whereas the remaining fifteen (15) were yet to be paid.

Committee's Observations and Recommendations

The Committee notes the financial challenge the Council is undergoing and urges the Town Clerk to request the LGSC to only deploy critical staff in view of the narrow revenue base to avoid such recurrences. The Committee urges the Council to prioritise staff obligations amidst other urgent matters. The Committee awaits a progress report on the matter.

m) Equalization Fund - Capital Projects (20%)

i. Irregular Expenditure - Construction of an Ablution block at Nambuluma Junction

Submission by the Town Clerk

The Town Clerk acknowledged the observations by the Auditor General and reported that the additional cost of material and labour contract was on account of the need to operationalise the ablution block by constructing a water supply and an onsite-sanitation system which was not part of the scope of the works in the initial contract. The area was yet to be serviced by Chambeshi Water and Sewerage Company. He further reported that additional works amounting to K27,191 were approved as a separate labour based contract to construct on-site water supply and sanitation facilities.

Committee's Observations and Recommendations

The Committee is disappointed that the Council failed to provide these details to the Auditor General at the time of audit as the query could have been avoided if the Council had complied. The Committee urges the Town Clerk to adequately prepare for the Auditor General in future audits, and is directed to avail the details to the Office of the Auditor General only then will the matter be closed.

ii. Irregularities in the Rehabilitation of Nkakula Guest House

Submission by the Town Clerk

The Town Clerk submitted that the failure to avail the bill of quantities at the time of audit was on account of misfiling. The failure to avail Council and Ministerial approval to spend K1, 225, 078 at the time of audit was on account of misfiling. The officers were sent to obtain quotations for the furniture for planning purpose as management was optimistic that the rehabilitation works would be completed within 2017. It was an oversight on the part of the Council to pay allowances totaling K5000 as the same was part of the quotation from the Department of Water Affairs for the drilling of the borehole. The Town Clerk also submitted that the bill of quantity (BOQ) for the rehabilitation works at Nkakula had since been traced and Ministerial approval to spend the cited amount had also been retrieved. Further, the quotations for furniture were used as a guide in the planning and budgeting process to operationalise the facility, and the Council had thus written to the Department of Water Affairs to recover the funds from the affected officers on behalf of the Council. The Council would in future ensure that quotations from other Government departments did not conflict with existing public financial management policy.

In his verbal submission, the Town Clerk submitted that contrary to the findings of the Auditor General, not all four officers travelled to procure guest house furniture. Some officers travelled for independent assignments relating to Council operations and only took advantage of the transport to Lusaka while the other officer was the Council driver.

Committee's Observations and Recommendations

The Committee observes with concern that the Council has a practice of poor record keeping resulting in failure to avail documents as and when requested by the Auditor

General during the time of audit. The Committee also notes the numerous irregularities such as misfiling and irregular payments of allowances are as a result of collapsed internal controls and poor supervision of officers leading to abuse of public resources. The Committee recommends that the Council should, as a matter of urgency, strengthen internal controls and ensure that officers are accordingly supervised. The Committee also urges the Council to institute deductions for the irregular payment of allowance from affected officers and deposit the funds in the capital account without any further delay. The committee will await a progress report on the matter.

n) Management of the Environment

A review of the Council's operations regarding the management of the environment revealed the following weaknesses as set out below.

i. Failure to Produce Waste Management Plans and Reports

Submission by the Town Clerk

The Council acknowledged the observations by the Auditor General and submitted that the failure to produce Waste Management Plans were on account of financial challenges resulting in failure to engage a Consultant. Further, the Council did not have staff with requisite qualifications and experience to prepare waste management reports. The Town Clerk informed the Committee that the Local Government Service Commission deployed officers in the Public Health Department and the Council was now able to submit Waste Management Reports to ZEMA on a quarterly basis. The Council informed the Committee that it had prioritised the engagement of a consultant to facilitate the preparation of the Waste Management Plan in the 2020 – 2022 Medium Term Expenditure frameworks.

Committee's Observations and Recommendations

The Committee notes the Submission by the Town Clerk and encourages the Council to comply with regulations relating to this matter and further that evidence is availed to Office of the Auditor General for verification. The matter is recommended for closure subject to audit verification.

ii. Improper Disposal of Waste – Chinsali Dump Site

Submission by the Town Clerk

The Council reported that the failure to properly dispose off waste at the dump site was due to lack of equipment and machinery for proper management and unrestricted access to the dump site. Security had since been enhanced during the day to curb scavenging and illegal burning of waste. To permanently address this situation, the Council reported that it had made a budgetary provision in the 2019 -2021 Medium Expenditure Framework to erect a perimeter fence to restrict access to the dump site. Further, the Council would from time to time engage the Zambia National Service to ensure safe and proper disposal of waste at the dump site until the necessary equipment was secured.

Committee's Observations and Recommendations

In noting the response, the Committee urges the Council to consider providing security even

during the night to ensure that scavengers do not take advantage of the absence of security in the night and illegally dispose waste. The Committee awaits a progress report on the matter.

iii. Failure to Provide Litter Receptacles – Nambuluma Junction

Submission by the Town Clerk

The Council acknowledged the observation by the Auditor General and responded that the failure to provide litter receptacles at Nambuluma Junction was due to budgetary constraints to purchase adequate skip bins to cater for the growing population. The Council, however, provided litter receptacles at the Junction and the central business district where waste generation was high. The Town Clerk informed the Committee that the Council was actively engaging the business community and other well-wishers to supplement efforts by the local authority to Keep Chinsali Clean, Green and Healthy.

Committee's Observation and Recommendation

The Committee commends the Council for the effort and recommends the matter for closure subject to audit verification.

AUDIT QUERY

PARGRAPH 11

CHIPATA CITY COUNCIL

Accounting and other Irregularities

11. An examination of accounting and other records maintained at the Council for the period under review and a physical inspection of selected projects carried out in March 2019 revealed the following weaknesses to which the Town Clerk responded as set out below.

a) Lack of Risk Management Policy

Submission by the Town Clerk

The Town Clerk submitted that there was no Risk Management Policy in place due to lack of key staff under Internal Audit Section who could have spear headed its formulation in consultation with other departments. The Council relied on its internal control system to mitigate risks that might be detrimental to its operations. The Town Clerk also reported that the Council had taken note of the Auditor General's observation and under Minute AVCU/70/08/19 approved a Risk Management Policy. The Risk Management Policy adopted by the Council would be implemented to ensure that the Council mitigated risks that might be detrimental to operations.

Committees Observation and Recommendation

The Committee observes with concern the failure by the Town Clerk to put in place Risk Management Policy which is a serious omission. The Committee urges the Town Clerk to ensure that the Risk Management Policy is regularly updated to ensure that it's up to date with current trends to avoid recurrence. The Committee awaits a progress report on the full implementation of the policy.

b) Missing Payment Vouchers K235, 944

Submission by the Town Clerk

The Town Clerk submitted that payment vouchers were not availed during audit due to misplacement and misfiling of documents. This was as a result of lack of proper supervision of Finance staff as key positions in the Finance Department, including that of the Director of Finance remained vacant during 2017 and for part of 2018. It was only in June 2018 that the position of Director of Finance and other key positions were filled by the Local Government Service Commission. The Town Clerk also reported that 11 payment vouchers totaling K53, 782.15 had been traced leaving a balance of 27 totaling K182, 161.85. The traced payment vouchers were now filed on respective box files. Copies of traced payment vouchers were ready for audit verification. Payment vouchers were now being filed on respective box files immediately a transaction was completed. There was proper supervision of Finance staff to ensure that all payment vouchers were filed correctly and timely. Internal Audit was now carrying out Post Audit of all transactions to ensure that there was compliance with financial regulations. Furthermore, the Council had introduced bound payment voucher books which were filed in triplicate with original copy being kept together with all the supporting documents in a box file, a second copy kept on a different box file, whilst the third copy remained in the bound booklet.

Committees Observation and Recommendation

While appreciating the remedial measures taken, the Committee observes with concern the weak internal control systems at the Council and wonders what the supervising officers in Accounts Department and the Internal Audit Unit. The Committee does not accept the reason concerning staff levels and is of the view that this weakness if left to continue may pose a serious threat to the operation and accountability processes in the local councils because these same officers may be transferred from one council to another, a system the Committee describes as transferring problems. The Local Government Service Commission is, particularly, urged to ensure that disciplinary action is taken against erring officers in order to instil a sense of responsibility in them. In addition, the Committee urges the LGSC to ensure that the officers named in this query are made to locate these documents without any further delay. The Committee awaits a progress report on the matter.

c) Unretired Accountable Imprest K58,938

Submission by the Town Clerk

The Town Clerk informed the Committee that it was regretted that five (5) officers at Chipata City Council did not retire accountable Imprest during the period under review. Amongst these, some of the officers did not retire the imprest whilst others had their documents misplaced and misfiled. The Town Clerk also reported that she had accounted for all the K58,938 Unretired Accountable Imprest through recoveries from the affected officers and tracing of the misplaced and misfiled imprest retirement documents. The documentation was available for audit verification. Chipata City Council was now enforcing Financial Regulation no.119 which stipulated that any unretired imprest beyond forty-eight (48) hours was recovered from the affected officer through the payroll.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk and urges her to ensure that erring officers are sternly cautioned for this failure. The Committee, however, resolves to close the matter subject to audit verification.

d) Irregular Medical Refunds K11,892

Submission by the Town Clerk

The Town Clerk informed the Committee that it was regretted that Chipata City Council erroneously paid medical refunds without a medical scheme. This was because during the period under review, the Council had not yet finalised agreements with any hospital or clinic regarding a medical scheme. The Town Clerk also reported that Chipata City Council had since put in place a medical scheme with Chipata Central Hospital and had recovered the irregularly paid medical refunds totalling K11, 892 from the officers who were erroneously paid. Chipata City Council would always open and operate a medical scheme for its employees in accordance with the laid down Conditions of Service.

Committees Observation and Recommendation

While noting the submission, the Committee does not accept the reason given by the Town Clerk and urges her to ensure that erring officers are sternly cautioned for failure to interpret Section 156 of the Conditions of Service for Local Government Officers. The Committee, however, resolves to close the matter subject to audit verification.

e) Failure to Inscribe Council Assets

Submission by the Town Clerk

The Town Clerk reported that this was due the fact that the Council was still in the process of updating and coding its assets list. The Town Clerk also reported that it had written to the Ministry of Works and Supply to have the assets inscribed with marks in accordance with the Public Stores Regulation No. 154. The Council had since procured materials required for the inscription of assets as per advice from Ministry of Works and Supply. The Council awaited the Inscription of Assets by Ministry of Works and Supply. Council would ensure that the process of inscription was expedited every time new assets were procured to avoid reoccurrence of this anomaly.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk as it had to take Auditor General to remind them to inscribe their assets which is a very serious omission. The Committee urges the Town Clerk to ensure that erring officers are disciplined for this omission and further that the assets are inscribed expeditiously before the end of the first quarter of 2020. The Committee resolves to await a progress report on the matter.

f) Failure to Remit Statutory obligations and PAYE K13,364,355

Submission by the Town Clerk

The Town Clerk submitted that the Council had 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 an increased wage bill when the District was upgraded to a City. The Town Clerk also reported that the Council had paid a total of K400,000 out of the K13,364,355 in unremitted Statutory obligations. The Council had also paid a total of K120,000 for PAYE to Zambia Revenue Authority and K280,000 to the Local Authority Superannuation Fund (LASF) leaving a balance of K12,964,355. The Council was in discussion with NAPSA regarding debt swap options. The Council had agreed with both LASF and ZRA on a debt plan of K20,000 payments for both current payments and historical debt. Documentation was available for audit verification. The Council would ensure that payments were made towards the indebtedness as funds became available.

Committee's Observation and recommendation

The Committee notes the efforts made to dismantle the outstanding obligations but expresses concern at the huge debt stock owed by the Council. The Committee urges the Town Clerk to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling the arrears in order to relieve the councils of this burden. The Committee resolves to await a progress report on the matter.

g) Unaccounted for Stores K60,825

Submission by the Town Clerk

The Town Clerk regretted that Stores records for stock items costing K60,825 were not availed to Auditor General at the time of audit. This was because receipts and disposal details were misplaced and misfiled in other box files. Chipata City Council had traced all the receipts and disposal details for Stores items totalling K60,825. Further, Council had disciplined the officer who was in charge of stores for failure to avail receipts and disposal details to the Auditor General. Chipata City Council had strengthened its internal control systems to avoid lapses in the management of stores by ensuring that the Internal Audit Office would now be undertaking monthly checkups on stores items and documentations.

Committees Observation and Recommendation

The Committee directed the Town Clerk to ensure that evidence is availed to the Office of the Auditor General after which the matter will be closed.

h) Fuel Drawings Not Entered in Log Books K158,458

Submission by the Town Clerk

The Town Clerk reported that at the time of audit, Chipata City Council did not have trained personnel to supervise the Transport Section hence it relied on a head driver in the interim. Management disciplined the Driver who was responsible for incompetence of not entering fuel drawings in the log books. Going forward, the Council had come up with control measures to ensure that all fuel drawn was well recorded and authorised by the responsible office.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk. She is urged to ensure that all records to prove that fuel was drawn by correct vehicles and used for the intended purposes are availed for audit verification, and only then will the matter be closed.

i) Misapplication of Funds - Equalisation Funds K1,811,379

Submission by the Town Clerk

The Town Clerk submitted that the Council misapplied Capital funds due to financial constraints. The Council was faced with pressure to settle some obligations among them court bailiffs fees, salaries and wages which increased due to upgrade from Municipal to City status from K980,000 to the current K2, 800,000. In order to save the situation, the Council had no other option but used funds from the Capital Account as it was the only account with the funds for the immediate pressure. The Town Clerk also reported that the Council had now made remittances to the Capital Projects Account and there was a Council resolution on 30th August 2018 to make a payment plan towards the reimbursement of the previous misapplied funds under Council Minute No. FHRGP/58/08/18. The Council had since started making payments towards K1, 811,379. The Council would ensure that only capital expenditure budgeted for and approved was to be incurred from Capital Account Funds.

Committee's Observation and recommendation

The Committee does not accept the reasons given by the Town Clerk concerning borrowing part of the 20% portion of the Local Government Equalisation Fund (LGEF). The Committee sternly cautions the Town Clerk to desist from misapplying the LGEF, and the Secretary to the Treasury is, particularly urged to ensure that stiffer penalties are put in place to deter councils from perpetuating this vice. The Committee will await a progress report until reimbursement is done of the full amount.

j) Constituency Development Funds

i. Missing Payment Vouchers K17,447

Submission by the Town Clerk

The Town Clerk acknowledged the query and submitted that the Council did not avail payment vouchers during the audit due to misplacement and misfiling caused by a shortage of staff in key positions under the Finance Department. The position of Director of Finance had remained vacant for a long period of time till in 2018 when the Director of Finance and other support staff were sent by the Local Government Service Commission. The Town Clerk also reported that the Council had traced the two missing payment vouchers which were now available for verification. Payment vouchers were being filed on respective files immediately a transaction was completed and there was proper supervision of the Finance Department staff to ensure that all payment vouchers had been filed correctly. Furthermore, the Council had introduced payment voucher books which were filled in triplicate and the original copy was filed together with all the relevant supporting documents, whilst a second copy was taken to accounts for backup and the other copy remained in the bound booklet

kept together with accountable documents in the strong room.

Committee's Observation and Recommendation

The Committee does not accept the reason given and observes that this amounts to concealing acts of fraudulent activities. The Committee urges the Town Clerk to ensure that stern disciplinary action is taken against erring officers who failed in their duty to avail the documents to Auditor General during the period of audit. The matter is recommended for closure subject to audit verification.

ii. Paid for works but not done- Connection of Electricity to Tilimbe Milling for the Blind in Kapata Ward

Submission by the Town Clerk

The Town Clerk acknowledged the query and submitted that it was as a result of delay by ZESCO to connect power to Tilimbe Milling. The Town Clerk also reported that she had written to ZESCO requesting that connection of power was expedited. Electricity had since been connected. The Council would ensure that for future projects, the process of connection of power was expedited once works were paid for.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Town Clerk to ensure that officers responsible are sternly cautioned to ensure that they aggressively follow up matters without being reminded by Auditor General. The matter is, however, recommended for closure subject to audit verification

iii. Completed Projects but not Operational

Submission by the Town Clerk

The Town Clerk submitted that this arose because despite completing the construction of the water kiosks, there were no funds for water connection. The Town Clerk also reported that the Council wrote to Eastern Water and Sewerage Company for the connection of the completed Kiosks and so far four kiosks had been connected and were operational. Furthermore, the Council approved funding for one more Kiosk of the remaining five for connection on Minute Number C/72/07/19. The Council would ensure that projects were allocated adequate funds so that they were fully implemented for the benefit of the Community.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Town Clerk to ensure that all the remaining projects are fully operational without further delay. The Committee awaits progress report on the matter.

k) Management of Council Properties

i. Lack of Title Deeds for Council Property

Submission by the Town Clerk

The Town Clerk acknowledged the query and submitted that some of the titles for the properties which were on title were used as collateral for loans and mortgages. Some of the loan facilities had since been liquidated but the titles had not been retrieved. The Insurance was being finalised with professional insurance using a debt swap at the time of audit. The Town Clerk also reported that it had engaged Ministry of Lands and Natural resources and search reports indicated that, five (5) Council properties were actually on title and the remaining twenty-six (26) properties, the process of acquiring titles had commenced. The Council was in the process of retrieving the titles from banks and duplicate copies from Ministry of Lands. Council had also now fully insured all its properties. Supporting documents were available for audit verification. The Council would ensure that the obtaining of title deeds for all Council properties was expedited in order to secure proof of ownership.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by Council management to secure their properties with title deeds. The Committee urges the Town Clerk to consider liaising with the Permanent Secretary to ensure that he assist through his counterpart at Ministry of Lands to ensure that the titles for properties that have not yet been acquired are secured expeditiously. In addition, the Town Clerk is urged to ensure that all their title deeds held by banks are retrieved without any further delay. The Committee resolves to await a progress report on the matter.

ii. Lack of Maintenance Policy for Council Property

Submission by the Town Clerk

The Town Clerk informed the Committee that this query arose due to the fact that buildings remained vacant for a long period of time. The Town Clerk also reported that it had put in place a maintenance policy and the Council had advertised to lease out all vacant properties to prevent vandalism.

Committee's Observation and recommendation

The Committee notes the submission and urges the Town Clerk to ensure that officers responsible are sternly cautioned for this failure. The Council is also urged to ensure that it adheres to the policy in order to maintain properties and avoid dilapidation which is a loss of public property. The Committee resolves to close the matter subject to audit verification.

iii. Failure to Avail Lease Agreements

Submission by the Town Clerk

The Town Clerk submitted that there was no reconciliation of Council properties which made it difficult to prepare lease agreements. The Town Clerk also reported that it had conducted a reconciliation exercise of the number of properties and their ownership. Four (4) Lease Agreements that had since been prepared whilst other lease agreements were being prepared in phases. The Council would ensure that all rented properties had Lease Agreements in place.

Committee's Observation and recommendation

The Committee does not accept the reason given by the Town Clerk as it is evident that officers did not aggressively pursue this matter until Auditor General unearthed it. The Committee urges the Town Clerk to ensure that erring officers are sternly cautioned and further that all lease agreements are prepared and availed to Auditors for verification without any further delay. The Committee resolves to await a progress report on the matter.

1) Weaknesses in the Management of Chipata Motel

Chipata Motel is a commercial venture operating as a lodge and is wholly owned by Chipata City Council. The Motel's income streams include accommodation, sale of meals and beverages. An examination of accounting and other records maintained at the Chipata Motel revealed the following weaknesses and the Town Clerk responded as set out below.

i. Failure to Register the Motel with PACRA

Submission by the Town Clerk

The Town Clerk submitted that Chipata Motel was not registered with PACRA because it was operating as a Commercial Section under Chipata City Council. The Town Clerk also reported that it had commenced registration with PACRA following guidance from the Ministry of Local Government and after clarification by PACRA on Commercial Ventures owned by Local Authorities. The Council would always seek to implement all the provisions of the law.

Committee's Observation and recommendation

The Town Clerk is sternly cautioned for failure to consult from the relevant authorities on matters that she is not clear about. It displeases the Committee to hear that she operated on assumption without seeking clarity until Auditor General unearthed the omission. The Committee strongly urges her to ensure that Chipata Motel is correctly licensed by PACRA without any further delay. The Committee will await a progress report on the matter.

ii. Failure to Pay Income Tax K36, 311

Submission by the Town Clerk

The Town Clerk acknowledged the query and submitted that the reason why Chipata Motel was not paying income tax was because it was operating as a Commercial Section under

Chipata City Council, an institution which was exempt from paying income tax. The Town Clerk also reported that it had commenced the process of registration with PACRA, following the guidance from the Ministry of Local Government and after clarification by PACRA on commercial ventures owned by Local Authorities. The Council would always seek to implement all the provisions of the law.

Committee's Observation and recommendation

As already stated in I (i) above, the town Clerk is sternly cautioned for failure to consult from the relevant authorities on matters she is not clear about. It displeases the Committee to hear that the Town Clerk did not understand and interpret the provisions of *Sections 2, 14 and 17 of the Income Tax Act Chapter 323 of the Laws of Zambia*. The Committee strongly urges her to ensure that she consults each time she is not clear concerning the interpretation and enforcing of the law from the relevant authorities. The Committee, however, resolves to close the matter while also ensure that going forward, all taxes are remitted accordingly.

iii. Outstanding Receivables from Council Workers K696,390

Submission by the Town Clerk

The Town Clerk acknowledged the query and submitted that it was as a result of the Council allowing officers to stay at Chipata Motel, while waiting to receive their first salaries. The Council acknowledged the observations made by the Auditor General and reported that the matter had been addressed by effecting deductions on settling in allowances due to officers and also through the payroll. The recovered monies were yet to be paid back to the Motel. Supporting documentation of recoveries was available for verification. The Council had restricted the accommodation of Council staff at the Motel, and staff were being requested to pay for the services accordingly.

Committee's Observations and Recommendations

The Committee finds the reason given for this anomaly unacceptable as it is evident that the lapse is due to poor supervision of officers in the accounts department and negligence on the part of the officers. The Committee urges the Town Clerk to ensure that all erring officers are disciplined for this failure and is also directed to ensure that all documentation relating to this query are availed to the Auditor General for verification only then will the matter closed.

iv. Unaccounted for Stores K40, 829.70

Submission by the Town Clerk

The Town Clerk acknowledged the query and submitted that there was shortage of appropriate personnel in the Stores Section which was staffed by only one junior officer during the period under review. The weaknesses in the controls were mostly due to delay in attaching the appropriate documentation and the lack of follow up with suppliers to issue the receipts to the Council. The Town Clerk, however, reported that the receipts and disposal details documentation which were not properly filed had since been found and were available for verification. The Local Government Service Commission had appointed staff for both the Purchasing Section and Stores Section and therefore stores management had improved.

Committee's Observations and Recommendations

The Committee notes that this lapse is due to poor supervision of the officers, and negligence on the part of the officer. While the Committee appreciates that a new officer has been deployed to the Council, the Committee urges the Town Clerk ensure that the erring officer is disciplined, and further that internal controls are strengthened to avoid recurrence of this matter. The Committee resolves to close the matter subject to audit verification.

m) Environmental Management

An assessment of the effectiveness of the environmental management at the Council revealed the following weaknesses and the Town Clerk responded as set out below.

i) Dump Site

- **Illegal use of Dumping Site**

Submission by the Town Clerk

The Town Clerk acknowledged the query and submitted that they were currently using an ungazetted dumpsite due to non-availability of suitable land for the Dumpsite. The Town Clerk also reported that the Council approved the purchase of alternative land for the landfill under Minute number PWDREHESS/406/06/19 of the Ordinary Council Meeting held on 12th July 2019. The Town Clerk furthermore reported that it was currently searching for alternative and suitable land for the dump site and had since started engaging prospective partners including Chiefs. The Council would try to ensure that land was secured for the dump site.

Committee's Observation and Recommendation

The Committee notes with concern the failure by management at this council to secure land for a Dumpsite. It displeases the Committee that despite the resolution by the Council to purchase new land for a dumpsite, the Council to date has failed to secured land. The Committee strongly cautions the Town Clerk to desist from causing inordinate delays in securing the said land. The Town Clerk is directed to ensure that land is secured before the end of the first quarter of 2020. The Committee resolves to await a progress report on the matter. A progress report is being awaited by the Committee.

- **Lack of a Weigh Bridge**

Submission by the Town Clerk

The Town Clerk acknowledged the query and submitted that the Council was currently using an illegal dump site hence the challenge of putting up the weigh bridge. The Council intended to relocate the dumpsite to the new site and was currently searching for alternative and suitable site for the dump site from other prospective partners including Chiefs. The Council would ensure that land was secured for the dumpsite and the weigh bridge would be subsequently set up. Currently the Council had failed to install a weigh bridge at the present site due to the temporal nature of the site. The weigh bridge was bound to cost the Council approximately K892, 560 for supply and installation. Therefore, looking at the cost

implication and the financial challenges the Council was facing, plans were to install a weigh bridge at the new site once the new site was secured and approved by ZEMA.

Committee's Observation and Recommendation

The Committee encourages the Town Clerk to ensure that land for a permanent Dumpsite is secured by 31st January 2020 in order for them to construct a weigh bridge on it. A progress report is being awaited by the Committee.

- **Dumpsite Not Fenced**

Submission by the Town Clerk

The Town Clerk acknowledged the query and submitted that they were currently using a temporal dumpsite hence the challenge of fencing it permanently. The Town Clerk also reported that it was currently searching for an alternative and suitable land for the dump site where a fence would be erected. The current dumpsite covered an area of 10.3 hectares and hence fencing it with game wire would cost the Council approximately K95,000. Therefore, looking at the cost implication and the financial challenges the Council was facing, plans were to erect a fence at the new site once it was secured and approved by ZEMA.

Committee's Observation and Recommendation

The Committee encourages the Town Clerk to ensure that land for a permanent Dumpsite is secured by 31st January 2020 in order for them to construct a fence on it. A progress report is being awaited by the Committee.

- **No Warning Sign**

Submission by the Town Clerk

The Town Clerk submitted that they could not put warning signs on the dump site due to inadequate resources. The City Council had now put warning signs at the dump site and assured the Committee that they would always ensure that the dump site was operating with warning signs to avoid unrestricted access by carrying out routine maintenance of the site.

Committee's Observation and Recommendation

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

- **Dumpsite Not Manned by Security Personnel**

Submission by the Town Clerk

The Town Clerk reported that the Council had a shortage of staff under the Police Section. The Town Clerk also reported that two (2) Council Police Officers and one (1) General worker had now been stationed at the dump site to man it, control traffic and turn away scavengers. The Town Clerk also reported that the Council would ensure that there were security personnel at the dump site.

Committee's Observation and Recommendation

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

- **Exposure of Community to Health Risk**

Submission by the Town Clerk

The Town Clerk acknowledged the query and submitted that this anomaly was due to the temporal status of the current dumpsite. The Town Clerk also reported that routine dozing of the waste at the dumpsite was being carried out to ensure that waste was partly covered by a layer of soil, thereby, preventing and reducing the health risk to the community. Supporting documentation of the dozing activity at the dump site was available for verification. The Council had embarked on a routine dozing and had provided security and controlled access by deployment of security and supervisory staff.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Town Clerk to ensure that the dump site is managed in accordance with health laws including Statutory Instrument No. 112 of 2013. The Committee resolves to close the matter subject to audit verification while the Office of the Auditor General is urged to ensure that the matter is kept in view during future audits.

- **Lack of Borehole**

Submission by the Town Clerk

The Town Clerk reported that a borehole was not available at the dump site due to the temporal status of the site. The Town Clerk further reported that it was currently searching for alternative and suitable land for the dump site from prospective partners including Chiefs. The Town Clerk also reported that the observation had been noted and a borehole would be provided at the new dump site. It would cost the Council approximately K40, 000 to sink one borehole on a temporal site and therefore, looking at the cost implication and the financial challenges the Council was facing, plans were to install a borehole at the new site once it was secured and approved by ZEMA.

Committee's Observation and Recommendation

The Committee encourages the Town Clerk to ensure that land for a permanent dumpsite is secured expeditiously in order for them to sink a borehole for monitoring ground water quality. The Committee will await a progress report on the matter.

- ii) **Failure to Prepare an Integrated Waste Management Plan**

Submission by the Town Clerk

The Town Clerk acknowledged the query and submitted that the Council lacked funds to conduct a Waste Characterization Survey which was a prerequisite to producing an Integrated Waste Management Plan. The Town Clerk also reported that an Integrated Waste

Management Plan had been prepared and was available for audit verification.

Committee's Observation and Recommendation

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

iii) Failure to Produce Waste Management Report

Submission by the Town Clerk

The Town Clerk acknowledged the query and submitted that the Council did not submit reports to ZEMA due to lack of key staff under the Public Health Department. The Town Clerk also reported that quarterly waste management reports had been prepared using quantities of waste collected during the period under review as presented in Committee and Council meetings and shall be submitted to the Ministry of Local Government since the Council was still using an ungazetted dumpsite. The Town Clerk also reported that the matter had been noted and therefore the Council would ensure that annual waste collection reports were prepared and submitted to ZEMA.

Committee's Observation and Recommendation

The Committee finds the Submission by the Town Clerk misleading and urged her to desist from misleading the Committee. The claim that the quarterly waste management reports were prepared and yet they weren't availed for verification is doubtful as Auditor General did not find them during the time of audit. In order to give her a benefit of doubt, the Committee directed her to avail documents to Auditor General for verification and only then will the matter be closed.

iv) Failure to Provide Protective Clothing

Submission by the Town Clerk

The Town Clerk informed the Committee that the Council had procured protective clothing which had worn out by the time of audit and Council had not procured new ones due to lack of funds. The Town Clerk further indicated that they had now procured protective clothing for all the staff working on waste collection. She also assured the Committee that Chipata City Council would always allocate funds in the budget to procure protective clothing. The activity had been planned for and was in the procurement plan.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Town Clerk to ensure that the Dump Site is managed in accordance with health laws including providing safety clothing to the workers handling waste. The Committee resolves to close the matter subject to audit verification while the Office of the Auditor General is urged to ensure that the matter is kept in view during future audits.

v) Failure to Take Medical Examination

Submission by the Town Clerk

The Town Clerk reported that at the time of audit, Chipata City Council had not finalised agreement with Chipata Central Hospital to be conducting medical examinations for the officers that handled waste. The Council had established a Medical Scheme with Chipata Central Hospital, and all officers that handle waste were being examined every six months. Chipata City Council would always undertake medical examinations for waste management officers every 6 months.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Town Clerk to ensure that the Dump Site is managed in accordance with health laws including the *Environmental Management Act of 2011*. The Committee resolves to close the matter subject to audit verification while the Office of the Auditor General is urged to ensure that the matter is kept in view during future audits.

vi) Transportation and Management of Waste

• Lack of Signed Contract with Transporters

Submission by the Town Clerk

The Town Clerk submitted that there were delays to renew the transporters contracts leading to having no current running contracts for the period under review. The Town Clerk also reported that it had written to the two Transporters who had been operating without signed contracts to stop their activities until valid contracts had been put in place. The Town Clerk furthermore reported that it would ensure that all transporters had running valid contracts.

Committee's Observations and Recommendations

The Committee finds the reason given for this anomaly unacceptable as the officers who failed in their duty were not disciplined for this omission. The Committee urges the Town Clerk to ensure that officers responsible are strongly cautioned for this omission and only then will the matter be closed.

• Non Payment for Use of Dump Site

Submission by the Town Clerk

The observation by the Auditor General regarding Non Payment for use of Dump site was correct. The Town Clerk also reported that it was difficult to continue using the expired contracts in which the Franchise fees were stipulated. The Town Clerk also reported that it had deployed a revenue collector at the dump site. The Town Clerk also reported that the issue of payments for the use of dumpsites had been addressed.

Committee's Observation and Recommendation

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

verification while the Office of the Auditor General is urged to ensure that the matter is kept in view during future audits.

AUDIT QUERY

PARAGRAPH 12

CHIRUNDU DISTRICT COUNCIL

Accounting and Other Irregularities

12. An examination of accounting and other records maintained at the Council for the period under review and a physical inspection of projects carried out in September and December 2018 revealed the following to which the Council Secretary responded as set out below.

a) Lack of Information Technology and Communication (ICT) Policy

Submission by the Council Secretary

The Council Secretary acknowledged the Auditor General' observation and reported that there was no ICT department and trained personnel available during the period under review. The Council Secretary informed the Committee that an Information Technology and Communication (ICT) policy had been prepared, documented and authorized with support of the ICT staff, recently appointed by the Local Government Service Commission at Chirundu District Council. The letter of transfer for the Programmer and the ICT policy were attached and were ready for verification. The Council Secretary informed the Committee that the Council had put in place a process and system that would enable the Council to carryout routine reviews and updates of the policy (annually), in order to embrace new dynamics, gaps and required controls in the ICT environment.

Committees Observation and Recommendation

The Committee observes with concern the failure by the Council Secretary to put in place an ICT policy which is a serious omission. The Committee urges the Council Secretary to ensure that the ICT policy is regularly updated to ensure that they move with current trends to avoid recurrence. The matter is recommended for closure subject to audit verification.

b) Failure To Produce Receipt Books and Other Accountable Documents K1, 343,741

Submission by the Council Secretary

The Council Secretary informed the Committee that the receipt books and other accountable documents in question were requested and collected by the Anti-Corruption Commission for their on-going investigations/inquiries and they were not ready to release the documents at the time of audit. The Council Secretary submitted that Chirundu District Council took the assigned Auditor General to Anti-Corruption Commission (ACC) and were advised to correspond directly to the ACC Director for all related information or correspondences. The Local Government Service Commission also suspended the Acting Council Secretary to pave way for investigation. ACC exhibit forms and a letter confirming interaction of the Council, assigned Auditor General and Anti-Corruption commission were available for audit verification. The Council Secretary informed the Committee that the following

measures had been put in place; the Council was ensuring professionalism in all its operations and had started to ensure that copies of all documents collected by the Anti-Corruption Commission (ACC) were retained by the Council as a policy. Considering that, the ACC primarily made use of original documents and artifacts.

Committees Observation and Recommendation

As the matter is before the investigative wings, the Committee resolves to await the outcome on the matter.

c) Unaccounted for Revenue K20, 047

Submission by the Council Secretary

The Council Secretary informed the Committee that the under banking's were as a result of various urgent needs authorised as cash transactions for council activities, regrettably released before the respective collections were banked. The Council Secretary informed the Committee that all Payment Vouchers supporting expenditure for the cash payments had been retrieved and were available for audit verification. As a remedial measure, the Council Secretary informed the Committee that management had put in place the following stringent measures;

- i. All monies collected were banked immediately or within 48 hours of collection.
- ii. All cash collection sheets and deposit slips were subjected to scrutiny by the superiors and internal audit unit before they were filed in their respective box files and secured.
- iii. The Council had entered into an agreement with Airtel Networks Zambia PLC to be depositing Council revenue directly into the Council bank accounts.
- iv. Petty cash had been introduced to cater for paltry transactions to avoid cash payments.
- v. Memorandum to the Council Treasurer from the Council Secretary for the introduction of Petty cash.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary and urges him to ensure that erring officers are sternly cautioned for this failure. The Committee, however, resolves to close the matter subject to audit verification.

d) Unsupported Payments K220,963

Submission by the Council Secretary

The Council Secretary informed the Committee that supporting documents for the 42 payment vouchers amounting to K220,963 for the period under review were misplaced at the time of the audit due to poor record management. The Council Secretary informed the Committee that twenty seven (27) payment vouchers amounting to K 117,204.16 had now been supported with relevant documents by the Council and letters had been written to the officers who were in the offices to help with retrieval of receipts and other supporting documents. Chirundu District Council had also written to the Local Government Service Commission to seek their indulgence to compel these officers to avail the supporting

documents. The 27 Payment Vouchers with supporting documents were available for audit verification. A directive memorandum had been written to the District Accountant to ensure that supporting documents were always attached to the payment vouchers and scrutinised by Internal Audit Unit. The Council Secretary also informed the Committee that the Council had put in place a system where files had been opened to capture all the missing documents such as receipts, leave forms, oral contracts and pay slips and other missing documentation. The following measures had been put in place to avoid reoccurrence;

- i. No request was presented for payment before all the necessary attachments were put to the payment vouchers.
- ii. Further, serious follow ups on collection of receipts from suppliers who were paid using Electronic Fund Transfers (EFT) were made by the Council.

Committees Observation and Recommendation

The Committee observes with concern the weak internal control systems at the Council and wonders what the supervising officers in accounts department are doing including the internal audit unit. The Committee is of the view that this weakness if left to continue may pose a serious threat to the operation and accountability processes in the local councils because these same officers causing such irregularities may be transferred from one council to another a system the Committee describes as transferring problems. The Local Government Service Commission is, particularly, urged to ensure that disciplinary action is taken against erring officers in order to instil a sense of responsibility in them. In addition, the Committee urges the LGSC to ensure that the officers named in this query are made to locate these documents without any further delay. The Committee awaits a progress report on the matter.

e) Unretired Accountable Imprest K10,000

Submission by the Council Secretary

The Council Secretary informed the Committee that all retirements for accountable imprests during the period under review were not attached to the payment vouchers as the imprest holders had not retired at the time of audit and they had since been transferred. The Council Secretary informed the Committee that the Council Management wrote to the Councils where the officers with unretired accountable imprest informing them to pay back and requesting them to help with retirements of the said imprests. Note should be taken that Chirundu District Council had also written to the Local Government Service Commission to seek their indulgence to compel these officers to avail the supporting documents. The Council Secretary informed the Committee that the following measures listed below had been put in place to avoid reoccurrence by the Council;

- i. The Council had continued to restrict issuance of accountable imprest only to officers without outstanding unretired imprest.
- ii. The Council issued reminders to officers who failed to retire imprest within the stipulated 48 hours after obtaining the imprest. Copies of reminders were attached.
- iii. The Council deducted through the payroll in the current month all outstanding imprest from officers who failed to retire in the stipulated time after being reminded. Payroll reports as proof of recovery for unretired imprest were available for audit verification.

Committees Observation and Recommendation

As observed in e) above, the Committee was of the view that this weakness if left to continue may pose a serious threat to the operation and accountability processes in the local councils because these same officers would be transferred from one council to another, leaving problems behind. The Local Government Service Commission is, particularly, urged to ensure that disciplinary action was taken against erring officers in order to instil a sense of responsibility in them. In addition, the Committee urges the Council Secretary to ensure that the officers who caused this query were surcharged without any further delay. The Committee awaits a progress report on the matter.

f) Irregular Use of Accountable Imprest K23, 100

Submission by the Council Secretary

The Council Secretary stated that the Council's use of accountable imprest to procure goods and services was as a result of the business environment in the district. The suppliers of goods and services at the time had neither registered businesses nor bank accounts preferring to deal in cash. The Council Secretary submitted that management had since stopped the practice and the imprest in question was fully retired and retirement details were available for audit verification. Further the Council had sensitised the business community on the need to operate bank accounts so that payments can either be by cheque or bank transfer. The Council had put in the following measures listed below.

- i. Paying directly through cheques and EFT to the suppliers for purchases of goods and services.
- ii. Purchase goods and services from Lusaka for the goods and services not immediately available in the district.
- iii. Had further enhanced the procurement planning process requirement.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Councils Secretary and expresses concern at the Council's rampant disregard of procurement procedures. The Committee finds it strange that the Council restricted itself to purchasing from unregistered businesses, whereas there are many registered businesses in the nearby districts where the Council would have considered procuring from. The Committee sternly cautions the Council Secretary to desist from misleading the Committee. He is also urged to ensure that procurement officers in the Council are sternly cautioned to avoid abrogating procurement procedures to their advantage. The matter is, however, recommended for closure subject to audit verification.

g) Failure To Deduct PAYE K32,326

Submission by the Council Secretary

The Council Secretary submitted that PAYE for all the eleven (11) transactions was correctly deducted by the Council. However, payment to Zambia Revenue Authority (ZRA) was not made due to financial constraints being faced by the institution. The Council Secretary informed the Committee that management had since settled the total outstanding amount of K32,326 payable to Zambia Revenue Authority using cheque number 000521

and 000117. The copy of the cheque particulars was ready for audit verification. The Council Secretary informed the Committee that management had introduced a payment plan to ensure that Settling-in-allowances and Leave pay, were payable when the gross value was realised to ensure that the Pay as You Earn (PAYE) was remitted during payment.

Committee's Observation and Recommendation

The Committee notes the submission but sternly cautions the Council Secretary to ensure that his office always adheres to the *Income Tax Act* each time payroll related payments are made if applicable. The Committee, however, resolves to close the matter only after they avail documents to the Office of the Auditor General for verification.

h) Unaccounted For Stores K227,32 General Stores –(K101,045 and fuel – K126,276)

Submission by the Council Secretary

The Council Secretary stated that the Council had no qualified stores officer during the period under review. The non-availability of receipts and disposal details for both general stores and fuel was as a result of poor record keeping and governance by the officers assigned with the stores handling support function. The Local Government Service Commission had appointed a qualified stores officer who had since been sent to the Council and firm controls had been effected in order to avert future recurrences. The Council Secretary informed the Committee that the following measures listed below had been put in place.

- i. An updated fuel ledger book was being maintained by the stores officer. This ledger was subjected to regular periodical checks by the Internal Auditor. A copy of current fuel ledger and a copy of current general stores were available for audit verification.
- ii. Updated box files for stores records were being maintained by the Stores Officer and were subjected to regular periodical checks by the Internal Auditor.

Committee's Observation and Recommendation

The Committee does not accept the reason given and observes with concern that this amounts to concealing acts of fraudulent activities. The Committee urges the Council Secretary to ensure that stern disciplinary action is taken against erring officers who failed in their duty to avail the stores receipts and disposal details to Auditor General and also that all these documents are found and availed for audit verification. The Committee awaits progress report on the matter.

i) Failure to Settle Staff Obligations 5,057,149

Submission by the Council Secretary

The Council Secretary stated that the staff obligations were not paid by the Council during the period under review due to financial constraints that it was facing. The said leave travel benefits obligations were calculated using officers' monthly leave days due but did not necessarily amount to a debt as council officers' use the same days when going on leave. The Council Secretary informed the Committee that the Council was liquidating the staff obligations and had so far made notable progress as shown in the table below;

Details	Amount Owed (K)	Payments	New Balances (K)
Leave Travel Benefits	0	0	0
Settling in Allowances	287,840	225,974.35	61,865.65
Terminal Benefits	3,259,368	90,000	3,169,368
Councillors Allowances	30,800	30,800	0
Total	3,578,008	346,774.35	3,231,233.65

He also stated that note should be taken that the figure of K 1,479,140 picked the Auditor General was a budgeted amount and not a debt to the Council. Payment Vouchers showing liquidation were available for audit verification. The Council Secretary stated that the Council had come up with a payment plan for payment of terminal benefits.

Committee's Observation and recommendation

The Committee notes the efforts made to dismantle the outstanding obligations but expresses concern at the huge debt stock owed by the Council. It worries the Committee that this huge debt stock is besides the current obligations the Council is expected to meet and hence if nothing happens, the Council may suffer from possible litigation costs which may arise from this situation. The Committee urges the Council Secretary to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

j) Failure to Settle Statutory Obligations and Contributions K 2,511,448

Submission by the Council Secretary

The Council Secretary informed the Committee that Statutory Obligations were not paid during the period under review due to the financial constraints the Council was facing. The Council Secretary informed the Committee that the Council was liquidating the statutory obligations and had so far made progress as highlighted below.

Details	Amount Owed (K)	Payments K	New Balances (K)
ZRA	2,235,238	32,326	2,202,912
NAPSA	107,485	60,435.68	47,049.32
LASF	98,190	35,526.44	62,663.56
ZULAWU	65,586	40,500	25,086
FIRESUZ	4,948	4,948	0
Total	2,511,448	220,785.44	2,337,711.88

NAPSA – An agreement had been made for debt swap purposes between NAPSA and the Chirundu District Council. Agreement documents were attached.

ZULAWU – A policy had been presented that entails that all future deductions shall be made at source.

ZRA – All Returns had been filed in the ZRA e-online platform and were up to date awaiting discussion of a payment plan with ZRA.

LASF –The Council had started making payments towards liquidation of the amounts owed. So far, the Council had paid a total of K 35,526.44 out of the total amount of K 98,190. Documentation was available for verification.

FIRESUZ –The amounts owed had since been cleared as at June 2019. The Payment Voucher had been attached.

The Council Secretary informed the Committee that that the following measures listed below had been put in place to avoid reoccurrence.

- i. The Council had introduced a plan to ensure that salaries and wages were only paid when the Gross value was realised, to ensure that statutory obligations were remitted during payment.
- ii. The Council also allocated amounts towards servicing of its debt in the yearly budgets.

Committee’s Observation and recommendation

The Committee notes the efforts made to dismantle the outstanding obligations but expresses concern at the huge debt stock owed by the Council. The Committee urges the Council Secretary to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

k) Equalization Funds

Misapplication Of Capital Funds K752, 449

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council did not have a separate account for Capital Projects and as a result commingled the funds in the Investment Account but had an obligation to meet critical operational costs within the institution. The Council misapplied the amount with an intention of reimbursing the funds. Financial constraints faced by the Council prevented the reimbursement process within the planned timeline. The Council Secretary informed the Committee that the Council admitted and regretted the anomaly but had since started refunding the amount meant for Capital Projects. So far the Council had refunded an amount of K 100,000. The payment voucher showing the funds transfer was available for audit verification. Management had been put in place the following remedial measures; maintaining a specific capital account, restricting all

payments from 20% allocation of the Local Government Equalisation Fund for Capital Projects only and, no further borrowings were made from the Capital Account.

Committee's Observation and recommendation

The Committee does not accept the reasons given by the Council Secretary concerning the borrowing of the Local Government Equalisation Fund (LGEF). In addition, the Committee finds the statement by the Council Secretary concerning comingling of funds in one account misleading as there are clear guidelines on where LGEF had to be kept, and despite their omission on accounts, management at the Council must have ensured that separate balances were kept on each budget line. The Committee sternly cautions the Council Secretary to desist from misleading it and the Secretary to the Treasury is, particularly, urged to ensure that stiffer penalties are put in place to deter councils from perpetuating this vice. The Committee resolves to await a progress report on full recovery of the funds.

ii. Construction of an Office at Rented Premises K40,780

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council constructed an office structure at the rented premises after a verbal agreement with the Landlord. The office block had eleven (11) rooms against 139 workers as a workforce. The Council Secretary informed the Committee that council management held a meeting with the landlord where it was agreed through a signed agreement that the amount totalling K 40,780 would be recovered through office rentals. The Lease Agreement had since been legalised and rental deductions had started. The Lease Agreement was available for audit verification. Further the Council had also written to the Government through the Ministry of Housing and Infrastructure Development to speed up the Civic Centre construction. The letters of correspondence between the Council and the Ministry of Housing and infrastructure Development was available for audit verification. The Council Secretary informed the Committee that management had since refrained from making improvements of any kind on the rented premises, as the tenancy agreement had no provision for such adjustments without prior consent.

Committee's Observation and recommendation

The Committee expresses a serious concern on the commencement of the project by the Council basing its action on a verbal agreement. It worries the Committee that such a huge cost agreement would be signed after commencement of the project. While it is appreciated that office space for the Council was their priority, the Committee cautions the Council Secretary to desist from committing Government before formal procedures are finalised. The matter is, however, recommended for closure subject to audit verification.

1) Environmental Management

i. Failure to Cover Waste During Transportation

The Council used a tractor and a tipper truck to collect and transport waste from the garbage bays to the dumpsite. However, the vessels used to transport waste had no tarpaulins to cover the waste contrary to *the Environmental Management Act, 2011*.

Submission by the Council Secretary

The Council Secretary stated that at the time of audit, the tarpaulin was not available but the Local Authority had an obligation to transport waste to avoid possible outbreaks of diseases especially that Lusaka Province had a Cholera outbreak during this period. The Council Secretary stated that the Council had since mobilised a tarpaulin and garbage was always covered when transported to the dumpsite. A photo of the Tractor covered with a tarpaulin was availed to the Committee. The Council Secretary submitted that the control procedure had been introduced where every tractor load was inspected to ensure that it was covered before proceeding to the dumpsite.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that they adhere to all health and environmental rules during the transportation and handling of garbage. The matter is recommended for closure and the Committee urges the Office of the Auditor General to keep it in view during future audits.

ii. Damaged Waste Holding Bay

Submission by the Council Secretary

The Council Secretary stated that the walls of the holding bays were weakened by the back-hole loader as it collected waste. The Council had come up with a new design for the holding bays with new and stronger materials to be used to reconstruct the bays. Reconstruction would commence in the Fourth (4th) quarter 2019 from capital funds allocation. The Bill of Quantities for the bays had been attached. The Council Secretary stated that the holding bays to be constructed would have concrete walls.

Committee's Observation and recommendation

The Committee notes with concern the failure by the Council Secretary to act proactively on this matter which is a serious health risk. The Committee sternly cautions the Council Secretary and he is urged to ensure that the Waste Holding Bay is repaired without any further delay. The Committee resolves to await a progress report on the matter.

iii. The Dumpsite

Submission by the Council Secretary

The Council Secretary acknowledged the Auditor General' observation and stated that the solid waste management system had been planned for a period of four years in the Council's strategic plan and at the time of audit the Council was still working on the dumpsite for it to meet the requirements of the *Solid Waste Regulation and Management Act, 2018*. Currently the Council was still working on preliminary issues which included ZEMA approvals. Having no other alternative place, ZEMA allowed the Council to start operating at the new site despite not fully completed. Further The Council Secretary informed the Committee that management was also compelled to start using the dumpsite even before its completion to avoid outbreak of diseases since the garbage was pilling in the township. This was because Chirundu was a border town and Lusaka Province had a Cholera outbreak. On specific matters, the Council Secretary submitted the following:

- **No weigh bridge at the dumpsite**

The Council Secretary informed the Committee that the Council was recording the Waste using tonnage of the vehicles transporting garbage. A copy of motor vehicle tonnage recorded had been attached to the documents presented to the Committee.

- **Dumpsite not fenced off**

The Council Secretary informed the Committee that the Council dumpsite preparation had been planned for a period of three (3) years in the Strategic Plan.

- **No warning signs at the dumpsite**

The Council Secretary informed the Committee that Installation of signage was underway, the officer stationed at the site is also helping to minimise the challenge created as a result of the absence of signage. A photo showing signage made had been attached to the documents presented to the Committee.

- **Not compacting or covering the waste with a layer of soil**

The Council Secretary informed the Committee that a pit had been dug at the dumpsite and all waste was currently being compacted and a layer of soil covered to avoid waste from scattering. Photos showing compaction of garbage had been attached to the documents presented to the Committee.

- **Not having workers at the dumpsite**

The Council Secretary informed the Committee that an officer had been deployed on site to patrol the dumpsite to minimize the challenges as stated on the cause of the query. A letter of deployment for the Officer was available for audit verification.

- **Not monitoring ground water quality at the site**

The Water and Sanitation Coordinator had been tasked to offer technical support to public health section to ensure all the appropriate techniques were put in place for ground water monitoring at the dumpsite. The Council would include sinking of a borehole in the 2020 budget.

- **Uncontrolled open burning of waste at the dumpsite**

The Council Secretary informed the Committee that waste was currently being compacted and all the scattered waste is being removed and compacted hence the dumpsite had no scattered waste and there is no burning of waste. The Council Secretary informed the Committee that that Council Management would ensure they accomplish the solid waste management plans as indicated in the Chirundu District Strategic Plan. A copy of the Council Strategic Plan had been was available for audit verification.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that they adhere to the *Solid Waste Regulation and Management Act No. 20 of 2018* in the handling

of waste in the District. The matter is recommended for closure and the Committee urges the Office of the Auditor General to keep it in view during future audits.

AUDIT QUERY

PARAGRAPH 13

CHOMA MUNICIPAL COUNCIL

Accounting and other Irregularities

13. An examination of accounting and other records maintained at the Council for the period under review and a physical inspection of projects carried out in September 2018 revealed the following to which the Town Clerk responded as set out below.

a) Employment of Staff Beyond Authorised Establishment – K15,240

Submission by the Town Clerk

The Town Clerk informed the Committee that the employment of one staff beyond authorised establishment was as a result of the Local Government Service Commission deploying a Senior Legal Assistant to Choma Municipal Council to strengthen the newly established Legal Services Department. The vacancy was however on the position of Legal Officer. The Town Clerk informed the Committee that the Local Government Service Commission was written to normalize the over staffing on the position of Senior Legal Assistant. In order to avoid a repeat of the situation, the Council submitted to the Local Government Service Commission the approved establishment registers on a quarterly basis which indicated possible vacancies that may need attention.

Committee's Observation and Recommendation

The Committee finds it highly irregular that there was no proper coordination between the Councils and the Local Government Service Commission in relation to staff recruitments. The Committee is saddened to note that despite other councils having low staff levels, the Commission deployed officers in councils where they are not needed and this is without consideration of their capacities like in the case of Choma Municipal Council. The Local Government Service Commission is strongly urged to ensure that they revise their recruitment systems to take into consideration the capacity of a particular council and also that consideration is made for different establishments for councils depending on their staff needs. The Committee, however, resolves to close the matter subject to audit verification.

b) Failure to Collect Dog Registration Revenue – K185,220

Submission by the Town Clerk

The Town Clerk stated that Choma Municipal Council prior to the year 2017 approved to charge K105 for the first dog and K110 for the second and subsequent dogs. Further, it was discovered in 2017 that the Veterinary Department was charging K30 per dog for vaccination. Dog owners were dodging to come and pay to the Council the approved charges which were three times higher than the charge for dog vaccination. The Council had established a dog registration desk at the Veterinary Office. Further, the Council Revenue Collectors, Health Inspectors and Veterinary Officers jointly conduct mobile vaccinations. The Council obtained information from Veterinary Department regarding dog owners captured in 2017 who were billed in order to recover the K185, 220. Amounts of K1, 805

and K3, 525 were collected in 2018 and 2019 respectively, and it was further recommended to review the charges downwards to K75.00 to encourage dog owners to have their dogs registered with the Council. The Department of Veterinary was devolved to the Council and hence Veterinary Officers, Health Inspectors and Revenue Collectors usually conducted dog vaccinations and registration jointly both on mobile and office operations.

Committee's Observation and Recommendation

The Committee is displeased that the Town Clerk failed to collect Dog Registration Revenues in accordance with the *Dog and Licensing Regulation, Cap 247 of the Laws of Zambia*. The Committee urges the Town Clerk to ensure that the Council's revenue collection capacity is enhanced to avoid recurrence. He is also urged to ensure that there is a strong coordination between all the stakeholders in ensuring that sensitisation is carried out in the communities to educate the dog owners about the dog registration revenue. As recovery of this revenue is not guaranteed, the Committee resolves to close the matter but that Auditor General must keep it in view during future audits.

c) Under Collection of Market Fees K430, 935

Submission by the Town Clerk

The Town Clerk informed the Committee that in 2017 Choma Municipal Council had four (4) markets under the management of the Council which were deserted by marketeers who resorted to selling in the streets in town and at makalanguzu an open space falling under title deeds for Zambia Railways Station rail reserve. This situation resulted in no collection of revenue in four (4) markets. Markets stands in 2017 remained vacant until January 2018 when street vendors were compelled to move out of streets and get back to the markets. The Council compelled all vendors to get back to trade in markets in January 2018 and took stock of all market stands with registration of all marketeers who were monitored on daily basis in terms of market fee payments. The under collection of K430,935 was doubtful to recover from marketeers who had left stands as a result of street vending and relocation to makalanguzu area during the year 2017. The ascertaining of 1,429 markets stand was done in January 2019. However, Council managed to collect K77, 813.50 from all markets from January to December 2018. The Council had engaged Zambia Railways Limited to consider surrendering makalanguzu area for possible construction of a modern market and had engaged mobile phone providers on the need to use their platform to bill and collect market fees on a monthly basis. The Council embarked on renovations of market facilities with engagement of marketeers. The Council enforces the street vending Regulation No. 10 of 2018. The Council has proposed to Zambia Railways Limited to sign a Memorandum of Understanding to legalize makalanguzu area as a market with a view of constructing permanent market infrastructures. Further, in order to improve on market revenue collection efficiency, Council is in discussions with Zamtel with a view of using their platform to bill and collect market levies.

During his re-appearance before the Committee, the Town Clerk admitted that marketeers were in the markets but were not stationed due to the state of the infrastructure which was dilapidated especially the rooms of convenience.

Committee's Observation and Recommendation

The Committee is displeased that the Town Clerk failed to collect market levies during the period under review. The Committee finds the reason given by the Town Clerk misleading and he was sternly cautioned to desist from repeating it. He was made to apologise before it and also made to correct his submission as highlighted above. The Committee urges the Town Clerk to ensure that renovations were completed in markets without further delay and that the Council's revenue collection capacity was enhanced to avoid recurrence. As recovery of this revenue was not guaranteed, the Committee resolves to close the matter but that Auditor General must keep it in view during future audits.

d) Failure to Provide Services at Markets

Submission by the Town Clerk

The Town Clerk stated that in 2017 it was managing the markets under daily supervision of the market committees. Admittedly, markets were characterized by disconnections of water and electricity as a result of inconsistency in paying the utility bills. The under collection of revenue in markets contributed to this lack of service provision. The Council has renovated the markets at Macha Road, Shampande, Green Market and Kalukungu. The Council had provided water, electricity and toilets. Makalanguzu area had been provided with water awaiting execution of Memorandum of Understanding between the Council and Zambia Railways Limited. The Department of Housing and Social Services has been established, staffed with qualified personnel and charged with responsibility of managing the markets and bus stations daily as opposed to market committees.

Committee's Observation and Recommendation

As in c) above, The Committee is displeased that the Town Clerk failed to renovate its property resulting in loss of the much needed revenue. The Committee urges the Town Clerk to ensure that renovations are completed in markets without further delay and that the Council's revenue collection capacity is enhanced to avoid recurrence. The Committee resolves to await a progress report on the matter.

e) Failure to Collect Revenue-Petroleum Levy – K16,000

Submission by the Town Clerk

The Town Clerk stated that Choma Municipal Council was collecting both Business Levy fees as well as Petroleum Levy fees as provided for under the *Local Government (Business Levy) (Amendment) Regulations No. 20 of 2012* and under the *Zambia Petroleum Act (Chapter 435 of the Laws of Zambia)*, respectively. The business levy under the Local Government Regulation cited above and the license under CAP 435 cited above were receipted separately but paid to the Council by a Filling Station. The correct business levy payable per filling station is 5,556 fee units by K0.30n interpreting to K1, 666.80 per filling station per year under the Business Levy Regulations. However, in 2017 filling station owners were resisting to pay petroleum levies and licences arguing that they paid to Energy Regulation Board annually, and so this created confusion resulting in the partial receipting of only K667. The Council recovered K8, 100 out the K16, 000 from the five (5) filling stations. The Council was still pursuing the filling stations owing the balance of K7,900 to pay with condition that their licences would only be renewed for subsequent years upon settling the amount outstanding. The Council sensitised the filling station owners about the

Petroleum Levy and the Petroleum Bulk Storage Licence. The council then invoiced the five (5) filling stations for the licenses and business levy correctly and had since recovered K8, 100. The Council strictly enforced both provisions of the *Zambia Petroleum Act (Chapter 435 of the Laws of Zambia)* in issuance of petroleum licences as well as the provision of *Local Government (Business Levy) (Amendment) Regulations No. 20 of 2012* in issuance of business permits.

Committee's Observation and Recommendation

The Committee is displeased that the Town Clerk failed to collect both Business Levy as well as Petroleum Levy Fees as provided for under the *Local Government (Business Levy) (Amendment) Regulations No. 20 of 2012* and the *Zambia Petroleum Act (Chapter 435 of the Laws of Zambia)*, respectively. The Committee implores the Town Clerk to ensure that all the outstanding amounts in respect of the uncollected fees are collected without any further delay. The Committee awaits a progress report on the full recovery of the amounts owed by the filling stations.

f) Unaccounted for Revenue from Meat Inspections – K114,690

Submission by the Town Clerk

The Council did not deploy Revenue Collectors at the abattoirs physically as farmers were paying for meat inspections at the Civic Centre, hence the audit revelation of 7,877 meat inspections generating K236,310 as at 30th September, 2018 which was different from council record of 4,053 meat inspections generating K121,590 as at 30th September, 2018. The Council wrote to More Beef and Zam-Zam to demand for reconciliation of records on meat inspections and the monies paid. More Beef Abattoir accepted to pay K43, 890 and has since paid K32, 916.90, while Zam - Zam disputed owing K70,830. This made the Council to conduct an audit trail of the inspections and the receipts relating to Zam – Zam Abattoir for period January, 2017 to 30th September, 2018 which revealed total collection of K133,070. The Council had recovered K32, 917.50 from More Beef Abattoir leaving a balance of K10, 972.50 which was pledged to be paid by November 30th 2019. The Council discovered that Zam - Zam Abattoir paid K133, 070 during the period in question. The Council had established a Revenue Collection Desk with inspection registers at every abattoir. Records on inspections and receipts obtained by the Council are shared among stakeholders namely; abattoir owners, Veterinary Department and Council Management. With this measure, the Council is able to monitor the inspections and revenues at the abattoirs as opposed to when farmers were walking to the Civic Centre to pay for inspections.

Committee's Observation and Recommendation

The Committee observes with great concern the failure by the Town Clerk to collect the much needed revenue by the Council. The Committee implored the Town Clerk to ensure that all the outstanding amounts in respect of the uncollected fees from meat inspections are collected without any further delay. The Committee awaits a progress report on the matter.

g) Weaknesses in the Management of Commercial Properties – (K96,673 loss)

Submission by the Town Clerk

The Town Clerk stated that Choma Municipal Council faced financial challenges to

adequately rehabilitate and maintain its properties in 2017. Batoka Lodge was amongst the premises that remained unattended to for a long period. This resulted to being a loss making venture. The commercial properties were budgeted for in 2018 for renovations with possible lease of some in order to realise value from them. The Council had now formulated a maintenance policy to guide the process and procedures regarding maintenance. The Council had formulated a maintenance policy to guide in its property management. Regarding Batoka Lodge, the Local Government Service Commission transferred to Choma a Commercial Manager to run the business ventures.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Council Secretary to put in place a maintenance policy, and strong management to manage its properties which is a serious omission. The Committee urges the Council Secretary to ensure that the maintenance policy is put in place to ensure that all properties are well maintained at the right time to avoid loss of the much needed revenue from these commercial centres. The matter is recommended for closure subject to presentation of evidence to the Office of the Auditor General.

h) Failure to Participate in the Operations of SWSCCL as Shareholder

Submission by the Town Clerk

The Town Clerk informed the Committee that the Council participated in the operations of Southern Water and Sewerage Company Limited in 2017 by attending the Annual General Meeting as shown in the company's minutes. The Council did not receive dividends from the Southern Water and Sewerage Company Limited because the Company did not declare any dividends in the year 2017 because it had continued making losses. The Council obtained assurance from Southern Water and Sewerage Company Limited that dividends would be declared once the Company broke even as expected in the year 2020 as per the Annual General Meeting extract minutes of 2019 for the meeting held on 23rd April, 2019. Council would continue to attend board meetings as and when called to voice its concerns on investments in the water company.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Town Clerk to participate in the governing of the Water Utility Company which is a very serious omission by management. The Committee urges the Town Clerk to ensure that they take plight in ensuring that they participate in the operations of the Southern Water and Sewerage Company Limited. The Committee recommends the matter for the Auditor General to keep in view during future audits.

i) Irregular Drawing of Fuel (K6, 855 and K5, 397)

Submission by the Town Clerk

The Council Secretary acknowledged the audit revelation regarding the fuel records which indicated under the Mayoral Vehicle CMC 1 and other vehicles which withdraw fuel and lubricants worth K6, 855. Regrettably records showed that fuel worth K5, 397 was drawn by the Mayoral Vehicle wrongly and without authority of the Town Clerk. The Town Clerk reprimanded the Stores Officer for misconduct in drawing fuel without the principal officer's authority and K5, 397 was recovered from the Mayor through the payroll as he agreed to pay back the fuel upon learning that his driver and Stores Officer were

reprimanded. Further, the former Director Administration and Human Resources whose function was to oversee fuel usage was also directed to pay back the fuel worth K1,463 for those vehicles that were not cleared by the office of the principal officer. All fuel drawings were authorised by the Town Clerk in writing or the responsible Director before the Stores Officer took action.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Town Clerk to manage the fuel drawings with a well defined system. The Committee is displeased to learn that some of the fuel was drawn by un-qualifying officers a situation the Committee describes as illegal drawing. The Committee urges the Town Clerk to ensure that the matter is reported to investigative wings for further probe. As a lasting solution, the Committee also urges the Town Clerk to ensure that a well-defined system is put in place where all drawings are controlled with strong checks and balances to avoid recurrence. The Committee awaits a progress report on the full recovery of all the amounts pertaining to irregularly drawn fuel.

j) Unpaid Settling in Allowances – K885,601

Submission by the Town Clerk

The Town Clerk indicated that Choma Municipal Council faced financial challenges to wholly clear staff settling allowances at once following transfers made by the Local Government Services Commission. He also stated that a payment plan was formulated and periodical payments were made as and when resources were availed. So far, K290, 246.60 had been paid in the year 2018 and K92, 933.56 in 2019. The Council had made a payment plan to pay officers by First-in-First-Out (FIFO) method, with a view of slowly dismantling the debts.

Committee's Observation and recommendation

The Committee notes the efforts made to dismantle the outstanding staff obligations but expressed concern at the huge debt stock owed by the Council. It worries the Committee that this huge debt stock is besides the current obligations the Council is expected to meet. The Committee is worried that if nothing happens, the Council will face a risk of possible litigation costs which may arise from this situation. The Committee urges the Town Clerk to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

k) Failure to Remit Statutory Contributions

Submission by the Town Clerk

The Town Clerk stated that Choma Municipal Council faced financial difficulties. The Council had engaged both ZRA and NAPSA to configure their systems with the Councils, so that they are able to accept part payments. The Town Clerk informed the Committee that the Council made periodical payments towards liquidating these obligations whenever financial resources permitted, and had further engaged statutory institutions to enter into a payment plan. So far the Council had made payments as shown below:

NO	INSTITUTION	BALANCE 31.12.17	AMOUNTS PAID	BAL.C/F
1	LASF	1,634,270	372,991.62	1,261,278.38
2	NAPSA	5,149,290	0	5,149,290
3	ZRA	3,212,807	0	3,212,807
TOTAL		9,996,367	372,991.62	9,623,375

The Council engaged all creditors with a view to entering into debt liquidation plans with them, to avoid being taken to court.

Committee's Observation and recommendation

As in j) above, the Committee notes the efforts made to dismantle the outstanding staff obligations but expresses concern at the huge debt stock owed by the Council. It worries the Committee that this huge debt stock is held besides the current obligations the Council is expected to meet. If nothing happens, the Committee is worried that the Council may have a possible risk of litigation costs which may arise from this situation. The Committee urges the Town Clerk to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

l) Constituency Development Funds (CDF) - K1,267,792 un spent

i. Failure to Implement Projects

Submission by the Town Clerk

The Town Clerk informed the Committee that at the time the audit was being conducted, the projects were still work in progress. K500, 000 and K700, 000 were partly funded by Government as Constituency Development Fund in July 2018 and December 2018 for Choma Central and Mbabala respectively. The current status was as shown on the table below: -

No	Project and Scope	Location	Constituency	Amount	Status as at 30 th September 2019
1	Construction of Water Bourne Toilets	Railways Surgery	Choma Central	100,327.00	Project was complete
2	Construction of VIP Toilets at Simpweze	Simpweze Rural Health Centre	Choma Central	21,091.00	Application was approved in 2017 but it was not funded, the project had since been funded under CDF 2018
3	Construction of 1x2 Classroom Block	Simaata Community School	Choma Central	127,582.00	Project was complete
4	Construction of Water Bourne Toilets	Nkumbula Health Post	Choma Central	102,106.00	Application was approved in 2017 but it was not funded, the project had since been funded under CDF 2018
5	Construction of Rural Health Post	Pangwe Health Post	Choma Central	109,939.00	Project was complete
6	Construction of Rural	Mboole Health Post	Choma Central	70,343.00	Project was

	Health Post				complete
7	Construction of Rural Health Post	Chipande Health Post	Choma Central	33,117.00	Application was approved in 2017 but it was not funded, the project would be funded in future CDF funding as it was not funded under CDF 2018
8	Construction of Rural Health Post	Chandamali/Kabanana Health Post	Choma Central	37,037.00	Application was approved in 2017 but it was not funded, the project had since been funded under CDF 2018
9	Construction of Rural Health Post	Sichikali Health Post	Choma Central	37,037.00	Project is complete
10	Creation and Opening of Drainages	Mwapona Compound	Choma Central	31,039.00	Work commenced and now was progress
11	Construction of Rural Health Post	Kachenje Rural Health Post	Mbabala	55,022.00	Project was complete
12	Construction of Staff House	Kaseko Rural Health Post	Mbabala	48,467.00	Project was complete
13	Construction of Staff House	Halumba Rural Health Post	Mbabala	49,120.00	Project was ongoing at Plaster level. 90% completion
14	Construction of Rural Health Post	Hakaloba Rural Health Post	Mbabala	58,649.00	Project was complete

The Town Clerk informed the Committee as follows:

- (i) Eight (08) Completed projects had been handed over to the community;
- (ii) Four (04) funded in 2018 financial year;
- (iii) One (01) is at 90% completion; and
- (iv) One (01) at initial stage, work in progress.

The Town Clerk also informed the Committee that Constituency Development Fund work programmes were now strictly adhered to.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Council management to complete and implement projects within the planned period. The Committee urges the Town Clerk to ensure that all the projects approved by the Full Council and DDCC are implemented and completed expeditiously to grant full benefit to the intended users. The Committee resolves to await a progress report on the matter.

ii. Failure to Complete a Project - Community Radio Station - K195,300

Submission by the Town Clerk

The Town Clerk noted the auditor's revelation and stated that Choma Municipal Council procured the equipment with a view to establish a Community Radio Station to be managed by an applicant Project Committee on behalf of the Community. A committee was formed to spearhead the implementation as further funding to procure other logistics like

broadcasting licences and other omitted pieces of equipment as well as the building to house the station was being awaited. It had been a problem to source for further funding from the Constituency Development Fund Committee as the Committee saw it not feasible to attain the project. Over the period, other four (4) radio stations privately owned got established. The Committee of the Community became somehow dormant. The Town Clerk informed the Committee that the Council had commenced reconstituting a new committee to bring in a visionary and committed leadership to implement the project. The Town Clerk informed the Committee that in future, it would endeavor to conduct feasibility study on the needs of the community before approving projects.

Committee's Observation and recommendation

The Committee observes with concern the failure by the Council management to complete and implement the Community Radio Station Projects within the planned period. The Committee urges the Town Clerk to ensure that all the projects approved by the Full Council and DDCC are implemented and completed expeditiously to grant full benefit to the intended users. The Committee resolves to await a progress report on the matter.

AUDIT QUERY

PARAGRAPH 14

CHONGWE MUNICIPAL COUNCIL

Accounting and Other Irregularities

14. An examination of financial and other records maintained at the Council for the period under review and a physical inspection of selected projects carried out in December 2018 revealed the following weaknesses to which the Town Clerk submitted as set out below.

a) Staff on Disciplinary Actions K122, 134

Submission by the Town Clerk

The Town Clerk submitted informed the Committee that the Council had a new management who reported between January and March, 2018 and were still settling in office at the time of audit. The Council had written to the officers who were transferred by the Local Government Service Commission and their respective Councils had been requested to effect the deductions and remit the funds to Chongwe Municipal Council. Two (2) officers Finance Director and Town Clerk were summarily dismissed. Supporting documents were available for audit verification. He furthermore reported that management would ensure that all recommendations by disciplinary committee were implemented accordingly and only payment vouchers with supporting documents which were fully approved would be paid.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Local Government Commission to instill discipline amongst officers under their charge. It displeases the Committee that financial indiscipline is condoned and matters relating to it are taking too long to be dealt with and reported to the relevant wings. The Town Clerk is urged to ensure that this matter is reported to investigative wings and that recovery should be made without any further delay. The Town Clerk is also urged to ensure that internal controls are strengthened to avoid recurrence. The Committee awaits a progress report on the matter.

b) Under Collection of Revenue from Office Block and House Rentals K260, 000

Submission by the Town Clerk

The Town Clerk submitted that during the period under review, the billing system was manual and so tenants records were not properly updated to show clear balances owed to the Council. This was because the Valuation Section responsible for Real Estate Management was not in existence at the Council during the period under review. The Town Clerk submitted that it had since started maintaining ledgers for each tenant showing amounts received and outstanding balances. A total sum of K144, 700 in rentals had been collected from houses and K92,280 had been collected from commercial properties bringing the total sum to K236, 980.00 representing 91.1% collection efficiency. Demand notices had been issued to defaulting tenants who were owing the remaining K23, 030. Valuation Section officers under Finance Department had been employed and sent to the Council by Local Government Service Commission. Copies of Tenant ledgers, Receipts for collected rentals and demand notices to defaulting tenants were available for audit verification. He furthermore reported that the Valuation Section under Finance Department handled issues pertaining to property management in conjunction with the Department of Housing. This ensured a constant review of records and follow ups on defaulters were done timely. Copies of Tenant ledgers, Receipts for collected rentals and demand notices to defaulting tenants were available for verification.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Council to maintain a well-defined billing system and debtors ledgers. The Committee is of the view that this is a deliberate move by officers so as to take advantage of the weak internal controls at the Council. The Council is urged to ensure that officers are sternly cautioned for this failure and all the outstanding rental amounts are collected without further delay. The Committee also urges the Town Clerk to ensure that internal controls are strengthened coupled with putting in place a well-defined billing system to avoid recurrence. The Committee furthermore urges the Town Clerk to ensure that Tenants Ledgers are put in place to enhance property management systems. The Committee resolves to await a progress report on full collection of the remaining amount owed by tenants.

c) Unsupported Payments K36, 609

Submission by the Town Clerk

The Town Clerk submitted that the Auditor's observation on Unsupported Payments was correct. The Council further reported that the attachments to the 9 vouchers totaling K36, 609 were misfiled. The attachments had since been located and the payment vouchers totaling K36, 609 had been supported. Payment vouchers were available for verification. He furthermore reported that all payments were now subjected to internal audit before the transactions were approved. The Principal Officer does not approve any payment voucher which had not been pre-audited.

Committees Observation and Recommendation

The Committee observes with concern the weak internal control systems at the Council and wonders what the supervising officers in accounts department were doing including the internal audit unit. The Committee is of the view that this weakness if left to continue may

pause a serious threat to the operation and accountability processes in the local councils because these same officers would be transferred from one council to another a system the Committee described as transferring problems. The Local Government Service Commission is, particularly, urged to ensure that disciplinary action is taken against erring officers in order to instil a sense of responsibility in them only then will the matter be closed.

d) Failure to Insure Assets

Submission by the Town Clerk

The Town Clerk submitted that the Auditor's observation on failure to Insure Assets was correct. The Town Clerk submitted that it could not insure the Assets during the period under review due to lack of funds. The Town Clerk submitted that it had since insured all vehicles that were running. The Council further reported that regarding land and buildings, the Council had commenced the process of insurance. Quotations from insurance companies and other documents were available for verification. The Town Clerk submitted that it would ensure that all properties were insured and that insurance covers were promptly renewed as and when they expire.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Council to shift possible risk by insuring its property. While noting the efforts made to insure motor vehicles yet leaving out other immovable assets, the Committee urges the Town Clerk to ensure that other revenue sources are explored to improve the Council's liquidity levels which has been observed to be very low. The Committee also calls upon management to be proactive and innovative by creating business ventures which will improve revenue sources for the Council. The Committee resolves to await a progress report on the matter.

e) Failure to Provide Title Deeds

Submission by the Town Clerk

The Town Clerk submitted that applications were made to Ministry of Lands for title deeds during the period under review, however, there was no immediate response from Ministry of Lands. The Town Clerk submitted that the Council had written to Ministry of Lands seeking assurance on the progress made on processing of Title Deeds. Ministry of Lands had since responded that work was in progress. Copies of correspondence between the Council and Ministry of Lands were available for verification. The Council would ensure that title deeds were processed for any properties that would be acquired in future.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by Council management to secure their properties with title deeds. It worries the Committee that the Council failed to carry out such a duty of great importance with impunity. The Committee urges the Council Secretary to consider liaising with the Permanent Secretary to ensure that he assists through his counterpart at Ministry of Lands to ensure that the matter is resolved expeditiously. The Committee resolves to await a progress report on the matter.

f) Failure to Remit Statutory Obligations and Other Contributions

Submission by the Town Clerk

The Town Clerk submitted that the failure to remit statutory obligations and other contributions was due to poor liquidity position. The Town Clerk submitted that he had engaged the Statutory Bodies and had agreed on the payment plans in particular Zambia Revenue Authority, council had made a commitment to pay the Principle sum of K2,000,000 in installments of K20,000 per month after which penalties would be waived. As for NAPSA council had made an agreement to debt swap with a piece of land in Meanwood Ndeke, and work was in progress as per documentation attached. The Council had committed to be paying K10, 000 to LASF per month. Documentation was available for verification. The Town Clerk also submitted that the Council would ensure that statutory and other obligations were settled as and when they fall due.

Committee's Observation and recommendation

The Committee notes the efforts made to dismantle the outstanding statutory obligations but expresses concern at the huge debt stock owed by the Council. It worried the Committee that this huge debt stock was besides the current obligations the Council was expected to meet and hence if nothing happened, the Council would be risking possible litigation costs which may arise from this situation. The Committee urges the Town Clerk to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urged the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

g) Outstanding Staff Obligations

Submission by the Town Clerk

The Town Clerk submitted that the observation by the Auditor on Outstanding Staff Obligations was correct as the Council could not pay the outstanding debts due to lack of funds. The Town Clerk also informed the Committee that Payments totaling K 169,725.02 were made in respect of terminal benefits and a sum of K 178,373.36 was made in respect of commutation of leave days. Find the attached for ease of reference. The Town Clerk further submitted that the Council would ensure that payments would be made on a monthly basis to reduce the staff debt and employees were encouraged to go on leave.

Committee's Observation and recommendation

The Committee notes the efforts made to dismantle the outstanding staff obligations but expresses concern at the huge debt stock owed by the Council. It worried the Committee that this huge debt stock was besides the current obligations the Council was expected to meet and hence if nothing happened, the Council would be risking possible litigation costs which may arise from this situation. The Committee urges the Town Clerk to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urged the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

h) Environmental Management

A scrutiny of environmental related records and a physical inspection of the surrounding Communities and of the dump site carried out in November 2018 revealed the following weaknesses to which the Town Clerk responded as set out below.

i) Failure to Take Medical Examination

Submission by the Town Clerk

The Town Clerk submitted that the Auditor's observation on Failure to Take Medical Examination was correct as the Council did not have funds for the same during the period under review. The Town Clerk submitted that the general workers that handled waste had since undergone medical examinations and valid medical certificates were available for verification. The Council would endeavor to ensure that its workers undergo appropriate medical check-ups semi-annually.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that they adhere to all health and environmental rules during handling of garbage at the dumpsite. The matter is recommended for closure and the Committee urges the Office of the Auditor General to keep it in view during future audits.

ii. Lack of a Weigh Bridge

Submission by the Town Clerk

The Town Clerk submitted that the Auditor's observation on lack of Weigh Bridge was correct as the Council did not have funds to construct a weigh bridge during the period under review. The Town Clerk also submitted that it had managed to source technical specifications for the weigh bridge and a provision for acquisition of the weigh bridge had been made in the 2020 budget estimates which were in process. Quotations were available for verification. The Town Clerk further submitted that once the Weigh Bridge was constructed a maintenance plan would be put in place.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by council management to ensure that a weigh bridge was constructed at the site which made it very difficult for them to know what tonnage they were transporting at the any given time and also that the same made it difficult for them to prepare Zambia Environmental Management Agency (ZEMA) reports. The Committee urges the Town Clerk to ensure that funds are secured for construction of a weigh bridge. The Committee awaits a progress report on the matter.

iii. Dumpsite Not Fenced

Submission by the Town Clerk

The Town Clerk submitted that the Auditor's observation on Dumpsite Not Fenced was correct as the fence around the dumpsite had been vandalized during the period under review. The Town Clerk submitted that procurement of materials for fencing the dumpsite

was in progress. The material schedule had been prepared as attached. He furthermore reported that the whole process of procurement and fencing of the dump site would be concluded by Mid-December, 2019. In addition, the Council had employed watchmen to man the dumpsite to avoid further vandalism.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that they finalise the procurement process expeditiously to secure the site from further vandalism. The matter is recommended to the Office of the Auditor General to keep it in view during future audits.

iv. No Warning Signs

Submission by the Town Clerk

The Town Clerk submitted that the Auditor's observation on No Warning Signs on the dump site. He added that during the period under review the warning signs were vandalised by local people. The Council had 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. Council had employed watchmen to man the dumpsite to avoid further 'vandalism.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that signs were put up at all dumpsite spaces to warn the public. The matter is recommended for closure and the Committee urges the Office of the Auditor General to keep it in view during future audits.

v. Lack of Staff Manning the Dumpsite

Submission by the Town Clerk

The Town Clerk reported that the only watchman who was manning the dumpsite had a family bereavement and was away from work without communicating to his supervisor at the time of audit. The Town Clerk also submitted that the employee was verbally warned for stayed away from work at the time of audit. The Council had since stationed two (2) security guards at the dumpsite who ensure that before any company dumps waste, tipping was recorded accordingly. Tipping records and appointment letters to the Security guards were available for verification.

Committee's Observation and Recommendation

The matter is recommended for closure subject to audit verification.

vi. Collection of Refuse by Unregistered Companies

Submission by the Town Clerk

The Town Clerk submitted that the Auditor's observation was correct. The Council further reported that the Council had warned the illegal companies that were collecting revenue after finding out about them. However, the Council furthermore reported that the illegal

companies continued to collect refuse even after being warned. The Town Clerk submitted that letters were written to the illegal companies that were collecting revenue from zones B, C, F and G of Chongwe district to stop. The Council had since engaged Citimop Limited, Visclesa Limited and Waste Master to collect waste from zone B, C, F and G of Chongwe District. Warning notices and letters to the illegal companies and contract forms were available for verification. The Town Clerk submitted that the Council had through Local Government Service Commission employed Health Inspectors who were always in the communities to guard against illegal activities such as illegal refuse collection.

Committee's Observation and Recommendation

The Committee notes the submission but urges the Town Clerk to ensure that revenue is collected from these illegal transporters. The matter is, however, recommended for closure and the Committee urges the Office of the Auditor General to keep it in view during future audits.

vii. Chikwangala Main Dumpsite

Submission by the Town Clerk

The Town Clerk submitted that the Auditor's observation was correct. The Ministry also reports that the Council had no equipment for compacting the solid waste therefore, Zambia National Service was engaged twice a year for the service of solid waste compacting. At the time of the audit, the compacting had already been done in January and they were awaiting to compact in August. The Council also reports that the burning of the solid waste was done by unknown people. The Council had continued to engage ZNS to compact the waste and a letter to ZNS was available for audit for verification. The Council had planned to purchase their own equipment and had budgeted for it in the 2020 budget.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that they adhere to all health and environmental rules during handling of garbage to and at the dumpsite, respectively. The matter is recommended for closure and the Committee urges the Office of the Auditor General to keep it in view during future audits.

viii. Failure to Collect Refuse from Chongwe Secondary School

Submission by the Town Clerk

The Town Clerk submitted that the Auditor's observation was correct. The Council also reports that Chongwe Secondary School had not subscribed for refuse collection during the period under review and at the time of audit, so the Council could not offer the service to the school. The Town Clerk submitted that it had written to Chongwe Secondary School to remind them about subscribing for the service. A letter to Chongwe Secondary School was available for verification. The Council through the Local Government Service Commission had employed an officer with position cleansing superintendent whose job description was to ensure that waste was well managed within the district. This officer ensured that the subscriptions for waste management were up to date.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that they adhere to all health and environmental rules during the transportation and handling of garbage to and at the dumpsite, respectively. The matter is recommended for closure and the Committee urges the Office of the Auditor General to keep it in view during future audits.

ix. Wrongful Disposal of Medical Waste at Chongwe District Hospital

Submission by the Town Clerk

The Town Clerk submitted that the Auditor's observation was correct. The Town Clerk submitted that Chongwe Hospital had not subscribed for domestic waste and so the Council were not collecting domestic waste from the hospital during the period under review. The Council had written to Chongwe Hospital about subscription. The Council also advised the hospital to segregate medical waste and domestic waste, dispose medical waste in the incinerator whilst council was collecting and disposing off domestic waste. The hospital responded and council had since been collecting domestic waste from the hospital. A letter to the hospital and proof of payment were available for verification. The Town Clerk submitted that the Local Government Commission had employed an officer with position Cleansing Superintendent whose job description was to ensure that waste was well managed within the district. This officer ensures that the subscriptions for waste management were up to date.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that they adhere to all health and environmental rules during the transportation and handling of garbage to and at the dumpsite, respectively. The matter is recommended for closure and the Committee urges the Office of the Auditor General to keep it in view during future audits.

x. Failure to Collect Waste

Submission by the Town Clerk

The Town Clerk submitted that the auditor's observation was correct. The Council further reported that it had two vehicles for waste collection and only one was working at the time of the audit. The Council had transport challenges in collecting waste. Chongwe council had since had the light truck repaired and waste was being collected from all the waste collection points around the central business district. The Town Clerk submitted that the Local Government Commission had employed an officer with position Cleansing Superintendent whose job description is to ensure that waste is well managed within the district. This officer ensures that the subscriptions for waste management were up to date.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that garbage is collected and disposed in accordance with the provisions of the law. The matter is recommended for closure and the Committee urges the Office of the Auditor General to keep it in view during future audits.

IKELENGI MUNICIPAL COUCIL**a) Failure to Fill Key Positions****Submission by the Council Secretary**

The Council Secretary submitted that due to some transfers of officers from Ikelenge District Council by the Local Government Service Commission, the Council had three vacant positions as noted by the Auditor General. He also submitted that the Local Government Service Commission had filled in the three key positions that were vacant at the time of the audit. Attached were the appointment letters for the positions in question namely; Deputy Treasurer, District Planning Officer and District Accountant. The Council Secretary further informed the Committee that in future the Local Government Service Commission would be notified of any vacancies at the Council by sending staff returns every quarter for them to take action.

Committee's Observation and Recommendation

The Committee notes the Submission by the Council Secretary and strongly urges him to ensure that he liaises with the Local Government Service Commission on the need to consider the financial capacity of the Councils before deploying or transferring staff to a particular council. The Committee cautions that it shouldn't be mandatory that all the positions perceived as key by the Local Government Service Commission must be filled as this may result in increasing the Councils' obligations without corresponding financial capacity. The Committee resolves to keep the matter in view in future audits.

b) Lack of a Strategic Plan**Submission by the Council Secretary**

The Council Secretary submitted that at the time of the audit, the Council only had a draft copy of the strategic plan. This was as a result of delays in delivering the final document by the contractor who was tasked to prepare the same. The delay on the part of the contractor was as a result of the unclear position on the need to have the said document in comparison to having an Integrated Development Plan (IDP). He also stated that the Strategic Plan for Ikelenge District Council had since been delivered by the contractor and was awaiting approval of the Council. The document was ready for audit verification. The Council Secretary further submitted that Ikelenge District Council had put in place a measure to ensure of ensuring that reviews with the stakeholders were conducted semi-annually, and collection of data was carried out order to keep the document relevant to the institution.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Council Secretary to put in place a strategic plan and the Committee wonders how the council was running without any guidance. The Committee urges the Council Secretary to ensure that a strategic plan is in place and also that he liaises with the Controlling Officer, Ministry of Local Government to promptly finalise the standardised format of a strategic plan for use by all councils. The Committee resolves to await a progress report on the matter.

c) Lack of a Risk Management Policy

Submission by the Council Secretary

The Council Secretary submitted that at the time of the audit Ikelenge District Council had no Risk Management Policy in place as it was still at data collection level, making it difficult to avail it to Auditor General. The Council Secretary submitted that the Risk Management Policy for Ikelenge District Council had since been done. The document had been approved by Senior Management awaiting presentation to the Plans, Works and Development Committee for verification and approval of the Council. He also informed the Committee that Ikelenge District Council had put in place a team of officers that would be doing quarterly reviews of the risk environment of the Council in order to keep the Risk Management Policy document relevant at all times. The team was composed of the Internal Auditor, the Deputy Treasurer, and all Heads of Department.

Committees Observation and Recommendation

The Committee observes with concern the failure by the Council Secretary to put in place a Risk Management Policy which is a serious omission. The Committee urges the Council Secretary to ensure that the Risk Management Policy is regularly updated to ensure that they move with current trends to avoid recurrence. The Committee awaits a progress report on the full adoption of the Risk Management Policy by the full Council. The Town Clerk is urged to report the development to the office of the Auditor General.

d) Failure to Adopt ICT Frameworks

Submission by the Council Secretary

The Council Secretary submitted that Ikelenge District Council had since come up with Information & communication Technology Security and Backup System Framework. The Service Level Agreement with Dove Computing Services had since been obtained and the documents were available for verification. Ikelenge District Council had attached an officer to perform ITC works, and do the data backups and security functions.

Committees Observation and Recommendation

The Committee observes with concern the failure by the Council Secretary to put in place an ICT policy and other necessary frameworks including Service Level Agreements and Dove Computing Service which is a serious omission. The Committee urges the Council Secretary to ensure that the ICT policy is regularly updated to ensure that they move with current trends to avoid recurrence. The matter is recommended for closure subject to audit verification. The Council Secretary is urged to report the update to the Office of the Auditor General.

e) Failure to Prepare Valuation Roll

Submission by the Council Secretary

The Council Secretary submitted that having most of its land in traditional hands took time to convert it to state land. The mentioned challenges made it difficult to survey and number the said land. He also added that the process of preparing a Valuation Roll for Ikelenge

District Council had reached an advanced stage. So far demarcation and numbering of land had been done and had since been approved by Ministry of Lands. Site plans were submitted for audit verification. The Council Secretary submitted that Ikelenge District Council had put in place a measure of ensuring that all plots in the district were surveyed and numbered before issuing to the public. This was meant to to update the Valuation Roll and keep it relevant.

Committee's Observations and Recommendations

The Committee observes with concern the failure by councils to expedite the process of ensuring that they finalise their negotiations for land owing to the fact that it be will very difficult to prepare financial statements without a valuation roll. The Council Secretary is urged to ensure that a valuation roll is expeditiously put in place. The Committee resolves to await a progress report.

f) Lack of Title Deeds

Submission by the Council Secretary

The Council Secretary submitted that during the years under review, Ikelenge District Council had no Title Deeds because the properties in question were not numbered at the time of the audit. The Council Secretary submitted that properties in question had since been numbered awaiting submission to the Ministry of lands for processing of title deeds. The Council Secretary submitted that Ikelenge District Council had put in place measures by ensuring that all plots for the Council in the District were surveyed and numbered.

Committee's Observation and Recommendation

The Committee does not accept the reason given as it was evident that management at this Council is not proactive to pursue the matter relating to acquisition of title deeds which is a very serious omission. The Council Secretary is directed to ensure that he uses all available options to ensure that all its properties are secured with title deeds without any further delay.

g) Failure to Produce Activity Reports

Submission by the Council Secretary

The Council Secretary noted that the query was as a result of failure by cited officers to attach Activity Reports to the retirement forms. The Council Secretary submitted that Ikelenge District Council had written to all cited officers to submit the activity reports. Most of the officers captured in the query had been transferred. The responses were being awaited for. The Council Secretary submitted that Ikelenge District Council had put in place a measure of ensuring that activity reports were done immediately the officers came back from the meetings and other specific trips. One of the measures was requirement to share knowledge acquired from activity undertaken with others in the institution through presentations and written reports to management.

Committee's Observation and Recommendation

The Committee does not accept the reason given and observes that this amounted to concealing acts of fraudulent activities. The Committee urges the Council Secretary to

ensure that stern disciplinary action is taken against erring officers who failed in their duty to avail the activity reports to Auditor General and also that all these documents are found and availed for audit verification not later than 31st December 2019. The Committee awaits progress report on the matter.

h) Unretired Accountable Imprest K102,146

Submission by the Council Secretary

The Council Secretary acknowledged the auditor's findings and stated that the query came as a result of an oversight on the part of the officers cited in the query. He also submitted that management had written to all cited officers with unretired imprest amount totalling K102, 145. Most of the officers captured in the query had been transferred making it difficult to recover the stated amount. However, the Council had engaged their respective stations to see how best the stated amount could be recovered. Further, the Council had written to the Local Government Service Commission to direct the officers to retire. The Council Secretary submitted that Ikelenge District Council would always abide by the rules of imprest retiring within 48hours after activity was undertaken.

Committee's Observation and Recommendation

The Committee does not accept the reason given and observed that this amounted to concealing acts of fraudulent activities. The Committee urges the Council Secretary to ensure that stern disciplinary action is taken against erring officers who failed in their duty to avail documents relating to unretired imprest to auditors, and also that all these documents are found and availed for audit verification not later than 31st December 2019 or officers must be surcharged with the amount in accordance with Local Authorities Financial Regulation No. 119. Further the officers involved should be surcharged with the amount in accordance with Local Authorities Financial Regulation No. 119. The Committee awaits progress report on the matter.

i) Irregular Use of Imprest to Procure Goods and Services K41,727

Submission by the Council Secretary

The Council Secretary submitted that during the period under review, Ikelenge District Council had very few local suppliers of the goods in question (tonners and cartridges) with bank accounts making it difficult for the Council to pay via cheques and bank transfers. Poor telecommunication network and very poor road network also made it difficult for the Council to transact with suppliers of the same goods from other districts. The Council Secretary submitted that Ikelenge District Council had put an end to using Accountable Imprest in procuring goods and services due to improved telecommunication and road network. Quotations for goods and services to be procured were obtained well in advance and payment by either cheque or bank transfer was done after delivery. The Council Secretary assured the Committee that Ikelenge District Council had engaged and sensitised the local community on the importance of having bank accounts. Emphasis had been placed on payment upon delivery to ensure cheques and transfers were used as methods of payment.

Committee's Observation and Recommendation

The Committee is displeased that officers disregarded the provisions of Financial Regulation No. 86 (c) with impunity. The Council Secretary is urged to ensure that all officers responsible are disciplined for this omission after which it may be closed upon council's presentation of the proof of the discipline to the Auditor General's office to audit verification.

j) Irregular Payment of Subsistence Allowance within the District K 56,450

Submission by the Council Secretary

The Council Secretary submitted that the query was as a result of an oversight on the part of the Council. The Council Secretary submitted that the irregular payment of subsistence and meal allowances within the district would be recovered from all cited officers although most of the officers captured in the report had been transferred. However, the Council was trying to engage their respective stations to see how best the stated amount could be recovered. Further Ikelenge District Council would engage the Local Government Service Commission to direct the officers to payback. The Council Secretary assured the Committee that Ikelenge District Council would always ensure that payments were made as stipulated in the Cabinet Circular Minute of 2015 dated 30th December 2015 which stated that Subsistence Allowances and meal allowances should not be paid on official duties within district boundaries.

Committee's Observation and Recommendation

The Committee is displeased that officers disregard the provisions of Cabinet Circular Minute of 2015 dated 30th December 2015 with impunity. The Council Secretary is urged to ensure that all officers responsible are surcharged for this omission. The Committee resolves to await a progress report on the matter.

k) Irregular Payment of Sitting Allowances K2,900

Submission by the Council Secretary

The Council Secretary submitted that of the 7 cited officers, 2 of them were community representatives and not Ikelenge District Council officers therefore they were rightfully paid a total amount of K800 leaving a balance of K2,100 which would be recovered from the erring officers. Regarding those still serving with Ikelenge Council, deductions would be starting in October 2019 and end November 2019 while those transferred to other councils, Ikelenge District Council would engage the Councils where they were serving to see how best the amounts can be recovered. Further the Local Government Service Commission would be engaged to direct the officers to payback. The Council Secretary pledged that Ikelenge District Council had put an end to payment of Procurement Committee sitting allowances to officers.

Committee's Observation and Recommendation

The Committee expresses concern at the rampant disregard of the provisions of Cabinet Office Circular No. 11 of 2013 with impunity. The Council Secretary is urged to ensure that all officers responsible are disciplined for this omission and further that the amount is recovered without any further delay. The Committee awaits a progress report on the matter.

l) Failure to Deduct Pay As You Earn (PAYE) K34, 110

Submission by the Council Secretary

The Council Secretary noted the auditor's observation and reported that the amounts were paid erroneously due to an oversight on the part of tasked officers. The Council Secretary submitted that PAYE amounting to K8,400.65 had been recovered from the Council Treasurer at Ikelenge District Council through the payroll in the month of September 2019 on receipt number 0329 dated 2nd October 2019. As for the former Council Secretary, a letter dated 26th September 2019 was written to her and the officer had committed to pay back K2,000 in the month of October 2019 leaving a balance of K5,738.87 which she would clear as soon as possible. The Council Secretary submitted that Ikelenge District Council had come up with a measure of paying settling in allowances through the payroll to ensure compliance and timely remittance of PAYE due to ZRA.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Council Secretary to ensure that the officers responsible are disciplined for this omission without any further delay. The Council Secretary is also urged to ensure that the remaining funds are recovered without any further delay. The Committee resolves to await a progress report on the matter.

m) Failure to Remit Statutory Obligations K681,949

Submission by the Council Secretary

The Council Secretary submitted that Ikelenge District Council had gone into an agreement with LASF where payment of K5,000 per month in addition to paying for the current obligation had been committed. For NAPSA, the Council had proposed a debt swap with land to the tune of K217,989. The Council was waiting for a response from NAPSA and documents were available for verification. As observed by the Auditor General, Ikelenge District Council had unremitted funds to the tune of K330,020.00 in respect of PAYE to Zambia Revenue Authority (ZRA). The Council had committed to remit a minimum of K10,000 monthly starting in October 2019 in addition to paying the current obligation. The Council Secretary submitted that going forward all statutory deductions would be remitted as soon as the salaries and wages were processed.

Committee's Observation and Recommendation

The Committee notes the submission but sternly cautions the Council Secretary for failure to remit statutory obligations which is a very serious omission. The Committee urges the Council Secretary to ensure that other revenue collection options are explored to increase its revenue base in order for it to meet its statutory obligations. The Committee resolves to await a progress report on the matter.

n) Failure to Report a Road Traffic Accident (repaired at a cost of K15,000)

Submission by the Council Secretary

The Council Secretary submitted that at the time of the audit, the Council Secretary was

transferred and this matter was coming out as a new matter which the new council management needed to gather facts on. He also informed the Committee that Ikelenge District Council Transport Officer had engaged Solwezi Central Police to retrieve the accident report. The Council Secretary assured the Committee that Ikelenge District Council Transport Officer had been tasked to oversee all transport issues including matters to do with accidents and report to the appropriate authorities in time to allow for informed decision making.

Committee's Observation and Recommendation

The Committee finds it highly irregular that the accident records were not in place despite claiming that it was reported to police. The Committee doubts the claim because it is evident that their failure to report the accident suggests that the vehicle was not even insured hence the decision of repairing it on the Council's cost, an expense the Committee regards as being wasteful. The Committee urges the Council Secretary to ensure that the officer responsible is surcharged without any further delay. The Committee awaits a progress report on the matter and urges the Council Secretary to immediately report the accident to the Police.

o) Management of Equalisation Funds

i. Misapplication of Funds K429,367

Submission by the Council Secretary

The Council Secretary submitted that the borrowings by Ikelenge District Council were as a result of inadequate revenue from local revenue sources to use in the day to day activities of the Council against the pressure of trying to run operations smoothly. The Council Secretary submitted that Ikelenge District Council had committed to paying back a K20,000 per month to the Capital Account starting July 2019. K40,000 had since been paid back leaving a balance of K389,367. He further submitted that Ikelenge District Council had committed to spend the 20% capital funds on investments that would broaden the revenue base and in turn improve the cash flow and service provision in the district.

Committee's Observation and recommendation

The Committee does not accept the reasons given by the Town Clerk concerning the borrowing of the 20% portion of the Local Government Equalisation Fund (LGEF). The Committee sternly cautions the Council Secretary to desist from misapplying the LGEF and the Secretary to the Treasury is, particularly urged to ensure that stiffer penalties are put in place to deter councils from perpetuating this vice. The Committee resolves to await a progress report from Ikelenge Council on the full recovery of the funds.

ii. Splitting of Payments to Circumvent Tender Procedure K89,100

Submission by the Council Secretary

The Council Secretary submitted that the transactions on supply of two water tanks, two pumps and installations were regarded as two separate activities hence they were separated. He also submitted that Ikelengi District Council had stopped the practise and were now adhering to the Procurement procedures. The Council Secretary submitted that Ikelengi District Council would adhere to the Council Secretary's threshold and follow the tender procedures going forward.

Committee's Observation and Recommendation

The Committee observes with concern the failure by Council Management to circumvent tender procedure with impunity. The Council Secretary is urged to ensure that officers responsible are disciplined for failure to adhere to Circular No 1 of 2011 and Procurement Act of 2008 No. 42 (c) (d). The Committee awaits a progress report on the matter. The matter should be reported to the investigative wings for further investigations.

iii. Wasteful Expenditure K8, 000

Submission by the Council Secretary

The Council Secretary submitted that Ikelenge District Council installed the software which was procured at the Cost of K 8,000 from Nkwino Consultancy & General Dealers during the period under review. However, the officers who were trained on how to use it were transferred from Ikelenge to other councils making it difficult for the other officers to use it. The Council Secretary submitted that Ikelenge District Council had trained two officers on how to use the same software and it had since been put to use. The Council Secretary assured the Committee that management had put in place a training programme for officers in the Accounts Department before procurement of any kind of software. The Council would ensure investment in knowledge management to avoid wasting resources on software that may not be used at the expense of service provision.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that the matter does not recur by making sure that officers at the Council are regularly trained to meet the growing demands and trends. The Committee, however, resolves to close the matter subject to audit verification.

AUDIT QUERY

PARAGRAPH 16

ISOKA DISTRICT COUNCIL

Accounting and Other Irregularities

16. An examination of accounting and other records maintained at the Council for the period under review and a physical inspection of projects carried out in February 2019 revealed the following weaknesses to which the Council Secretary responded as set out below.

a) Lack of Strategic Plan

Submission by the Council Secretary

The Council Secretary submitted that the Isoka District Council had no strategic plan at the time of audit but the Council was in the process of preparing it. He also informed the Committee that there was a circular which instructed Councils to stop preparing strategic plans until the standard format was drawn. The Council Secretary informed the Committee that he had completed the plan but it could not be approved until a standard format from the Ministry was provided. He further assured the Committee that he would always ensure that strategic plans were availed for audit in a standard format recommended by the Ministry of Local Government.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Council Secretary to put in place a strategic plan and it was not clear how the Council was running without any guidance. The Committee urges the Council Secretary to ensure that a strategic plan is put in place and that he should liaised with the Controlling Officer, Ministry of Local Government to promptly finalise the standardised format of a strategic plan for use by all councils. The Committee resolves to await a progress report on the matter.

b) Poor Maintenance of Registers of Accountable Documents

Submission by the Council Secretary

The Council Secretary reported that the officer who was in charge of accountable documents was multi-tasked hence some revenue collectors and cashiers signed for documents only when collecting but could not sign for returned used accountable documents because the responsible officer was out of office for other duties. Management had instituted a team to ensure that all accountable documents were signed for during any movement and that they were well recorded in the appropriate register. Further, the Deputy Council Treasurer and District Accountant had been tasked with the responsibility of maintaining the register of accountable documents to ensure that all accountable documents were signed for each time receipts books were collected and returned.

Committee's Observation and Recommendation

The Committee is displeased to hear that the Council could not maintain a register for accountable documents and cited multi-tasking by an officer who was there during the period under audit as the major cause. The Committee finds it unacceptable that the officer would fail to maintain a register and hence it is evident that there are very weak internal controls at this station. The Committee urges the Council Secretary to ensure that internal controls are strengthened to avoid recurrence of such negligence by officers at the Council which is a recipe for fraud if left to continue. The Committee awaits a progress report on the matter until the register was availed for audit verification. The Committee instructed the Council Secretary to present the register to the office of the Auditor General for verification. The matter should be reported to the investigative wings.

c) Missing Receipt and License Books

Submission by the Council Secretary

The Council Secretary submitted that on Tuesday 5th April, 2016 Luangwa Guest House store room at Isoka District Council was engulfed with fire which destroyed part of the accounting documents such as payment vouchers and some receipt books. Further, some receipt books were misplaced. He also reported the matter to police who inspected the premises and issued a police report. Furthermore, Isoka District Council managed to trace all the four (4) receipt books for the 2017 financial year which were not affected by fire and hence out of two hundred and fifteen (215) general revenue receipts that were not availed for audit, 150 receipts had been retrieved leaving a balance of 65 receipts. The Council had resolved to renovate one office room which would be used as strong room to store all accountable documents to avoid misplacement of records and files.

Committee's Observation and Recommendation

The Committee does not accept the reason given and observed that this amounted to concealing acts of fraudulent activities. The Committee urges the Council Secretary to ensure that the matter is reported to law enforcement agencies without any further delay. The Committee awaits a progress report on the matter.

d) Unaccounted for Revenue K95,357

Submission by the Council Secretary

The Council Secretary reported that management had issued cash receipts to some clients who deposited funds directly into the account. The other reason was that (K54, 322) of the revenue was deposited in the Salaries Account which was not verified by Auditors at the time of audit. Isoka District Council used the money deposited in salary account to supplement for statutory contribution and other personal emoluments. Further, amounts (K20,877.50) were deposited in 2015 and K32, 714.50 was used at source. Isoka District Council had now stopped issuance of double receipts to revenue collectors for same amount collected by allowing only one officer to be issuing receipts. Further, funds meant to supplement on statutory contribution and other personal emoluments would be made by bank transfer.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary and he was cautioned to desist from misleading it. The Committee strongly urges the Council Secretary to ensure that the officers responsible are surcharged for this negligence in respect of the remaining amount without any further delay and only then will the matter be closed. Proof of the surcharge should be presented to the Auditor General for verification before the matter can be closed.

e) Delayed Banking K73,744

Submission by the Council Secretary

The Council Secretary reported that Isoka District Council had cash collection points which were far away from the Civic center on gravel roads ranging from 56 kilometres to 135 kilometres resulting in officers bringing money collected from these points on Fridays to avoid wasteful expenditure. As for Kanyala and Mwenepangala, Isoka District Council engaged two (2) Revenue Agents who remit revenue to the Council on a monthly basis. Further, the delay in banking was also caused by money collected on Fridays and banked on Mondays. Isoka District Council engaged all revenue collectors and agents on the issue of remitting revenue to the Council within the stipulated time. Isoka District Council will ensure that revenue was deposited within 48hours after receipting by the cashier.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary and he is cautioned to desist from misleading it. The Committee strongly urges the Council Secretary to ensure that the officers responsible are disciplined for this negligence without any further delay and only then will the matter be closed. The Council should present the proof that officers were disciplined to the Auditor General.

f) Failure to Update Valuation Roll

Submission by the Council Secretary

The Council Secretary informed the Committee that the failure was due to lack of sufficient funds to commence the process of preparing the new valuation roll. Isoka District Council sourced the funds from the Ministry of Local Government in the form of Grants in Lieu of Rates and had paid the surveyor who was expected to conduct and finalise the preparation of the valuation roll in the soonest possible time. Isoka District Council would ensure that the valuation roll was done at least once or twice in five (5) years.

Committee's Observation and Recommendation

The Committee expresses its disappointment that the Council did not prioritise maintenance of a Valuation Roll which is the basis of revenue collection in the local authority. It also finds the reason given by the Council Secretary for the failure unacceptable as other options would have been explored including using other departments within the district to ensure that a new valuation roll is prepared and updated in accordance with the provisions of *Section 8 (3) of the Rating Act, No. 12 of 1997*. In this regard, the Committee urges the Council Secretary to engage the Ministry of Local Government on this matter and to expeditiously formulate the Valuation Roll without any further delay. The Committee awaits a progress report on the matter.

g) Failure to Provide Tenancy/Lease Agreements

Submission by the Council Secretary

The Council Secretary reported that the Council misplaced the file where tenancy agreements were filed. Isoka District Council managed to trace all the tenancy agreements that were misplaced at the time of audit and management would always ensure that tenancy agreements were secured, availed for auditor and signed for by each tenant who rented a council building.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary as they are of the view that officers did not take the matter seriously when Auditor General were at their station. The Committee urges the Council Secretary to ensure that all officers who failed to trace the lease agreements during the time of audit are disciplined of this failure. Proof of the discipline should be presented to the Auditor General before the matter is closed.

h) Missing Payment Vouchers K509,742

Submission by the Council Secretary

The Council Secretary reported that the missing payment vouchers were caused by office renovations works at the civic center during the period under review. The documents were being moved from one office to the other and in the process the payment vouchers were misplaced. Further, the fire that gutted part of the building at Luangwa Guest House destroyed some payment vouchers. The Council Secretary, however, reported that forty-four (44) payment vouchers totaling K156,863 were destroyed by fire, and whereas 129 Payment vouchers totaling K352,639 only have been retrieved leaving a balance of one (1) payment

voucher totaling two hundred and forty Kwacha (K240). Further, the Council had identified an office to be used as a strong room where these payment vouchers would be stored. Management would also ensure that a strong room was always secured and available for the storage of payment vouchers to avoid loss and misplacement.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary they urges the Council Secretary to ensure that the matter is reported to law enforcement agencies for further investigations. A progress report on the matter must be presented to the Auditor General by the Council.

i) Unsupported Payments K506,211

Submission by the Council Secretary

The Council Secretary reported that the inadequately supported payments were caused by misplacement of receipts and movement of documents during renovations of the building. Management also reported that 202 payments totaling K431, 711.02 had been supported leaving a balance of 43 payment vouchers totaling K74,500. Management would ensure that payment vouchers were adequately supported before payments were processed. Further a strong room would be secured for storage of payment vouchers.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary as they were of the view that officers did not take the matter seriously when Auditor General were at their station. The Committee urges the Council Secretary to ensure that all officers who failed to trace the payment vouchers during the time of audit are disciplined of this failure. The Committee also directs the Council Secretary to ensure that all the payment vouchers recovered are submitted to the Office of the Auditor General for verification and also that the remaining ones are found without any further delay. The Committee awaits a progress report on the matter.

j) Unretired Accountable Imprest K234,165

Submission by the Council Secretary

The Council Secretary informed the Committee that unretired accountable imprest was due to misplacement of Imprest Retirement box files during renovations of the building. The Council Secretary submitted that unretired accountable imprest totaling K234,165 had been retired by 83 officers. The Council Secretary assured the Committee that accountable imprest was retired within 48 hours after completion of the activity and that retirement forms were attached to the payment vouchers.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary as they are of the view that officers did not take the matter seriously when Auditor General were at their station. The Committee urges the Council Secretary to ensure that all officers who failed to trace the payment vouchers during the time of audit are disciplined for this failure. The Committee directed that proof of the discipline should be presented to the Auditor General before the issue can be considered for closure.

k) Failure to Prepare Activity Reports

Submission by the Council Secretary

The Council Secretary reported that activity reports could not be availed for audit as they were misplaced at the time of audit. The Council Secretary submitted that all officers had traced the activity reports totaling K46,614. The Council Secretary assured the Committee that activity reports were prepared and attached to respective payment vouchers after an activity was undertaken.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary as they are of the view that officers did not take the matter seriously when Auditor General were at their station. The Committee urges the Council Secretary to ensure that all officers who failed to trace the activity reports during the time of audit are disciplined of this failure. The Committee resolves to close the matter subject to audit verification.

l) Irregular Payments

i. Subsistence Allowances K156,424

Submission by the Council Secretary

The Council Secretary reported that allowances were paid to the officers who worked in places that were far from the normal work station on gravel roads such that officers could not go and work as well as comeback the same day in accordance with the 1996 Condition of Service for Local Authorities. The Council had stopped the practice of paying Subsistence Allowance to officers working within the district boundaries. He also assured the Committee that management would always pay Subsistence Allowances in accordance with cabinet circular of 2015.

Committee's Observation and Recommendation

The Committee finds it unacceptable that management paid Subsistence Allowance to ineligible officers without authority. The Committee sternly cautions the Council Secretary to ensure that all funds which are irregularly paid are be recovered from the officers who processed the payment without written authority. The Committee resolves to await a progress report on the matter and also urged the Council Secretary to ensure that the matter is resolved with the Ministry on the treatment of such special cases.

ii. Sitting Allowances K2,650

Submission by the Council Secretary

The Council Secretary reported that officers were paid Sitting Allowances in accordance with the Local Government Service Commission Circular No. 9 of 2017 dated 12th June, 2017. The Council Secretary submitted that the Ministry of Local Government circular No. MLG/71/6/301 dated 8th April, 2019 provided guidance on the eligibility of the members who were supposed to benefit from the Sitting Allowance which was limited only to the two members who were not Council Officers. The Council Secretary assured the Committee that

the Procurement Committee members would adhere to the regulations regarding Sitting Allowance as guided by the Ministry of Local Government.

Committee's Observation and Recommendation

The Committee notes the submission and resolves to close the matter once the Council presents the documents to the Auditor General for verification.

iii. Out of Pocket Allowances for Sponsored Activities

Submission by the Council Secretary

The Council Secretary reported that the allowances were paid to the officers in line with the 1996 Condition of Service for Local Authorities. The Council had stopped the practice of paying Out of Pocket Allowance for sponsored activities. The Council Secretary assured the Committee that it adhered to the Condition of Service each time officers were invited to attend sponsored activities.

Committee's Observation and Recommendation

The Committee finds it unacceptable that management paid Subsistence Allowance to ineligible officers without authority. The Committee sternly cautions the Council Secretary to ensure that all funds which were irregularly paid are recovered from the officers who processed the payment without written authority. The Committee resolves to await a progress report on the matter and also urges the Council Secretary to ensure that the matter is resolved with the Ministry on the treatment of such special cases.

m) Failure to Settle Bills to the Guest House K21,801

Submission by the Council Secretary

The Council Secretary reported that the accommodation was offered based on the Management resolutions in line with the 1996 Condition of Service. The Council Secretary submitted that the Council had come up with a settlement plan to clear the amount it owed the Guest House in form of salaries payable to workers based at the commercial venture. The Council Secretary assured the Committee that the Condition of Service would be adhered to.

Committee's Observation and Recommendation

The Committee notes the submission but urges the Council Secretary to ensure that the balance relating to settlement of K21,801 is paid without any further delay. The Committee resolves to await a progress report on the matter.

n) Unaccounted for Stores K 1,342,604 (General stores –K 1,019,814 and fuel –K 322,790)

Submission by the Council Secretary

The Council Secretary reported that the receipts and disposal details were misplaced at the time of audit. The Council Secretary submitted that documents for stores items costing K 1,342,604 (General stores –K 1,019,814.00 and fuel –K 322,790) had since been retrieved.

The Council Secretary assured the Committee that stores records were maintained and secured.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary as they are of the view that officers did not take the matter seriously when Auditor General were at their station. The Committee urges the Council Secretary to ensure that all officers who failed to trace the stores records and disposal details during the time of audit are disciplined for this failure. The Council should present the proof of discipline to the Auditor General before the matter can be closed.

o) Failure to Avail Title Deeds

Submission by the Council Secretary

The Council Secretary reported that the failure to avail assets ownership documents was as a result of the ongoing process with the Ministry of Lands where the Council intended to separate the existing buildings from the parent title deed which included houses which were sold. The Council Secretary submitted that the Council had engaged Ministry of Lands and Natural Resources to help with issuance of title deeds for all Council Properties. The Council Secretary assured the Committee that all council properties were on title.

Committee's Observation and Recommendation

The Committee notes with concern that council properties are not secured with title deeds and urge the Council to immediately follow up the matter with the Ministry of Lands and Natural Resources without any further delay. The Committee resolves to await progress on the matter.

p) Failure to Insure Motor Vehicles

Submission by the Council Secretary

The Council Secretary reported that out of the three vehicles queried, two were non-runners. The non-insurance of the vehicles was as a result of insufficient funds. The Council Secretary submitted that the Council was in the process of having the movable assets insured. The Council Secretary assured the Committee that movable assets were insured at all times when funds were available.

Committee's Observation and Recommendation

The Committee notes with concern that motor vehicles are not insured and as this paused a serious risk in case of an eventuality. The Committee urges the Council to ensure that all council equipment is insured without any further delay. The Committee resolves to await progress on the matter.

q) Failure to Remit Tax K536, 483

Submission by the Council Secretary

The Council Secretary reported that failure to remit tax was as a result of insufficient funds. Further, the Local Government Service Commission deployed more officers to the Council making it even more difficult to remit tax. The Council Secretary submitted that the Council had come up with a payment plan with the Zambia Revenue Authority on the settlement of the tax liability outstanding dues. The Council had since paid K 120,000 out of K536,483 leaving a balance of K416,483. The Council Secretary assured the Committee that tax was paid as and when it fell due in line with the existing payment plan.

Committee's Observation and Recommendation

The Committee observes with concern the failure by management to ensure that they paid their statutory obligations. The Committee urges the Town Clerk to ensure that they increase their revenue base to enable them clear all the outstanding obligations owed to various statutory bodies. The Committee awaits a progress report on the matter.

r) Misapplication of Equalisation Funds

Submission by the Council Secretary

The Council Secretary reported that the Equalisation Funds totaling K58, 914 were used on non-capital related activities due to insufficient funds to meet all the daily operations. The Council Secretary submitted that the money used was reimbursed back to the Capital Account in July, 2018. The Council Secretary assured the Committee the Council adhered to the guidelines on the 20% Local Government Equalization Fund for capital project funds was not misapplied.

Committee's Observation and Recommendation

The Committee observes with concern the failure by management to adhere to the *Local Government (Amendment) Act No. 12 of 2014*. The Committee strongly cautions the Council Secretary to desist from this habit, and also urges him Secretary to the Treasury to consider stiffening punishment for failure by councils to adhere to the stated Act. It is also the Committee's view that the Councils need to explore more revenue sources to enable them meet all its outstanding obligations and operational costs. The Committee urges the Council to present proof that the issue has been resolved to the Auditor General before the case can be considered for closure.

s) Constituency Development Funds

The Council received an amount of K700, 000 on 18th May 2017 as Constituency Development Funds (CDF) to undertake various projects within Isoka Constituency. The Ministry headquarters approved the implementation of forty-six (46) CDF projects. A physical inspection of selected CDF projects in the District conducted in June 2018 revealed weaknesses in the management of projects such as failure to complete projects on time, and poor workmanship. See table below

Project	Contractor	Contract Date	Contract		Contract Sum K	Amount Paid K	Scope of Works	Project Status and other observations	Current Status
			Start	End					
Completion of 1x2 classroom block at Kafwimbi Primary School	Vincent Sichone	2nd November 2017	-	-	2,000	0	Plastering, flooring, painting interior and exterior walls and fitting of air vents. (Labour cost)	As at 28 th February 2019, the works had not been completed as the following works were outstanding: <ul style="list-style-type: none"> • The Head teacher's office was not completely painted. • Plastering in one of the classrooms was not completed The following were also observed:	The Head teacher's office has been painted completely.
	Procured by the Council					7,805	Supply of Building Materials	<ul style="list-style-type: none"> • Potholes started developing on the classroom floors, just three months after completion of the works. • 2 x 5litre containers of Gloss paint not accounted for. 	Plastering has not been completed due to insufficient funds. Potholes on the classroom floor has been worked on by the contractor 2 x 5litre containers of Gloss paint has been accounted for by the contractor.

Construction of Market Shelter at Sansamwenje	None	None	None	None	None	None		As at 28 th February 2019, the works had not commenced.	Construction of Market Shelter at Sansamwenje has commenced and is almost completion.
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Completion of 1x2 classroom block at Nachisungu Primary School	Danny Simukonda	-	-	-	2,000	0	Extension of the superstructure and roofing (Labour cost)	As at 28 th February 2019, although the superstructure had been done, only 90% of the roofing had been done.	100% of the roofing of 1x2 classroom block at Nachisungu Primary School had been done.
	Procured by the Council					12,965	Supply of Building Materials		

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that the remaining projects are maintained, and that works are completed before the end of the first quarter in 2020. The Committee, therefore, resolves to close the matter relating to completion of 1x2 classroom block at Nachisungu Primary School and Completion of 1x2 classroom block at Kafwimbi Primary School while a progress report is being awaited on the Construction of Market Shelter at Sansamwenje.

t) Management of the Environment

i. Failure to Produce Waste Management Plans and Reports

Submission by the Council Secretary

The Council Secretary reported that the Council had no health inspector during the period under review, hence, waste management plans and reports could not be produced. The Council Secretary submitted that the Local Government Service Commission had recently deployed two Health Inspectors. Waste Management Plans and reports had since been produced and were awaiting Council's approval for onward submission to ZEMA. The Council Secretary assured the Committee that the Council adhered to the requirement of producing waste management plans and reports and by presenting them annually to the Zambia Environmental Management Agency (ZEMA).

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that they adhered to the *Solid Waste Regulation and Management Act No. 20 of 2018* in handling of waste in the district. The Committee urges the Council Secretary to ensure that the reports are presented and subsequently channelled through to the Minister responsible for health to avoid recurrence. The matter was recommended for closure and urges the Office of the Auditor General to keep it in view during future audits.

ii. Use of uncertified Dumpsite

Submission by the Council Secretary

The Council Secretary submitted that the use of the uncertified dump site was due to the fact that the approval had not yet been obtained from ZEMA at the time of audit. The Council Secretary submitted that the Council had written to ZEMA seeking for approval of the traditional land offered by the Chief for creation of a new dump site. The Council Secretary assured the Committee that it adheres to the regulations as stipulated by ZEMA

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that the land usage issues are finalised with the local leaders and subsequently followed up with ZEMA for approval. The Committee resolves to await a progress report on the matter.

iii. Improper Disposal of Waste

Submission by the Council Secretary

The Council Secretary reported that the Council had no equipment to use for burying waste at the dump site. The Council Secretary submitted that he has written to Nakonde District Council to hire earth moving equipment that could be used to bury the dump site when the waste accumulates. Further, the Council had included the component of purchasing the Earth moving equipment in the 2020 budget which was yet to be approved. The Council Secretary assured the Committee that the earth moving equipment would be procured for purposes of waste management.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that the council adheres to all health and environmental rules during the transportation and handling of garbage to and at the dumpsite. The matter was recommended for closure and the Office of the Auditor General was urged to keep it in view during future audits.

iv. Failure to Provide Litter Receptacles

Submission by the Council Secretary

The Council Secretary reported that the Council's failure to provide litter receptacles was due to lack of adequate funds. The Council Secretary submitted that the Council has procured and mounted some waste bins in the central business district. The Council Secretary further assured the Committee that the Council provided litter receptacles in markets and adhere to health regulations.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that the council adheres to all health and environmental rules during handling of garbage to and at the dumpsite. The matter was recommended for closure and the Office of the Auditor General was urged to keep it in view during future audits.

AUDIT QUERY

PARAGRAPH 17

KABWE MUNICIPAL COUNCIL

Accounting and Other Irregularities

17. An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2017 and physical inspections of selected projects carried out in November 2018 revealed the following weaknesses to which the Town Clerk responded as set out below.

a) Failure to Fill Authorised Positions in the Establishment

Submission by the Town Clerk

The Town Clerk reported that the authorised vacancies totaling 217 could not be filled by the Local Government Service Commission (LGSC) because of financial constraints that Kabwe Municipal Council was facing. Kabwe Municipal Council had filled most of the key positions as a result of improvement and management of local revenue collections. The Council had continued improve on mobilisation and collection of local revenue in order to meet all its operation costs. Further, Local Government Service Commission was being availed with a quarterly staff returns in order to constantly fill all key vacant positions. The staff establishment register was available for audit verification.

Committee's Observation and Recommendation

The Committee finds it highly irregular that there is no proper coordination between the Councils and the Local Government Service Commission in relation to staff recruitments. The Local Government Service Commission is strongly urged to ensure that they revise their recruitment systems to take into consideration the capacity of a particular council, and also that consideration should be made for different establishments of councils depending on their staff needs. The Committee urged the Council Secretary to present the staff establishment register to the Auditor General for verification before the issue could be closed by the Committee.

b) Over Employment of Staff

Submission by the Town Clerk

The Town Clerk reported that the mandate to transfer, promote and fill in vacant positions lay with the Local Government Service Commission (LGSC). Kabwe Municipal Council also reported that the LGSC had since redirected Twenty-Six (26) members of staff leaving 1 position where the matter is still in court. Kabwe Municipal Council further to reported that it would continue liaising with the LGSC on staff matters and submitting the quarterly staff return for the attention and action of the LGSC.

Committee's Observation and Recommendation

The Committee finds it highly irregular that there is no proper coordination between the Councils and the Local Government Service Commission in relation to staff recruitments. The Committee is saddened to note that despite other councils having low staff levels, the Commission deployed officers in councils where they are not needed, and this was without consideration of their capacities like the case was with Kabwe Municipal Council. The Local Government Service Commission is strongly urged to ensure that they revise their recruitment systems to take into consideration the capacity of a particular council, and also that consideration be made for different establishments of councils depending on their staff needs. The Committee, however, resolves to close the matter subject to audit verification.

c) Uncollected Revenue K6,375,020

Submission by the Town Clerk

The Town Clerk reported that the public was incited not to pay amounts owing to the Council by some influential and politically exposed people, making it very difficult for the Council to carry out its mandate. Further, the suspension of the Land Agency by the Ministry of Lands contributed to the reduction of collection and ensure capacity of the much needed revenue. Kabwe Municipal Council engaged Nshinda Debt Collectors to collect K6,375,020. As at 31st August, 2019 a total of K2, 350,853.24 had been collected leaving a balance K4,024,166.76. The Council had constituted a taskforce team aimed at improving revenue collection and ensuring that there was constant engagement with the community on matters affecting them regarding payment of Council fees and charges. This was done to minimise misunderstandings. Following the lifting of the suspension of Land Agency in June 2018, the Council started revoking all land offers that had not been honoured by clients and fresh demand notices had been distributed to all clients with outstanding balances.

Committee's Observation and Recommendation

The Committee is displeased that the Town Clerk failed to collect revenue during the period under review. The Committee finds the reason given by the Town Clerk misleading and he is sternly cautioned to desist from misleading it regarding political interference. The Town Clerk was requested to apologise before the Committee for misleading it. The Committee urges the Town Clerk to ensure that revenue is collected without further delay, and that the Council's revenue collection capacity is enhanced to avoid recurrence. The Committee awaits a progress report on the full recovery of the amounts outstanding.

d) Failure to Avail Receipt Books

Submission by the Town Clerk

The Town Clerk submitted that it was regrettable that Kabwe Municipal Council could not avail 240 receipt books at the time of audit. The receipt books could not be availed for audit due to bulky accountable documents stored by the Council. Kabwe Municipal Council managed to trace all receipt books and they were brought before the Committee for verification. Meanwhile, Kabwe Municipal Council had since transferred the responsibility of handling accountable documents from stores to Accounts Section which was the custodian of the strong-room. An Accountable Document register had also been put in place to ensure safekeeping and recording of returned receipt books.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Town Clerk to secure the receipt books during the period of audit. It surprises the Committee that receipt books which went missing from the office since the period of audit are found within a day upon being directed by the Committee. The Committee urges the Town Clerk to ensure that officers who failed to find the documents during the time of audit be disciplined for failure to take audits seriously. The Committee urges the

Town Clerk to present proof to the office of the Auditor General that the officers involved were disciplined before the case could be closed by the committee.

e) Failure to Insure Movable Assets

Submission by the Town Clerk

Kabwe Municipal Council reported that the Council could not insure movable assets due to financial challenges. Kabwe Municipal Council had since started insuring movable assets in phases. Kabwe Municipal Council will endeavour to ensure that funds from local revenue collection are set aside to insure all movable assets.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Town Clerk to ensure that all movable assets are insured without any further delay. The Committee resolved to await a progress report on the matter.

f) Failure to Remit Statutory Obligation

Submission by the Town Clerk

Kabwe Municipal Council reported that the Council failed to remit Statutory Obligations due to inadequate funds to pay gross monthly salaries and wages for all council employees. Kabwe Municipal Council has started remitting Statutory Obligations. The Council has broadened the revenue base by updating its valuation roll to increase revenue collection from property owners.

Committee's Observation and recommendation

The Committee notes the efforts made to dismantle the outstanding statutory obligations but expresses concern at the huge debt stock owed by the Council. It worries the Committee that this huge debt stock is besides the current obligations the Council is expected to meet and hence if nothing happens, the Council would be risking possible litigation costs. The Committee urges the Town Clerk to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolved to await a progress report on the matter.

g) Outstanding Staff Obligations

Submission by the Town Clerk

Kabwe Municipal Council reported that it has been experiencing serious financial challenges leading to the accumulation of staff obligations such as transfers and recruitment of new staff. Kabwe Municipal Council had only paid a total of K256,769 against K20,620,744 leaving a balance K20,363,975 to be paid when financial resources were available. Kabwe Municipal Council had put in place a payment plan where K50,000 would be allocated monthly to meet staff

obligations.

Committee's Observation and Recommendation

The Committee notes the efforts made to dismantle the outstanding staff obligations but expresses concern at the huge debt stock owed by the Council. It worries the Committee that this huge debt stock is besides the current obligations the Council is expected to meet and hence if nothing happens, the Council would be risking possible litigation costs. The Committee urges the Town Clerk to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

h) Failure to Insure Property

Submission by the Town Clerk

Kabwe Municipal Council reported that failure to insure council properties was due to financial challenges. Kabwe Municipal Council reported that it had started insuring properties in phases, so far, residential accommodation for the Town Clerk and the Commercial Buildings at the bus station had since been insured. Copies of insurance policy were available for verification. Kabwe Municipal Council further reported that management had obtained insurance quotations for the remaining uninsured properties.

Committee's Observation and Recommendation

The Committee notes the submission but urges the Town Clerk to ensure that all its assets are insured each year in order to avert possible losses. The Committee resolves to await a progress report on the matter. The Town Clerk is urged to present copies of the insurance policies to the Auditor General for verification before the matter could be closed.

i) Failure to Avail Title Deeds

Submission by the Town Clerk

Kabwe Municipal Council reported that the failure to avail title deeds was due to some title deeds not being processed at the time of audit. Kabwe Municipal Council reported that it had since obtained title deeds for three (03) properties from Ministry of Lands, and also produced 23 title deeds by the Legal Section. These title deeds were ready for verification. Kabwe Municipal Council further reported that it will continue pursuing the acquisition of title deeds for the remaining 56 Council properties as resources were made available.

Committee's Observation and Recommendations

The Committee is alarmed at the failure by the Council to secure property with title deeds and urges Management to ensure that the process of acquiring title deeds is expedited. The Committee urges the Town Clerk to present to the Auditor General copies of title deeds so far acquired. The Committee awaits a progress report.

j) Equalisation Funds

i. Installation of Street Lighting –

- **Failure to declare Interest – Director Engineering**

Submission by the Town Clerk

The Town Clerk reported that the failure to declare Interest by the Director of Engineering Services was regrettable. The query occurred because Kabwe Municipal Council did not carry out a name search at Patents and Companies Registration Agency (PACRA) to ascertain the ownership of the said company, but relied on the quotations submitted. Kabwe Municipal Council reported that the case was reported to the Anti-Corruption Commission (ACC) for further investigation and appropriate action. The Town Clerk also stated that the Council would endeavour to carry out due diligence such as name search for all companies and directors during the tendering process, and it would take appropriate safeguards for those companies owned by members of staff and other related parties.

Committee's Observation and Recommendations

The Committee is alarmed at the failure by the Council to carry out due diligence before engaging a contractor. The Committee is of the view that there should be some connivance within the Council which explains why there is some laxity by the Procurement Committee to search for the names with PACRA. The Committee strongly cautions management to be patriotic and ensure that personal interest and gains are put aside when serving the communities. As the matter is already before the investigative wing, the Committee resolves to await the outcome on the matter.

- **Irregular Payment of VAT to a Non - Registered Supplier**

Submission by the Town Clerk

The Town Clerk reported that the Supplier by the Council was regrettable. Kabwe Municipal Council also reported that the supplier had since registered the company and submitted both the Tax Clearance and VAT Certificate. To this effect, the Council had written to the supplier to reimburse the said money. Kabwe Municipal Council further reported that management would ensure that they only dealt strictly with Tax Registered and Tax Cleared Suppliers.

Committee's Observation and Recommendations

The Committee expresses great concern at the failure by the Council to review all the documents relating to suppliers. The Committee expects that suppliers submit the documents for review before being awarded a contract to supply either goods or services but it is not clear how the officers in the Accounts Department would pay VAT to a non registered supplier. The Committee finds this as a clear act of fraud and urges the Town clerk to ensure that the officers responsible are disciplined and reported to the investment wings for Further Action. The Committee awaits a progress report on this matter.

- **Independence Avenue**

Submission by the Town Clerk

The town Clerk reported that the query arose as a result of the Council basing the payment on the interim certificates (IPC) raised by the Director of Engineering Services who had a personal interest in the same contract. Kabwe Municipal Council reported the case to the Anti Corruption Commission for further investigation and appropriate action. Kabwe Municipal Council also reported that, through its Internal Audit Section, they were ensuring that confirmation of the existence and completion of works was done before making a final payment on the projects.

Committee's Observation and Recommendations

The Committee is alarmed at the failure by the Council to put in place a system to ensure value for money is harnessed and confirmed before payment is made for the works. The Committee is worried at the number of cases involving fraudulent activities at this council. The Committee is of the view that a forensic audit should be carried out to review its operations and unearth the real problems to improve the status quo. The Committee awaits a progress report on the matter.

- **Munkoyo Street**

Submission by the Town Clerk

The Town Clerk reported that it was regrettable that the site visit and inspections by the Auditor General were conducted at the time when there was a ZESCO power outage hence the line not functioning. He also reported that Munkoyo Street lights were now operational whenever ZESCO supply was available. The Town Clerk made mention that they were contemplating on changing the power source from ZESCO to Solar when funds were made available through CDF.

Committee's Observation and Recommendations

The Committee is alarmed at the failure by the Council to ensure that the street lights are fully functional in order to appreciate value for money. The Committee however, resolves to close the matter subject to audit verification.

ii. Paving of the Civic Centre - additional payment

Submission by the Town Clerk

Kabwe Municipal Council reported that the additional payment was as a result of the variation order on the works for curb stones and installation of manholes and manhole covers which were not part of the initial agreement. Kabwe Municipal Council reported that no action was taken on the matter as the original work in the BOQ was duly executed. Kabwe Municipal Council also reported that through the department of engineering services it had put up a robust system in ensuring that variations were shown on the Interim Payment Certificates (IPC).

Committee's Observation and Recommendations

The Committee expresses great concern at the failure by the Council to ensure that all works are included in the BOQs to avoid variations. The Committee cautions the Town Clerk to be vigilant on scrupulous contractors who understate their BOQs for purposes of being awarded contracts and thereafter seek for variations during the period of execution. This act is scrupulous as it puts the clients at a great risk of under budgeting for the contract which may result in abandoning works and delayed completion. The Committee however, resolves to close the matter subject to audit verification.

iii. Construction of the Lukanga Transit Bus Station K5,549,553

The following weaknesses were observed and the Town Clerk responded as set out below.

It was not clear why retirees' benefits were paid from the contracted loan.

Submission by the Town Clerk

The Town Clerk submitted that the Retirees' Benefits were paid from the contracted loans in order to cushion litigations against the Council and further reduce their objection /umbrage when part of the funds were being channeled towards the construction of Lukanga Bus. He also informed the Committee that they made monthly payments of Fifty Thousand Kwacha K50,000 to retirees to mitigate the debt burden. Kabwe Municipal Council also report that the Council had applied for the disposal of some properties so that part of the proceeds were channeled towards the completion of Lukanga Bus station to compensate for the amounts paid to retirees.

Committee's Observation and Recommendations

The Committee finds the transaction highly irregular as the explanation given is not adding up well. The Committee strongly cautions the Town clerk to ensure that management adheres to defined budget lines for each expenditure line and avoid misapplying funds without clear instruction and authority to do so. For this, the town Clerk is urged to ensure that officers responsible are disciplined to desist from this habit and further that the diverted funds are reimbursed without any further delay. The Committee resolves to await a progress report on the matter.

- **Lack of Documentation (amount revised from the budgeted amount of K4,500,000 to K8,500,000 and later on the approved contract sum of K21,997,777)**

Submission by the Town Clerk

The Town Clerk reported that the Failure to avail the revised BOQs to the Auditor General at the time of audit was as a result of non-receipt of final and approved copies of the BOQs from the Ministry. Kabwe Municipal Council had since received copies of the revised BoQ and it was available for verification. The Council would ensure that copies of BoQs for contracts running within its jurisdiction were collected on time from the MLG.

Committee's Observation and Recommendations

The Committee expresses great concern at the failure by the Council to ensure that all works being carried out in their catchment area by other institutions are accompanied by BOQs to avoid recurrence. The Committee however, resolves to close the matter subject to audit verification.

- **Bill of Quantity overpriced by K7,677,730**

Submission by the Town Clerk

The Town Clerk acknowledged the Auditor General observation and reported that the apparent overpricing deduced from the BoQs could have been a typographical error. Kabwe Municipal Council had written to the Ministry to request that after the payment of the current outstanding IPC, the contract be terminated so that the Council could complete using Force Labour to try and minimise the cost. The Council was still waiting for guidance from the Ministry.

Committee's Observation and Recommendations

The Committee does not accept the reason given and urges the Town Clerk to ensure that officers responsible are disciplined for this error of commission. The Committee cautions the Town Clerk, as a supervisor and sub-warrant holder, to be vigilant on scrupulous staff who may willfully overstate the BOQs for purposes of connivance with contractors and seek payment from them after payment by the Council. This act is scrupulous and, since circumstances are not clear, must be reported to law enforcement agencies for further probe. The Committee awaits a progress report on the matter.

- **Overpayment of K2,618,653 on mobilisation**

Submission by the Town Clerk

The Town Clerk acknowledged the Auditor General's observation and stated that the cause of the query was due to a clause in the contract that stated the advance payment shall be 20% of the total contract price. The Council had written to the Ministry to seek further guidance on the way forward on the administration of the contract. The Council was still waiting for feedback from the Ministry.

Committee's Observation and Recommendations

The Committee does not accept the reason given as it is not clear why guidance may not have been sought before executing the payment. The Committee urges the Town Clerk to ensure that officers responsible are disciplined for this anomaly. The Committee is of the view that this act is scrupulous and, since circumstances are not clear, must be reported to law enforcement agencies for further probe. The Committee awaits a progress report on the matter.

- **Stalled Works due to Non-Payment**

Submission by the Town Clerk

Kabwe Municipal Council acknowledged the Auditor General's observation and the Town Clerk stated that the works had stalled due to lack of funds to complete the project. The Council through the office of Director Housing and Social Services had contacted the MLG and Ministry of Housing and Infrastructure Development to find a lasting solution on the project including possible termination of the contract once the outstanding IPC was paid. Once this was done, the Council intended to complete the project using a force account through Private Public Partnership (PPP) with other stakeholders like NAPSA who were showing a serious interest. The Council was currently working on new strategies to broaden the revenue base needed to cover the outstanding obligations.

Committee's Observation and Recommendations

While noting the submission, the Committee observes with concern the failure by the Council to source funds before commencing works on the project. The Committee warns that there is a possible risk of penalties that may be incurred as a result of terminating the contract which may work to the Council's disadvantage as they are already grappling with liquidity problems. The Town Clerk is urged to ensure that the matter is resolved amicably but expeditiously to avoid further delay on completing the project. The Committee resolves to await a progress report on the matter.

iv) Financing Arrangements

Submission by the Town Clerk

Kabwe Municipal Council had acknowledged the Auditor General observation and the Town Clerk reported that the Council did not communicate directly with Ministry of Finance (MOF) but channelled all her communications through the Ministry of Local Government (MLG). The MLG submitted the request on the Council's behalf to the responsible ministry and gave the feedback to the Council. An inquiry on the matter would be presented to MLG for further guidance.

Committee's Observation and Recommendations

The Committee expresses great concern as to why the Permanent Secretary, Ministry of Local Government chose to execute duties of arranging finances through the bank contrary to provisions of Chapter 366 of the Loans and Guaranties (Authorisation) Act. The Committee urges the Secretary to the Treasury to consider reporting this matter to law enforcement agencies for further probe. The Committee awaits a progress report on the matter.

k) Delays in Implementation of CDF Projects - Kabwe Central and Bwacha Constituencies

Submission by the Town Clerk

Kabwe Municipal Council Town Clerk reported that the Delays in Implementation of

Constituency Development Funds (CDF) Projects was due to the tedious process in the identification, submission and approval of the projects which starts with the community itself. Furthermore, some delays were by the CDF committee in that they had a wider stakeholder view and consultative process before making decisions. He also reported that they had since completed all the projects that were being implemented and that the handovers were successfully done. Kabwe Municipal Council further reported that the CDF guidelines had been amended allowing for onward submission to the Minister of Local Government before the projects were considered by the Council which would hopefully minimise the bureaucracy.

Committee's Observation and Recommendation

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

D) Environmental Management

i. Unpaid Service Fees for Transporters

Submission by the Town Clerk

Kabwe Municipal Council acknowledged the Auditor General observation on the unpaid Service Fees by the transporters and reported that this was due to the companies being non-compliant to the agreement and efforts to bring them on board proved futile. The Council was still making follow-ups and compelling the transporters to pay outstanding fees for temporal waste management permits and to that effect had not renewed their contracts until they paid the outstanding amounts. The Council through a letter dated 20th October, 2017 issued requirements for acquiring temporal waste management permits and was yet to complete the process of assigning long-term contractors to waste management.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Town Clerk to ensure that all the funds are recovered without any further delay. The committee resolves to await a progress report on the matter.

ii. Unpaid Tipping Fees

Submission by the Town Clerk

Kabwe Municipal Council had acknowledged the Auditor General's observation and reported that the Unpaid Tipping Fees arose out of inertia by the transporters. Kabwe Municipal Council also reported that it had introduced a prepaid system for tipping fees where the fees were paid in advance while still making follow-ups and compelling companies to pay the outstanding bills.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Town Clerk to ensure that all the funds are recovered without any further delay. The committee resolves to await a progress report on the matter.

iii. Transporters Operating without Licenses

Submission by the Town Clerk

Kabwe Municipal Council acknowledged the Auditor General observation and report that the Two Transporters Operating without Licenses were not yet awarded the licences from Zambia Environment Management Agency (ZEMA) at the time of audit despite having applied for the same. Copies of the application letters were available for verification. Kabwe Municipal Council further reported that two transporters had now been awarded the ZEMA management licenses. Copies of the licenses were available for verification. Kabwe Municipal Council furthermore reported that the Council had embarked on a continuous routine monitoring of the companies engaged in waste management to ensure strict compliance.

Committee's Observation and Recommendation

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

iv. Waste Management by the Municipality

Submission by the Town Clerk

The town Clerk acknowledged the Auditor General observation and reported that the intra city bus station was a very busy site with high waste generation despite daily collection of waste. It was also used as a waste collection point for surrounding areas. In addition, the disposal point was unsecured and prone to abuse by people disposing of waste indiscriminately. The Town Clerk stated that the waste collection point had been eliminated and waste was collected from the bus station itself and not stored outside the bus station. For Kachulu Market, historical waste had been collected and monthly collection of waste had been introduced to avoid further accumulation. The Council had planned to construct refuse bays in strategic areas to avoid indiscriminate disposal of waste in public places.

Committee's Observation and Recommendation

In noting the submission, the Committee resolves to close the matter subject to audit verification while the Office of the Auditor General is urged to keep the matter in view during future audits.

v. Dumpsite Management

Submission by the Town Clerk

Kabwe Municipal Council reported that there was no weighbridge at the dumpsite due to lack of funds to undertake the work. Kabwe Municipal Council also reported that no action had been taken due to lack of funds. However, it would allocate in the 2020 budget an amount to undertake this assignment.

Committee's Observation and Recommendation

In noting the submission, the Committee resolves await a progress report while also encourages the Town Clerk to ensure that the matter is attended to with the urgency it deserves.

- **Failure to Fence the Site**

Submission by the Town Clerk

Kabwe Municipal Council reported that the dumpsite was not yet fenced due to lack of funds to undertake the work. Kabwe Municipal Council also report that no action had been taken due to lack of funds. However, it would allocate in the 2020 budget an amount to undertake this assignment.

Committee's Observation and Recommendation

In noting the submission, the Committee resolves to await a progress report while also encourages the Town Clerk to ensure that the matter is attended to with the urgency it deserves.

- **There were no warning signs at the dumpsite.**

Submission by the Town Clerk

Kabwe Municipal Council reported that there were no warning signs at the dumpsite due to lack of funds to undertake the work. Kabwe Municipal Council report that no action had been taken due to lack of funds. However, it would allocate in the 2020 budget an amount to undertake this assignment.

Committee's Observation and Recommendation

In noting the submission, the Committee resolves to await a progress report while also encourages the Town Clerk to ensure that the matter is attended to with the urgency it deserves.

- **Improper dumping of waste by transporters at the disposal site**

Submission by the Town Clerk

Kabwe Municipal Council reported that there was improper dumping of waste due to lack of Bulldozer and manpower to continuously monitor the works, and the frequent breakdowns of the Front-end Loader leading to delayed maintenance. Kabwe Municipal also reported that it would undertake maintenance works at the dumpsite with the help of stakeholders bi-monthly. Secondly, some boom gates had been installed to restrict access and indiscriminant dumping of waste. Kabwe Municipal Council furthermore reported that it would continue engaging stakeholders and carrying out the routine maintenance.

Committee's Observation and Recommendation

In noting the submission, the Committee resolves await a progress report while also encourages the Town Clerk to ensure that the matter is attended to with the urgency it deserves.

- **Council workers had no protective clothing.**

Submission by the Town Clerk

Kabwe Municipal Council reported that its workers had no protective clothing at the time of audit due to lack of funds to buy the protective clothing. Kabwe Municipal Council further reported that it had now bought all the workers the required protective clothing. Kabwe Municipal Council furthermore reported that it would ensure that protective clothing were procured regularly for the workers.

Committee's Observation and Recommendation

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

- **Dumping of prohibited electronic equipment at the dump site.**

Submission by the Town Clerk

Kabwe Municipal Council reported that the said dumpsite was for domestic disposal of waste, however, electronic waste included disused electronic appliances that were disposed of together with domestic waste from homes and commercial premises. Furthermore, there was no hazardous waste disposal facility in Kabwe and the Council did not have adequate dedicated equipment for separation of waste. Kabwe Municipal Council informed the Committee that they were sensitising the community on the importance of separation of hazardous waste at source. Kabwe Municipal Council reported further that, through Zambia Mining Environmental Remediation Improvement Project (ZMERIP) under World Bank Funding, had earmarked for construction of an engineered landfill which would include a hazardous disposal point.

Committee's Observation and Recommendations

The Committee awaits a progress report.

- **The Council did not compact and cover the waste with a layer of soil as required**

Submission by the Town Clerk

Kabwe Municipal Council wishes to report that the dumpsite is not compacted as the site operates as a controlled tipping site and not as an engineered landfill. In addition, the Council does not have adequate equipment and cover material since the site is a disused quarry. Kabwe Municipal Council wishes to report that it periodically pushes the waste in the ditches. Kabwe Municipal Council wishes to report that Kabwe Municipal Council, through Zambia Mining Environmental Remediation Improvement Project (ZMERIP) under World Bank Funding, has earmarked for construction of an engineered landfill which will include a hazardous disposal point.

Committee's Observation and Recommendation

In noting the submission, the Committee resolves to close the matter subject to audit verification while the Office of the Auditor General is urged to keep the matter in view during future audits.

- **There were no boreholes for monitoring of ground water quality at the dumpsite.**

Submission by the Town Clerk

Kabwe Municipal Council reported that there were no boreholes at the dumpsite due to lack of funds to undertake the work. Kabwe Municipal Council also reported that no action or had been taken due to lack of funds. However, Kabwe Municipal Council would allocate in the 2020 budget an amount to undertake this assignment.

Committee's Observation and Recommendation

In noting the submission, the Committee resolves await a progress report while also encourages the Town Clerk to ensure that the matter is attended to with the urgency it deserves.

- **Waste at the dumpsite was being burnt thereby posing a health hazard to the Community**

Submission by the Town Clerk

Kabwe Municipal Council had acknowledged the Auditor General observation and reported that waste decomposition processes involved emission of methane, which was a highly inflammable gas that easily ignited at high temperatures, this was accelerated by the waste pickers and homeless people that strayed into the dumpsite and set the waste ablaze in order to expose valuable waste and or to warm themselves. Kabwe Municipal Council further reported that in addition to sensitising the community, Kabwe Municipal Council was working closely with ZMERIP on the construction of an engineered landfill. The Council would continue working towards the construction of the landfill and other measures meant to ensure safe management of waste.

Committee's Observation and Recommendation

In noting the submission, the Committee resolves await a progress report while also encourages the Town Clerk to ensure that the matter is attended to with the urgency it deserves.

AUDIT QUERY

PARAGRAPH 18

KALABO DISTRICT COUNCIL

Accounting and Other Irregularities

18. An examination of accounting and other records maintained at the Council for the periods under review and a physical inspection of selected projects carried out in September 2018 revealed the following weaknesses to which the Council Secretary submitted as set out below.

a) Lack of a Strategic Plan

Submission by the Council Secretary

The Council Secretary admitted that the observation by the Auditor General regarding lack of a

strategic plan was correct. The Council Secretary informed the Committee that it erroneously relied on the District Development Plan in allocating resources to priority areas. Kalabo District Council had started developing a strategic plan for the period 2018-2022 which was adopted by the full council. However, before its launch there was a directive from the Ministry of Local Government to suspend the formulation and launch of strategic plans and commence the preparation of Integrated Development Plan in all councils. Kalabo District Council would always seek guidance and clarifications from the Ministry in the event of expiry of policy documents.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by the Town Clerk to ensure that a strategic plan is in place and updated in order to guide them in terms of activities to be undertaken by the Council. The Committee bemoans the lack of proactive approach by management at this council as efforts to put in place a strategic plan are only seen after audit. The Committee sternly cautions the Town Clerk to ensure that he acts proactively in order to ensure that operations of the local authority are well guided efficiently and effectively. The Committee recommends the matter for closure subject to audit verification while the Office of the Auditor General is urged to keep the matter in view during future audits.

b) Failure to Prepare a Procurement Plan

Submission by the Council Secretary

The Council Secretary informed the Committee that they could not avail the procurement plan for audit because it was misplaced at the time of audit. Kalabo District Council managed to trace a procurement plan and disciplined the officer who was responsible. Kalabo District Council would continue improving the internal control systems and discipline officers who misplace documents.

Committee's Observations and Recommendations

The Committee notes the submission but urges the Council Secretary to ensure that disciplinary action is taken against erring officers who failed to avail the procurement plan during the time of audit. The Council Secretary is cautioned to desist from the habit of getting involved seriously in resolving matters only when called upon by the Auditors and the Committee. The Committee, however, resolves to close the matter subject to audit verification.

c) Failure to Produce Receipt Books

Submission by the Council Secretary

The Council Secretary submitted that it was regretted that Kalabo District Council did not avail receipt books for audit. However, The Council Secretary informed the Committee that the misplaced receipt books were due to lack of personnel. Kalabo District Council managed to trace the misplaced receipt books that were not availed for audit.

Year	Receipt Range	Status
2015	4451 - 4500	Traced and available for audit verification
	1001 - 1050	Traced and available for audit verification
	1151 - 1200	Traced and available for audit verification
	2851 - 2900	Traced and available for audit verification
	1351 - 1400	Traced and available for audit verification
	2151 - 2200	Traced and available for audit verification
2017	41501 - 41400	Receipt Range never existed at the Council
	1801 - 1900	Traced and available for audit verification
	2101 - 2200	Traced and available for audit verification

Kalabo District Council had since procured lockable cabinets that were being used to secure all used receipts books and other accountable documents in order to avoid misplacement of accounting documents.

Committee's Observations and Recommendations

The Committee does not accept the reason given and urges the Council Secretary to ensure that disciplinary action is taken against erring officers who failed to avail the receipt books during the time of audit. The Council Secretary is cautioned to desist from the habit of getting involved seriously in resolving matters only when called upon by the Auditor General or the Committee. The Committee, however, resolves to close the matter subject to audit verification.

d) Unsupported Payments K8, 350

Submission by the Council Secretary

The Council Secretary informed the Committee that it could not avail relevant supporting documentation such as letters of transfer or appointment, pay slips and computation schedules for audit because they were misplaced in other files at the time of audit. Kalabo District Council managed to trace the supporting documents that could not be availed for audit. As shown in the table below.

No.	Payee	Chq No	Date	Amount Paid (K)	Detail of Query	Status
1	Richard Pelekelo Silyato	043462	16.02.17	1,800.00	No leave forms attached	Available
2	Zesco	044300	28.12.17	1,000.00	No receipt attached	Available
3	Kaoma District Council	43527	15.03.17	500.00	Receipt not attached	Awaits receipt from Kaoma DC
4	The Surveyor Institute Of Zambia	043699	29.06.2017	1,050.00	No receipt attached	Available
5	LGAZ	043916	18.09.2017	4,000.00	No receipt attached	Available
	Total			8,350.00		

Kalabo District Council would now be attaching all relevant supporting documentation such as letters of transfer, appointment, pay slips and computation to the payment vouchers, and these will be kept in the cashier's office.

Committee's Observations and Recommendations

The Committee does not accept the reason given by the Council Secretary and hence urges him to ensure that officers responsible are disciplined for this failure. The Committee also cautions the Council Secretary for his laxity on the matter as efforts to look for the documents were only seen after the audit. The Council Secretary is sternly cautioned to ensure that future audits are taken seriously. The matter is, however, recommended for closure subject to audit verification.

e) Payments of Subsistence Allowances within Station of Duty - K171, 290

Submission by the Council Secretary

The Council Secretary informed the Committee that it requested for authority from the Ministry to pay allowances in amounts totaling K171, 290 to officers who were sent on official duty to work points within the District boundaries. However, access to work points took almost the whole day on gravel roads and in some cases officers were using canoes to travel. Kalabo District Council would effect deductions against the affected officers starting October, 2019. Kalabo District Council had stopped payment of subsistence allowances to officers working within the district boundaries without authority from the Controlling officer.

Committee's Observations and Recommendations

In noting the submission, the Committee expresses concern at the failure by management to seek authority prior to undertaking the activities. It displeases the Committee and it finds the transaction unacceptable as there is no urgency on the activities that were undertaken. The Council Secretary is sternly cautioned to desist from the habit of seeking retrospective authority, and the Committee

urges him to ensure that the amount is recovered from the officers. The Committee resolves to await a progress report on the matter.

f) Irregular Refunds for Officers' Medical Bills - K10,900

Submission by the Council Secretary

The Council Secretary informed the Committee that it had not finalised medical scheme agreement with any hospital at the time of audit. The Council depended on Lewanika General Hospital which had all the required facilities. Kalabo District Council had now entered into a medical scheme agreement with Lewanika General Hospital, where all Council employees got medical services. Kalabo District Council had discontinued paying refunds for medical bills obtained from a hospital where Council had the scheme.

Committee's Observations and Recommendations

While noting the submission, The Committee expresses concern at the failure by management to comply with the Local Government Condition of Service No. 158. The Committee resolves to close the matter subject to audit verification, while the Office of the Auditor General is urged to keep the matter in view during future audits.

g) Irregular Payments for Officers' Hotel Bills - K99,535

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council facilitated the settling of the Officers who came to the Council on transfer, or first on appointment. The Council had plans to recover the funds from the officers when they were put on payroll or paid Settling in Allowances. Kalabo District Council had so far recovered K68, 059.40 through the payroll from fifteen (15) officers for hotel bills leaving a balance of K31, 475.60. Kalabo District Council would ensure that salaries and settling in allowances were paid to the new officers on time to avoid the Council spending on the hotel bills.

Committee's Observations and Recommendations

In noting the submission, The Committee expresses concern at the failure by management to deduct the advances paid to these officers through the payroll system. The Council Secretary is urged to ensure that the amount is recovered from the officers. The Committee resolves to await a progress report on the matter and urges the Council Secretary to present proof of full payment to the office of the Auditor General.

h) Failure to Avail Activity Reports K13, 730

Submission by the Council Secretary

The Council Secretary informed the Committee that the activity reports were misplaced in other box files at the time of audit. Kalabo District Council managed to trace all the three (3) activity

reports totalling K13, 730 that were misplaced at the time of audit. Kalabo District Council would hence forth be attaching all activity reports to the payment vouchers and keep them in cashiers' office to avoid misplacements.

Committee's Observations and Recommendations

The Committee notes the submission but urges the Council Secretary to ensure that disciplinary action is taken against erring officers who failed to avail copies of activity reports during the time of audit. The Council Secretary is cautioned to desist from only getting involved in resolving matters when called upon by the Auditor General and the Committee. The Committee, however, resolves to close the matter subject to audit verification.

i) Overpayment of Subsistence K12,000

Submission by the Council Secretary

The Council Secretary informed the Committee that it did not avail for audit the letter of extension of the programme for twenty days which was written by the Ministry of Local Government as it was misplaced. Kalabo District Council managed to trace and found a letter from the Ministry which indicated an extension of Job Evaluation Programme from 30th January, 2016 to 24th February, 2019 and the K12, 000 payment was made for the extended period. Kalabo District Council would always attach all the necessary documents to all payment vouchers to avoid queries.

Committee's Observations and Recommendation

The Committee notes the submission but urges the Council Secretary to ensure that disciplinary action is taken against erring officers who failed to avail copies of documents to help resolve the query during the time of audit. The Council Secretary is cautioned to desist from the habit of getting involved seriously in resolving matters only when called upon by the Auditor General and the Committee. The Committee, however, resolves to close the matter subject to audit verification.

j) Failure to Recover Laptops from Transferred Officers K36, 000

Submission by the Council Secretary

The Council Secretary submitted that it was regretted that Kalabo District Council failed to recover laptops from transferred officers because the officers had not completed the handover and clearing process to the Council. Kalabo District Council managed to recover the laptops from the transferred officers, and they were in use by the Council. Kalabo District Council would always ensure that any officer who was on transfer cleared with the Council before leaving for another Council.

Committee's Observations and Recommendations

The Committee notes the submission but urged the Council Secretary to ensure that disciplinary action is taken against erring officers who failed in their duty to ensure that assets in form of

laptops were handed over before clearing the officers. The Council Secretary is cautioned to desist from the habit of getting involved seriously in resolving matters only when called upon by the Auditor General and the Committee. The Committee, however, resolves to close the matter subject to audit verification.

k) Failure to Remit Tax K238, 200

Submission by the Council Secretary

The Council Secretary informed the Committee that it did not remit tax deducted from employees remuneration due to lack of funds. Council only managed to pay net of personal remunerations. Kalabo District Council engaged Zambia Revenue Authority (ZRA) on the outstanding bill, and ZRA was yet to respond to the Council. Kalabo District Council was working on improving revenue collection in order to meet tax liabilities by extending township boundaries.

Committee's Observation and Recommendation

The Committee observes with concern the huge debt stock owed by the Council. The Committee urges the Council Secretary to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

l) Lack of Title Deeds for Properties

Submission by the Council Secretary

The Council Secretary informed the Committee that it had no funds to meet the cost of obtaining Title Deeds. Kalabo District Council has mobilised funds for surveying, numbering and valuing properties in order to start the process of obtaining title deeds and insurance from Ministry of Lands and Zambia State Insurance respectively. Kalabo District Council will continue mobilising funds by extending township boundaries in order to meet cost of obtaining title deeds and insurance cover.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by the Council to secure its properties with title deeds. The Council Secretary is reminded that it will be difficult to defend themselves in case of a dispute in the court of laws which may arise in relation to any of its properties. He was urged to ensure that all council properties were secured with title deeds without any further delay. The Committee awaits a progress report on the matter.

m) Poor Maintenance of Property - Civic Centre Office Block

Submission by the Council Secretary

The Council Secretary informed the Committee that it had no funds to meet the cost of maintaining Civic Centre office block. Kalabo District Council mobilised some funds from local

resources and renovated the damaged and leaking roofs for Civic Centre Office Block. The Council had drawn a maintenance plan where K50, 000 provision would be included in every budget.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by the Council to maintain its properties. The Council Secretary is sternly cautions that it was likely that the Civic Centre would deteriorate to an extent that the Council may not have offices wherein they could be housed if nothing was put in place to maintain it. He is also urged to ensure that a well defined maintenance plan is put in place expeditiously to save the situation from total collapse, and ultimately loss of public funds. The Committee awaits a progress report on the matter.

n) Failure to Update the Valuation Roll

Submission by the Council Secretary

The Council Secretary informed the Committee that it had no funds to meet the cost of updating a valuation roll. Kalabo District Council had budgeted for the updating of the valuation roll in the 2020 budget. Kalabo District Council would always ensure that every after two (2) years a budget would be included for updating a valuation roll.

Committee's Observations and Recommendations

The Committee observes with concern the lack of seriousness and laxity on the part of officers tasked with the responsibility of managing local authorities. The Committee does not accept the reason provided by the Council and counseled the Council Secretary to be proactive as the failure to have an updated valuation roll may result in other failures including low revenue base and difficulties in preparing financial statements. The Committee urges the Controlling Officer, Ministry of Local Government to consider helping all local authorities to update their valuation rolls by providing the expertise lacked by the Councils. The Committee resolves to await a progress report on the matter.

o) Inadequate Fire Prevention and Safety Services

Submission by the Council Secretary

The Council Secretary informed the Committee that it could not undertake fire inspections in many public institutions as it was not a fire authority. Kalabo District Council only became a fire authority in August, 2017 and started inspecting all public buildings for compliance on fire prevention and safety certifications. Kalabo District Council would continue inspecting all public institutions for compliance on fire prevention and safety measures in accordance with *Trades Licensing Act Cap 393*.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification and urges the Office of the Auditor General to keep it in view during future audits.

p) Environmental Management

An assessment of the effectiveness of the environmental management in compliance with the *Environmental Management Act No. 12 of 2011* at the Council revealed the following:

i. Lack of Medical Check-ups for Personnel

Submission by the Council Secretary

The Council Secretary reported that Kalabo District Council did not have a Public Health and Environmental Planning Section in place to provide guidance on the matter. Kalabo District Council had opened a medical scheme with Lewanika General Hospital which was taking medical examinations to personnel in the waste management Unit of the Council. Kalabo District Council would always comply with *Waste Management and Public Health Acts* and took medical check-ups on waste management personnel.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification and urges the Office of the Auditor General to keep it in view during future audits.

ii. Lack of Protective and Safety Clothing

Submission by the Council Secretary

The Council Secretary informed the Committee that it was in the process of replenishing the worn out safety clothing for the waste collection personnel at the time of audit. Kalabo District Council procured protective and safety clothing for all the waste collection personnel. The Council would continuously be monitoring operations in the Waste Management Section to ensure that protective clothing was procured in time.

Committee's Observations and Recommendations

The Committee does not accept the reason given and urges the Council Secretary to ensure that protective clothing is provided for all waste handlers in accordance with the standards and conditions set by ZEMA. The Committee resolves to keep the matter in view during future audits through the Office of the Auditor General.

iii. Lack of an Official Dumpsite

Submission by the Council Secretary

The Council Secretary informed the Committee that it had no land for creation of an official dumpsite as all land belonged to traditional leadership. Kalabo District Council had since engaged Barotse Royal Establishment (BRE) for the extension of the township boundaries in which an official dump site would be provided. Kalabo District Council had continued negotiating with BRE on the extension of township boundaries in order to create an official dumpsite.

Committee's Observations and Recommendations

The Committee notes the submission by the Council Secretary but impresses upon him to ensure that his negotiations with the traditional leaders at Barotse Royal Establishment are expedited, and that a site for disposal of waste is found without any further delay. The Committee resolves to await a progress report on the matter.

iv. Engagement of Unlicensed Transporters

Submission by the Council Secretary

The Council Secretary informed the Committee that officers misplaced the contract with the transporter of waste at the time of audit. Further, Council engaged transporters who had no ZEMA licence because all transporters in Kalabo had no ZEMA certificates. Kalabo District Council traced the contract which was misplaced at the time of audit. Council had also not renewed contracts with local transporters, and had procured a tractor to collect waste. Kalabo District Council will continue using the procured tractor for cabbage collection.

Committee's Observations and Recommendations

The Committee notes the submission but urges the Council Secretary to ensure that disciplinary action is taken against erring officers who failed to avail copies of ZEMA certificates during the time of audit. The Council Secretary is cautioned to desist from the habit of getting involved seriously in resolving matters only when called upon by the Auditor General and the Committee. The Committee, however, resolves to close the matter subject to audit verification.

v. Lack of Constant Water Supply at Kashitu Main Market Toilet

Submission by the Council Secretary

The Council Secretary informed the Committee that the market lacked constant water supply because supply of water was a mandate of Western Water and Sewerage Company which had its own challenges. Kalabo District Council engaged Western Water and Sewerage Company on the matter but there was no positive response. Council has resorted to sinking a borehole which was supplementing the water utility company in the provision of water to Kashitu Main Market. Kalabo District Council will continue supplementary Western Water and Sewerage Company in the supplying water to Kashitu Market until the situation was normalised.

Committee's Observations and Recommendations

The Committee notes the submission but urges the Council Secretary to ensure that he impresses upon the water utility company to ensure that water is supplied to the residents constantly to avoid health related problems. The Committee, however, resolves to close the matter subject to audit verification.

q) Lack of Fire Fighting Services

Submission by the Council Secretary

The Council Secretary informed the Committee that it had financial challenges and could not build a fire. Further, Council was waiting for the Ministry of Local Government to allocate it with the rescue services equipment such as fire tender, rescue vehicle, ambulance, communication systems and hydrants. Kalabo District Council wrote to the Ministry of Local Government requesting for funding for construction of a fire station, and for the allocation of fire equipment. Further, Council procured fire extinguishers and identified staff within its workforce to be recommended to LGSC for fire fighting training.

Committee's Observations and Recommendations

The Committee notes with concern that the Council management are reluctant in ensuring that a fire station is established at the local authority. It also worries the Committee that it has taken Auditor General to remind on the importance of having fire services in the area. The Committee urges the Council Secretary to ensure that he impresses upon the Permanent Secretary to consider allocating fire equipment to Kalabo District Council. The Committee resolves to await a progress report on the matter.

r) Management of Land

i. Failure to Collect Revenue from the Sale of Residential Plots K396,000

Submission by the Council Secretary

The Council Secretary informed the Committee that they failed to collect K396, 000 from sale of residential plots because many residents opted to buy cheaper ones from Barotse Royal Establishment. Kalabo District Council passed a resolution to revoke the offers and re-advertised the plots to new applicants. Kalabo District Council had introduced a flexible payment plan for plots in order to allow applicants to pay without difficulties.

Committee's Observations and Recommendations

The Committee notes the submission but urges the Council Secretary to ensure that land is advertised and paid for without any further delay. The Committee resolves to await a progress report on the matter.

ii. Failure to Process Files for Applicants

Submission by the Council Secretary

The Council Secretary informed the Committee that they were processing files in bulk and at the time of audit the next bulk printing had not taken place. He, however, reported that Kalabo District Council processed all the 22 files and submitted to Ministry of Lands for processing of title deeds. Kalabo District Council had resolved to be processing files for all applicants quarterly.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Council Secretary to ensure that all applications for land are processed promptly to enable them receive their much needed revenue in time. The Committee resolves to close the matter but keep it in view during future audits.

iii. Failure to Revoke Offers not paid for K385, 000

Submission by the Council Secretary

The Council Secretary informed the Committee that it was still trying to engage the applicants on the possibilities of paying for the plots using alternative avenues like instalment payment method. Kalabo District Council had since passed a resolution under minute number KTC.05.05.19 to revoke the offers and to re-advertise the plots so that council could collect revenue from the new applicants. Kalabo District Council would strictly follow terms and conditions stipulated in the offer letters to avoid delays and revocation offers not paid for.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Council Secretary to ensure that unpaid for land is repossessed promptly to enable the Council receive its much needed revenue in time. The Committee resolves to close the matter but keep it in view during future audits.

s) Constituency Development Funds (CDF)

i. Failure to Utilise Funds 4,200,000

Submission by the Council Secretary

The Council Secretary informed the Committee that failure to utilise funds was as a result of long period of procurement process and mobilisation of labour and machinery to the sites. Kalabo District Council completed all the procurement process and utilised all the funds for the intended purpose. Kalabo District Council would always ensure that the procurement process was expedited in order to utilise funds in time.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Secretary to the Treasury to ensure that funds for Constituency Development Funds are promptly released to enable the Councils implement the projects within the year they are planned for. The Committee resolves to close the matter but keep it in view during future audits.

ii. Over Expenditure – Administrative Costs K43, 612

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council borrowed the funds for

administration activities. Kalabo District Council had since reimbursed all the funds that were borrowed from the CDF Account. Kalabo District Council had stopped borrowing funds from Constituency Development Funds (CDF) Account to cater for administration costs.

Committee's Observations and Recommendations

The Committee does not accept the reason given and sternly cautions the Council Secretary to desist from such unlawful acts. The Office of the Secretary to the Treasury is also urged to ensure that penalties for misapplying are stiffened. The act deprives the communities of the much needed services. The Committee, however, resolves to close the matter subject to audit verification.

iii. Irregular Payment of Allowances K49, 750

Submission by the Council Secretary

The Council Secretary informed the Committee that it paid K49, 750 as sitting and subsistence allowances because the Committee members were coming from far flung areas and it was not possible for them to come on foot. Kalabo District Council has stopped the practice and would effect recoveries from the affected officers starting from October, 2019. Management regretted the action and had since resolved that in future all payments shall be made in accordance with the new *Constituency Development Fund Act*. Kalabo District Council had stopped the practice and will be paying allowances from locally mobilised funds to monitor CDF projects for the community.

Committee's Observations and Recommendations

The Committee does not accept the reason given and sternly cautions the Council Secretary to desist from such unlawful acts. The Committee recommends that the officers involved should be made as soon as possible. The Committee will await a progress report on the matter.

t) Failure to Collect Revenue from Guest House K54,000

Submission by the Council Secretary

The Council Secretary informed the Committee that it had outstanding debts with the cited Council officers. The Council decided to cancel the debts against what was owing to the officers. Kalabo District Council reconciled the accounts between officers that were being owed by the Council and the monies the officers owed the Council guest house in order to recover revenue. Management had since recovered the monies. The documentations were available for audit verification. Kalabo District Council would always ensure that all guests including Council officers pay for their bills at the Guest House on time.

Committee's Observations and Recommendations

In noting the submission, the Committee urges the Council Secretary to ensure that he enhances the revenue collection efforts to avoid recurrence. The Committee resolves to close the matter subject to the Council Secretary's presentation of the documents to the Office of the Auditor General for verification.

KAPUTA DISTRICT COUNCIL**Accounting and Other Irregularities**

19. An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2015, 2016 and 2017 carried out in September 2018 revealed the following weaknesses to which the Council Secretary responded as set out below.

a) Failure to Fill Key Positions**Submission by the Council Secretary**

The Council Secretary submitted that Kaputa District Council failed to fill key positions at the time of audit because the Local Government Service Commission had not started deployment of new staff as per request made by the Council. The Council Secretary informed the Committee that he had engaged the Local Government Service Commission to consider filling all the twenty (20) key positions that were vacant. However, only 7 positions namely Deputy Director of Work, Deputy Council Treasurer, Community Development Officer, Stenographer, Health Inspector, Senior Building Inspector and Valuation Officer had been filled out of twenty (20) vacancies due to the financial constraints that the Council was facing. Management had continued improving its revenue base whilst engaging Local Government Service Commission on the remaining thirteen (13) vacancies.

Committee's Observation and Recommendation

The Committee notes with concern that this matter is not thoroughly addressed by the Local Government Service Commission and it is further observed that the recruitments are done without liaison with the Councils. The Committee urges the LGSC to ensure that they review their recruitment strategy to involve the Councils, and also consider the financial capacity of the Council. The Committee resolves to close the matter while the Auditor General is urged to keep the matter in view during future audits.

b) Failure to Acquire Title Deeds**Submission by the Council Secretary**

The Council Secretary informed the Committee that the district main layout plan was outdated and was not corresponding with physical properties on the ground. This made it difficult to survey the properties. Kaputa District Council had engaged the Provincial Planning Unit to re-plan the District so that properties can be re-numbered and surveyed before an application was made to the Ministry of Lands for titles. The Provincial Planning Unit had completed the plan and was currently in the process of numbering it in readiness of surveying. Kaputa District Council would continue engaging Provincial Planning Unit and Ministry of Lands in order to acquire title deeds for all the Council properties.

Committee's Observation and Recommendation

The Committee finds unacceptable at the laxity exhibited by management at this council to an extent of waiting to be reminded by Auditor General on the need to liaise with the Provincial Planning Unit on the need to update the plan of the district. The Committee is displeased with the poor approach to issues of governance and the Council Secretary is sternly cautioned against this lapse. The Council Secretary is urged to ensure that all processes are finalised without any further delay, and that title deeds are secured for council properties to do away with difficulties in preparing accurate financial statements. The Committee resolves to await a progress report on the matter.

c) Failure to Insure Property and Office Equipment

Submission by the Council Secretary

The Council Secretary informed the Committee that Kaputa District Council could not insure its property and office equipment due to financial challenges. Kaputa District Council had engaged Zambia State Insurance Company to insure all its properties and office equipment in phases. Kaputa District Council had continued improving its revenue base so that it could be in the position to meet its operation costs as well as insurance of all its property and office equipment.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Kaputa Council to insure property which may result in loss of the major resources in case of unforeseen happenings. The Committee observes that this failure had put the Council at risk and needs to be resolved without any further delay. The Committee urges the Council Secretary to explore other revenue collection options to increase the Council's revenue base, and to enable it meet all its obligations and operation costs. The Committee awaits a progress report on the full cover insurance of all the Council's properties.

d) Lack of a Maintenance Policy

Submission by the Council Secretary

The Council Secretary submitted that the Kaputa District Council was still drafting the policy at the time of audit. The Council had finalised drafting the Maintenance Policy and had submitted it to the appropriate council committee for recommendation to the Full Council. Kaputa District Council would adopt the maintenance policy and keep updating it in order to avoid non maintenance of all the properties under its charge.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Council Secretary to put in place a maintenance policy which is a serious omission. The Committee urges the Council Secretary to ensure that the maintenance policy is put in place to ensure that all properties are well maintained at the right time to avoid loss. The matter is recommended for closure subject to the presentation of the approved maintenance policy to the Office of the Auditor General for verification.

e) Lack of a Strategic Plan

Submission by the Council Secretary

The Council Secretary reported that the process of formulating the strategic plan had been commenced by the Council. However, there was an instruction to suspend all the preparation of strategic plans by the Ministry of Local Government until guidance was given. The Council also reported that under the guidelines for preparation of an integrated development plan, on page Two, it was recommended that, "Where there is no Strategic Plan in place, Local Authorities should only prepare Integrated Development Plans (IDPs)." Arising from this provision, management was in the process of preparing the District Development Plan to guide the development in the District. The IDP Programme had been developed which would soon be presented to a full Council meeting for adoption and subsequently to be recommended for approval by the Ministry of Local Government. Kaputa District Council would ensure that once the District Development Planning Programme was approved, the formulation of the IDPs would commence.

Committee's Observation and Recommendation

The Committee notes with concern the failure by the Council Secretary to put in place a strategic plan thereby making it difficult to have guidance for the Councils operations. The Committee also bemoans the delays by the Ministry to come up with a standard strategic plan for use by the councils. The Committee strongly urges to Controlling Officer, Ministry of Local Government to expeditiously come up with a standard plan for use by all councils. The Committee resolves to await a progress report on the matter.

f) Lack of a Risk Management Policy

Submission by the Council Secretary

The Council Secretary informed the Committee that Kaputa District Council was still drafting the policy at the time of audit. Kaputa District Council commenced the process of developing a risk management policy which would guide the management on risks within the institution, and the draft policy had already been presented to the Audit Committee at the Council. It would soon be presented to the Full Council for adoption. The Council Secretary also reported that Kaputa District Council would ensure that the risk management policy was followed and updated for the smooth execution of Council duties.

Committee's Observation and Recommendation

The Committee observes with concern the inordinate delays in developing a risk management policy. The delay had put the ICT Management System at risk. The Committee cautions the Council Secretary to ensure that he acts proactively on matters instead of being reminded to do so by Auditor General. The Committee awaits a progress report on the full operationalisation of the Risk Management Policy.

g) Failure to Remit Statutory Obligations and Other Contributions

Submission by the Council Secretary

The Council Secretary submitted that Kaputa District Council failed to remit Statutory Obligations and Other contributions due to financial challenges. He also reported that, Kaputa District Council had cleared the obligation totaling K7,737 in respect of ZULAWU, and had set an installment payment plan of K10,000, K20,000, K17,000 for ZRA, NAPSA and LASF respectively. Kaputa District Council would continue to improve revenue base to meet statutory obligations and other contributions by continuous sensitisation of residents on the payment of Council fees and charges.

Committee's Observation and Recommendation

The Committee notes the efforts made to dismantle the outstanding obligations but expresses concern at the huge debt stock owed by the Council. The Committee urges the Council Secretary to explore more revenue sources to ultimately enhance its revenue base and to reduce the huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of the burden. The Committee resolves to await a progress report on the matter.

h) Failure to Produce Waste Management Reports

Submission by the Council Secretary

The Council Secretary submitted that Kaputa District Council was not producing Waste Management Reports for quantities of garbage collected and disposed of due to non filling of positions for Health Inspectors. Further, the Council had not registered with Zambia Environment Management Agency (ZEMA) due to lack of experts in the Public Health Unit. He, however, reported that Local Government Service Commission employed one Health Inspector in 2017 to manage Kaputa District Council issues relating to garbage collection. Further, management had engaged Zambia Environmental Management Agency (ZEMA) for waste management registration. In their response dated 23rd October 2019, ZEMA advised the Council quoting *Solid Waste Regulation and Management Act No. 20 of 2018* that it's the duty of the local Government to regulate solid registration. Further, section 17 of the said Act provided for reporting of solid wastes to the Minister responsible for Health, Environment or Water. The current status was that the Council had started producing waste management reports and once adopted by the forthcoming Council meeting, a report would be submitted to the responsible Minister. Kaputa District Council would continue preparing and submitting reports to the responsible Minister for Health, Environment or Water through the Ministry of Local Government.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that they adhered to the *Solid Waste Regulation and Management Act No. 20 of 2018* in the handling of waste in the district. The Committee urges the Council Secretary to ensure that the reports are presented soon, and subsequently channelled through to the Minister responsible for health to avoid recurrence. The matter is recommended for closure and the Office of the Auditor General is urged to keep it in view during future audits.

i) Failure to Cover Waste During Transportation

Submission by the Council Secretary

The Council Secretary submitted that the Kaputa District Council had not filled up the positions of Health Inspector to provide technical advice to the transporter of waste. The Council Secretary reported that Kaputa District Council had since engaged the transporter of waste to cover the waste during transportation. The Council reported that it would continue monitoring all transportation of waste in the District.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that the Council adheres to all health and environmental rules during the transportation and handling of garbage to and at the dumpsite. The matter is recommended for closure and the Office of the Auditor General is urged to keep it in view during future audits.

AUDIT QUERY

PARAGRAPH 20

KASAMA MUNICIPAL COUNCIL

Accounting and Other Irregularities

20. An examination of accounting and other records maintained at the Council for the period under review and a physical inspection of projects carried out in November 2018 revealed the following weaknesses to which the Town Clerk responded as set out below.

a) Failure to Fill Key Positions

Submission by the Town Clerk

The Town Clerk informed the Committee that failure to fill key positions was as a result of the failure by Local Government Service Commission to fill up the positions as they were mandated to deal with staff related matters. The Town Clerk also informed the Committee that it had been submitting quarterly reports to the Local Government Service Commission on the Council staff returns which indicated both filled and vacant positions for action. The Town Clerk further submitted that he would ensure that critical positions were highlighted when submitting quarterly returns to the Local Government Service Commission for action.

Committee's Observations and Recommendations

The Committee notes with concern that the Local Government Service Commission does not attend to requests made from councils while officers are sent to other councils where they did not require them. The Committee urges the Local Government Service Commission to ensure that in the interim before fiscal decentralisation, councils may be allowed to maintain staff they could afford to pay in order not to be over burden the them with huge wage bills. In addition, the Local Government Service Commission is urged to consider reviewing individual councils' establishments, and to allow them to state the kind of staff they need unlike using a standard

establishment for all councils. The Committee resolves to keep the matter in view during future audits.

b) Failure to Control and Manage New Town Market

Submission by the Town Clerk

The Town Clerk informed the Committee that funds used to build the infrastructure at the new Town Market was community. As the result, the community had not been allowing the local authority to collect market levies. The Local Market Committee claimed ownership through a court judgment which ruled in their favour. The judgment had not been availed to the Council. The Town Clerk informed the Committee that the Council provided services to this market including; collections of solid waste issuance of business permits to groceries, restaurants and barber shops, and continued engagement with marketeers on the need to pay market levies. The Council had held meetings with the Committee on 6th September and 5th October, 2018, respectively and a letter was written to provide documents related to court judgments. The Town Clerk informed the Committee that it had appointed market supervisors for the purpose of having its presence at the market.

Committee's Observations and Recommendations

The Committee notes the Town Clerk's submission but observes that there is a Laissez-faire approach to this matter resulting in delays to resolve it. The Committee urges the Town Clerk to ensure that all outstanding issues relating to the New Town Market are resolved without any further delay. The Committee recommends closing the matter subject to audit verification that the purported committee is fully operational. This evidence should be presented to the office of the Auditor General for verification.

c) Lack of Strategic Plan

Submission by the Town Clerk

The Town Clerk informed the Committee that at the time of audit, the Strategic Plan was still being developed. The Council had since finished the development and the Strategic Plan was in place. This was for the period 2019-2023. The Town Clerk also informed the Committee that he would ensure continued updating of the Strategic Plan in line with prevailing trends in the economy and the Seventh National Plan.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by the Town Clerk to ensure that a strategic plan is in place and updated in order to guide them in terms of activities to be undertaken by the Council. The Committee bemoans the lack of proactive by Management at this Council as efforts to put in place a strategic plan were only evident after audit. The Committee sternly cautions the Town Clerk to ensure that he acts proactively in order to ensure that operations of the local authority are well guided. The Committee, however, recommended the matter for closure subject to audit verification while the Office of the Auditor General is urged to keep the matter in view during future audits. The Town Clerk is directed to present the strategic plan to the Office of the Auditor General for verification.

d) Lack of Risk Management Policy

Submission by the Town Clerk

The Town Clerk informed the Committee that, at the time of the Audit, the Council was still developing the policy was at committee stage awaiting full Council approval. He, however, informed the Committee that the Council had finally adopted the Risk Management Policy. The Town Clerk assured the Committee that the Council would continue identifying and mitigating the risks in its operation.

Committee's Observation and Recommendation

The Committee observes with concern the inordinate delays in ensuring that a Risk Management Policy is put in place as this has put the ICT Management System at risk in case of an eventuality involving hacking into it. The Committee cautions the Town Clerk to ensure that he acts proactively on matters unlike being reminded by Auditor General. The matter is recommended for closure subject to audit verification.

e) Lack of Billboard Policy.

Submission by the Town Clerk

The Town Clerk informed the Committee that at the time of audit, the Council was developing the policy on billboard and outdoor advertising. He also submitted that the draft copy of the Billboard Policy was available awaiting presentation to the next full Council meeting for adoption. The Town Clerk further informed the Committee that the Council would ensure that all policies and procedures on operations were available for smooth operation and guidance.

Committee's Observation and Recommendation

The Committee observes with concern the inordinate delays in ensuring that a billboard policy is put in place. The Committee cautions the Town Clerk to ensure that he acts proactively on matters. The matter is recommended for closure. Once the approved Billboard Policy is adopted by full Council and presented to the office of the Auditor General for verification.

f) Failure to Adopt ICT Frameworks

Submission by the Town Clerk

The Town Clerk informed the Committee that at the time of audit the ICT Framework was at committee stage awaiting full Council meeting for approval. He also added that the Council had since adopted the ICT Frameworks. The Town Clerk further informed the Committee that the Council would adhere to the approved ICT Policy as spelt out in the security and infrastructure components of the policy for smooth operation of the Council.

Committee's Observation and Recommendation

The Committee observes with concern the inordinate delays in ensuring that an ICT Framework is put in place. This has put the ICT Management System at risk. The Committee cautions the Town Clerk to ensure that he acts proactively for the maximum protection of data. The matter is recommended for closure subject to the Council Secretary presenting a copy of the approved ICT policy to the Office of the Auditor General for verification.

g) Failure to Insure Fire Officers

Submission by the Town Clerk

The Town Clerk informed the Committee that the failure arose due to financial challenges the Council was facing. He also informed the Committee that the Council had since insured all officers under the Fire Department. The Town Clerk further informed the Committee that management would ensure that all officers under the Fire Section were covered to avoid payments of high compensation in case of loss of life or injury during carrying out official assignments.

Committee's Observation and Recommendation

The Committee observes with concern the failure by management to insure fire officers. The Committee cautions the Town Clerk that he must ensure that all high risk officers in the establishment are insured in order to avoid huge costs in case of loss of life or injury. The matter is, however, recommended for closure subject once the Town Clerk presents the insurance policies to the office of the Auditor General for verification.

h) Failure to Settle Staff Obligations K4, 067,046

Submission by the Town Clerk

The Town Clerk informed the Committee that this arose due to cash flow challenges and the huge accumulated debt stock. He also informed the Committee that the Council had made the following payments:

Details	Balance as at 30th September 2018	Amount paid	Balance
Long service bonus	1,237,474.00	27,481.77	1,209,992.23
Settling in allowance	380,618.00	180,708.26	199,909.74
Terminal benefits	2,448,954.00	126,116.95	2,322,837.05
Total	4,067,046.00	334,306.98	3,732,739.02

The Town Clerk also informed the Committee that he would ensure that staff obligations were settled once funds were available for the smooth operations of the organisation.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Council to pay staff obligations to both the retired and current staff. The Committee observes that the Council made its retired officers destitute and poor due to delayed payments of their hard earned remunerations. The Town Clerk is strongly urged to ensure that a well defined payment plan is devised to clear all outstanding obligations without further delay. The Committee awaits a progress report on the matter.

i. Failure to Settle Statutory Obligations and other Contributions K6,790,731

Submission by the Town Clerk

The Town Clerk informed the Committee that the query arose due to the cash flow challenges that the Council had been experiencing, and the huge historical accumulated. He, however, submitted that the Council had made the following payments:

Details	Balance As At 30th September 2018	Amount Paid	Balance
Pensions contribution (LASF)	1,613,465.00	596,143.53	1,209,992.23
NAPSA	3,987,172.00	1,198,329.94	2,788,842.06
ZRA	1,154,416.00	317,144.94	837,271.06
ZULAWU	35, 677.00	K35,677.34	-
TOTAL	6,790,731.00	2,147,295.75	4,643,435.25

The Town Clerk also informed the Committee that management would ensure that monthly obligations were settled and it hoped to clear the debt as and when funds became available.

Committee's Observation and Recommendation

The Committee observes with concern the failure by management to ensure that they pay their statutory obligations. The Committee urges the Town Clerk to ensure that they increase their revenue base to enable them clear all the outstanding obligations owed to various statutory bodies. The Committee awaits a progress report on the matter.

j) Outstanding Receivables K3,605,181

Submission by the Town Clerk

The Town Clerk informed the Committee that this arose due to lack of vehicles and staff in the Revenue Department, and the poor economic status of the District. The lack of industrial base to support the district and out of date valuation roll for 2011 were major contributing factors to this state of affairs. The Town Clerk also informed the Committee that the Council had carried out sensitisation programs on radio encouraging residence to enter into settlement plans before engaging the bailiffs on the outstanding debts. The Town Clerk further informed the Committee that management had attached a specific vehicle for use in debt collections, and had formed a task

force comprising of Legal Section, Finance Department and council police officers.

Committee's Observation and Recommendation

The Committee observes with concern the councils laxity to collect their revenue despite the financial constraints it is facing. The Committee also observes that this failure may continue to worsen without any serious intervention by council management. The Committee directs the Town Clerk to ensure that he enhances the revenue collection and that all receivables are collected efforts by 31st December 2019. A progress report on the matter is being awaited by the Committee.

k) Missing Payment Vouchers K146, 965

Submission by the Town Clerk

The Town Clerk informed the Committee that missing payment vouchers were as a result of misfiling. He also informed the Committee that the Council was still looking for these vouchers. The Council had written to the former Director of Finance to help with more information on the matter at hand so that it could be resolved. The Town Clerk further informed the Committee that the Council would endeavour to follow the provisions of the *Public Finance Management Act Number.1 of 2018* in order to operate.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk. The Committee observes that the matter was not taken seriously when the auditors were at their station. The Committee urges the Town Clerk to ensure that all officers responsible are disciplined for this failure, and that all the missing documents are located and availed for verification by 31st December, 2019. The Committee awaits a progress report on the matter.

l) Unretired Accountable Imprest K423,102

Submission by the Town Clerk

The Town Clerk informed the Committee that the query was due to transfer of officers involved before they could retire the imprest. The Town Clerk further informed the Committee that the Council had recovered K16,995 from one officer out of K258,692 leaving the balance of K 241,697. Documents were available for verification. The Council had written to the Local Government Service Commission before deductions could be carried out from the outstanding benefits at Kasama Municipal Council for the concerned employees. The Town Clerk furthermore informed the Committee that they would endeavour to ensure that Clause 119 of the Local Government Financial Regulation was always adhered to. Further, the Council had assigned a specific officer to handle petty cash and imprest for each department.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk. The committee observes that officers did not take the matter seriously when Auditor General were at their station. As a matter of urgency, the Committee urges the Town Clerk to ensure that all officers who did not retire

imprest are surcharged with the whole amounts they were issued with in accordance with Clause 119 of the Local Government Financial Regulation. The Committee awaits a progress report on the matter.

m) Unapproved Payment Vouchers K37,192

Submission by the Town Clerk

The Town Clerk informed the Committee that unapproved payment vouchers were as a result of the principal officers going out of the office at once. Upon return, the officers responsible forgot to regularise the payment vouchers. The Town Clerk also informed the Committee that the Council had since written to the concerned officers regarding the matter so that it can be attended to. He furthermore informed the Committee that the Council would always ensure that the Local Government Financial Regulation clause 82(1) was adhered to.

Committee's Observation and Recommendation

The Committee finds it unacceptable that principal officers allowed payments to go through while they were away from their station. The Committee expresses a great concern to learn that some principal officers and treasurers at this Council are in the habit of signing cheques and other payment documents in advance to allow for such payments to go through whilst they are away from the station. The Local Government Service Commission is particularly urged to ensure that officers at this Council are sternly cautioned to desist from this habit, and that those responsible for this unapproved payment queried are surcharged in order to deter others from perpetuating this vice. The Committee awaits a progress report on the matter.

n) Failure to Produce Activity Reports K340,186

Submission by the Town Clerk

The Town Clerk informed the Committee that this query was as a result of the officers not adhering to the Financial Regulation requirements. He also submitted that most officers sighted in the report had been transferred to other Councils, hence making it difficult to produce activity reports. However, the Council had written to the Local Government Service Commission for further action. The Town Clerk further informed the Committee that the Council had decided to always handle the activity report in line with enshrined in the Local Government Financial Regulations clause 119, this was to ensure that such queries were avoided in future.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk as they are of the view that officers may not have undertaken the activities they were paid for as evidenced from their failure to produce reports. The Committee observes an act of fraud by these officers as their failure to produce the reports within 48 hours after implementing the purported activity meant that they did not account for the funds they were paid. The Committee urges the Town Clerk to ensure that all officers responsible are surcharged with the whole amounts they were issued with in accordance with Clause 119 of the Local Government Financial Regulation. The Committee awaits a progress report on the full recovery of the funds not later than 31st December, 2019.

- o) Unaccounted-for Stores K1,061,425 (General Stores – K547, 128 and Fuel – K514, 297)**

Submission by the Town Clerk

The Town Clerk informed the Committee that the unaccounted for stores were due to lack of a qualified Stores Officer at the time of audit. He also added that the Local Government Service Commission had employed and transferred a qualified stores officer who had put in place light stores control systems in order to account for all stores. The Town Clerk informed the Committee that the Local Government Service Commission had sent stores staffs to handle the Stores records in line with clause 145 of the Local Government Financial Regulation.

Committee’s Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk where he cites lack of qualified staff as being the cause of the query. The Committee cautions the Council Secretary against hiding under capacity of staff as they are of the view that filing and storing documents systematically does not require any technical know-how. The Committee urges the Council Secretary to ensure that the officers responsible are disciplined for this failure without any further delays and that all documents are located only then will the matter be closed.

- p) Irregular Hiring of a Motor Vehicle K17,850**

Submission by the Town Clerk

The Town Clerk informed the Committee that the Irregular Hiring of a Motor Vehicle was a result of procurement department not following laid down procedures. The Town Clerk informed the Committee that the Council had written to the officer concerned to help with the matter on why it was not reported to the Council and state the reason which necessitated the hire of the vehicle. The Town Clerk informed the Committee that the Council had now purchased a Mayoral vehicle for the mayoral activities. Further, he reported that the Council would always endeavour to seek guidance from the Ministry of Local Government to avoid the reputation of such transaction.

In a follow-up meeting with His Worship the Mayor of Kasama, the Town Clerk submitted additional information relating to ownership and the period the vehicle in question was hired. In this meeting, the Town Clerk submitted a different vehicle number from the previous one.

Committee’s Observation and Recommendation

The Committee observes that His Worship Mayor of Kasama is not properly dressed during the meeting, and when asked to state why he was dressed like that, the Mayor asked the Members to state whether they needed him or a suit. However, the meeting continued after a short adjournment to discuss the action to be taken concerning the conduct of the Mayor. Concerning the hire of the vehicle, the Committee does not accept the reason given by the Town Clerk as circumstances are not very clear surrounding the hire of the vehicle which was used by the Mayor. The Committee notes with concern that the Council decided to single-source the services from one supplier without authority and a no objection from the Full Council. What worries the Committee most is the fact that hired vehicle did not even exist in the Road Traffic and Safety Agency (RATSA) data

base. The Committee observes that there is likelihood of an act of fraud encountered and that the purported vehicle, could have been owned by one of the interested parties very close to Council Management. After the two meetings involving His Worship the Mayor, the Town Clerk and other former and current staff at the council, the following recommendations were made.

- i. His Worship the Mayor of Kasama to be subpoenaed to appear before the Standing Committee on Privileges, Absences and Support Services of Parliament to state why he had misconducted himself in the manner that he had by uttering words the Committee find as demeaning the authority of Parliament.
- ii. That the matter relating to the hire of the vehicle be reported to investigative wings for further investigation.
- iii. The Committee to await a progress report on the matter.

q) Failure to Collect Revenue from the Sale of Plots K 8,544,340

Submission by the Town Clerk

The Town Clerk informed the Committee that due to the high cost of application fees and plot premiums, the offered applicants failed to pay for the said fees. The Town Clerk informed the Committee that part payments were allowed but not all the people had completed the payments. The Local authority had repossessed the plots and had since advertised them and the advert was attached to their submission yet to be verified by Auditor General. The Town Clerk also informed the Committee that the Council charged appropriate fees for developers to settle in good time.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Council to ensure that revenue is collected from their plot sales. It displeases the Committee that despite having liquidity problems, the Council is not aggressive in ensuring that they collect the much needed revenue. The Committee cautions the Town Clerk for this failure and urges him to ensure that their revenue collection capacity is enhanced to improve the status quo. The Committee, however, resolves to close the matter subject to audit verification.

r) Failure to Effect Recoveries of Salary Advances K34,171

Submission by the Town Clerk

The Town Clerk informed the Committee that failure to recover cash advances was due to failure by officers charged with payroll to handover a report and all the necessary information to their successors. The Town Clerk, however, informed the Committee that the Council had since recovered k 30,500 and payslips were available for verification while one officer's recovery was not applicable as his payment was for salary arrears. The Town Clerk informed the Committee that the Council had assigned the officers under Expenditure and payroll sections to always ensure that payment of such allowances to staffs was updated in line with the Local Government Condition of Service Clause 105(d).

Committee's Observation and Recommendation

The Committee notes the Submission by the Town Clerk and he is urged to ensure that officers who fail to carry out their duty are disciplined for the failure. The Committee resolves to close the matter subject to presentation of proof of discipline to the office of the Auditor General for verification.

s) Misapplication of Equalisation Funds K1,567,944

Submission by the Town Clerk

The Town Clerk informed the Committee that the Council spent the funds in question due to cholera liquidity challenges. There was a cholera outbreak in the district during November 2017. The Town Clerk further submitted the following:

- i. The Council would reimburse the amount in question.
- ii. The Council so far had paid back K 43, 851.82 and deposit slips were available for verification.

The Town Clerk also informed the Committee that the Council would endeavour to always seek the Ministry approval prior to the undertaking of such activities.

Committee's Observation and Recommendation

The Committee does not accept the reasons given by the Town Clerk as it is noted that management at this council is not aggressive in collecting their earned revenue. This has resulted in the misapplying of funds to meet their daily operations needs. The Committee also notes the failure by the Council Management to ensure that other revenue mobilisation strategies including updating its valuation roll are employed to improve the liquidity of the local authority. It saddens the Committee that management willfully chose to misapply the 20% portion of the Local Government Equalisation Fund (LGEF) contrary to *the Local Government (Amendment) Act No. 12 of 2014* and the Ministry of Local Government and Housing Circular No. MLGH/71/1/87 dated 30th March 2015. The Committee finds it unacceptable and the Town Clerk is strongly cautioned to desist from this practice, and also to ensure that the Council's revenue base is improved accordingly to avoid this irregularity. The Committee awaits a progress report on the matter until all the funds are reimbursed by June 30th, 2020.

t) Failure to Maintain Buildings

The Council did not have a maintenance policy to give guidance on how buildings were to be maintained. As a result, the Council's properties were in a general state of disrepair. In particular, the following were observed:

- **Bantungwa Tarven**

Submission by the Town Clerk

The Town Clerk informed the Committee that at the time of audit the Maintenance and Building Policy was not developed and the Council faced financial challenges to undertake the maintenance work. The Town Clerk informed the Committee that the Council had developed the Building Maintenance Policy. The document was available for verification. The Town Clerk informed the Committee that the Council would always adhere to the content of the document and ensure that buildings were given priority. Every year, provision for maintenance of buildings would be provided for in the budget.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Town Clerk to ensure that the building is maintained and that works were completed before the end of the first quarter in 2020. The Committee also directs the Town Clerk to provide a copy of the Lease agreement to Auditor General for verification. The Committee resolves to await a progress report on the matter.

- **Abattoir**

Submission by the Town Clerk

The Town Clerk informed the Committee that at the time of audit the Maintenance and Building Policy was not developed and the Council faced financial challenge to undertake the maintenance work. The Town Clerk informed the Committee that the Council had developed the Building and Maintenance Policy. The document was available for verification. The Town Clerk informed the Committee that the Council would always adhere to the contents of the document, and ensure that buildings were given priority. Every year, provision for maintenance of buildings would be provided for in the budget.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Town Clerk to ensure that the building is maintained and that works are completed before the end of the first quarter in 2020. The Committee resolves to await a progress report on the matter.

- **Buseko Community Hall**

Submission by the Town Clerk

The Town Clerk informed the Committee that at the time of audit the Building and Maintenance Policy was not developed and the Council faced financial challenge to undertake the maintenance work. The Town Clerk informed the Committee that the Council had developed the Building and Maintenance Policy. The document is available for verification. The Town Clerk informed the Committee that the Council would always adhere to the content of the document and ensure that buildings were given priority. Every year, provision for maintenance of buildings would be provided for in the budget.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Town Clerk to ensure that the building is maintained and that works are completed before the end of the first quarter in 2020. The Committee also directs the Town Clerk to provide a copy of the Lease agreement to Auditor General for verification. The Committee resolves to await a progress report on the matter.

Building with seven (7) classrooms

Submission by the Town Clerk

The Town Clerk informed the Committee that at the time of audit the Building and Maintenance Policy was not developed and the Council faced financial challenge to undertake the maintenance work. The Town Clerk informed the Committee that the Council had developed the Building and Maintenance Policy. The document is available for verification. The Town Clerk informed the Committee that the Council would always adhere to the content of the document and ensure that buildings were given priority. Every year, provision for maintenance of buildings would be provided for in the budget.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Town Clerk to ensure that the building was maintained and that works are completed before the end of the first quarter in 2020. The Committee also directs the Town Clerk to provide a copy of the Lease agreement to Auditor General for verification. The Committee resolves to await a progress report on the matter.

u) Environmental Management

An examination of the Council's operations regarding its environment management revealed the following:

i. Lack of Operating License

Submission by the Town Clerk

The Town Clerk informed the Committee that this query was as a result of financial challenges that the Council experienced. The Town Clerk informed the Committee that the Council had paid ZEMA for the operating licence. The Town Clerk informed the Committee that the Council would always adhere to clause 55(1) (b-d) of the Statutory Instrument № 12 of 2011 of the Zambia Environmental Management Agency.

Committee's Observations and Recommendations

In noting the submission, the Committee urges the Town Clerk to ensure that they strictly adhere to clause 55(1) (b-d) of the Statutory Instrument № 12 of 2011 of the Zambia Environmental Management Agency. The matter is, however, recommended for closure while the Office of the Auditor General is urged to ensure that it was kept in view during future audits.

ii. Poor Management of the Dump Site

Submission by the Town Clerk

The Town Clerk informed the Committee that the Council did not manage the Dump Site due to financial challenges. The Town Clerk informed the Committee that the Council had paid for the issuance of the License to ZEMA and they were waiting for its release. The Town Clerk informed the Committee that the Council had put up plans to fence the dumpsite.

Committee’s Observations and Recommendations

In noting the submission, the Committee urges the Town Clerk to ensure that they strictly comply with the *Solid Waste Regulation and Management Act, 2018*. The matter is, however, recommended for closure while the Office of the Auditor General is urged to ensure that it is kept in view during future audits.

AUDIT QUERY

PARAGRAPH 21

KAWAMBWA DISTRICT COUNCIL

Accounting and other Irregularities

21. An examination of accounting and other records maintained at the Council for the period under review and physical inspections of selected projects carried out in February 2019 revealed the following weaknesses to which the Council Secretary responded as set out below.

a) Failure to Collect Revenue - Billboards K29,038

Submission by the Council Secretary

The Council Secretary reported that Kawambwa District Council did not collect the billboard revenue because the Council had not updated the billboard database to reflect the actual number of clients who were still owing to the Council.

S/N	BILLBOARD NAME	SQUARE METERS	AMOUNT DUE	STATUS
1	Bwela Guest House	1.4608	2,191.20	Removed
2	ST Mary’s Guest House	2.2	4,620.00	Removed
3	God’s Love Computer School	1.84	3,864.00	Removed
4	Diananga General Dealers	2.76	5,796.00	For RDA
5	NAPSA	2.184	4,586.40	Demand Notice issued
6	Nkumbwa General Dealers	3.8	7,980.00	For RDA
	Total		29,038.00	

Kawambwa District Council had updated the data base on billboards and only NAPSA was still remaining with an outstanding bill of K4,586.40. The Council had issued the demand notice for the payment of K 4,586.40. Kawambwa District Council would continue updating the database on billboards and collect revenue on due dates.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Council Secretary to ensure that disciplinary action is taken against erring officers for failure to update billboard database. The Committee further urges the Council Secretary to ensure that all outstanding amounts are collected without any further delay. A progress report is being awaited.

b) Failure to Acquire Title Deeds

Submission by the Council Secretary

The Council Secretary submitted that Kawambwa District Council failed to acquire title deeds as well as provide value for the cited properties because surveying and numbering was still in progress. Kawambwa District Council had completed numbering of the cited properties and had paid for the offer letters at Ministry of Lands. Kawambwa District Council would continue surveying and numbering the properties in order to obtain title deeds for all its properties.

Committee's Observation and Recommendation

The Committee observes with concern the failure by council management to acquire title deeds. It also displeases the Committee that council management has not seriously pursued this matter until Auditor General unearthed it. The Council Secretary is strongly cautioned to ensure that title deeds are acquired without any delay as there is a great risk in case of an eventuality. A progress report is being awaited by the Committee.

c) Failure to Insure Immovable Properties

Submission by the Council Secretary

The Council Secretary submitted that the Council had not finished numbering all the cited properties at the time of audit in order to insure the properties. Kawambwa District Council had since finished numbering of council properties and had insured the Civic Centre Buildings, Chimfwembe Market and Munkanta Guest House. Kawambwa District Council would always number all the properties in good time in order to insure them promptly.

Committee's Observation and Recommendation

The Committee observes with concern the failure by council management to acquire title deeds which consequently led to the failure to insure the properties. It also displeases the Committee that council management has not seriously pursued this matter until Auditor General unearthed the matter. The Council Secretary is strongly cautioned to ensure that title deeds are acquired and subsequently insure the properties without any delay. A progress report is being awaited by the

Committee.

d) Loss of Revenue in the Leased-out Council Building

Submission by the Council Secretary

The Council Secretary informed the Committee that this was because Chita Lodge did not show up to the Council each time management called for him to review the lease agreement. Further, Council minutes were not availed for audit as they were misplaced at the time of audit. Kawambwa District Council wrote to Chita Lodge to review the lease agreement but he verbally declined to show up and instead he referred the matter to His Royal Highness Chief Munkanta who had allowed him to build. Kawambwa District Council would continue pursuing the matter with Chita Lodge in order to review the lease agreement and recover any outstanding revenue for the Council. The Council would also continue engaging Chief Munkanta on the matter.

Committee's Observation and Recommendation

The Committee observes with concern the failure by council management to resolve the matter with the tenant until the audit period. Particularly, the Committee is also concerned with the failure by the Council to sermon Chita Lodge Management being their tenant unlike dealing with a third party, His Royal Highness Chief Munkata. The Committee urges the Council Secretary to ensure that he uses all available options to ensure that all the outstanding revenue in the leased-out is recovered without any further delay. A progress report is being awaited by the Committee.

e) Failure to Collect Outstanding Receivables K232,890

Submission by the Council Secretary

The Council Secretary submitted that Kawambwa District Council failed to collect receivables because Food Reserve Agency declined to pay and cited SI no. 37 of 2018 which later was supported by the Ministry of Local Government on Minute No. MLG/101/21iil dated 11th July, 2018. Further, Kawambwa Tea Company was put on receivership before it could honor its debt to the Council. Kawambwa District Council halted the collection of receivables from FRA. Further, Council wrote to Industrial Development Corporation (IDC) concerning receivables which Kawambwa Tea Company was owing to the Council. Kawambwa District Council would always insure to collect receivables promptly.

Committee's Observation and Recommendation

The Committee bemoans the failure by the Council management to collect their revenue and urges the Council Secretary to ensure that all the outstanding matters relating to IDC, Kawambwa Tea Company and Food Reserve Agency are resolved expeditiously and that no funds must be lost in the resolution. The Committee also urges the Council Secretary to ensure that all revenue is collected without further delay and hence a progress report is awaited.

f) Failure to Settle Outstanding Debts K626,222

Submission by the Council Secretary

The Council Secretary submitted that Kawambwa District Council had earlier failed to settle outstanding debts due to financial constraints. However, the Council settled all outstanding councilors allowances and had made a part payment towards terminal benefits, long service bonus, gratuities, insurance cover totaling K119,368.70 leaving a balance of K 506,853.62. Kawambwa District Council would continue improving their revenue collection capabilities in order to meet all their operation costs.

Committee's Observation and Recommendation

The Committee observes with concern the failure by council management to ensure that they pay their debtors on time. The Committee urges the Council Secretary to ensure that they explore more sources of revenue and increase their revenue collection capabilities to enable them clear all the outstanding obligations owed to debtors. The Committee awaits a progress report on the matter.

AUDIT QUERY

PARAGRAPH 22

LIVINGSTONE CITY COUNCIL

Accounting and Other Irregularities

22. An examination of accounting and other records maintained at the Council for the period under review and a physical inspection of projects carried out in November 2018 revealed the following weaknesses to which the Town Clerk responded as set out below.

a) Failure to Fill Positions in the Establishment

Submission by the Town Clerk

The Town Clerk submitted that failure by the Council to fill positions in the establishment was due to lack of capacity to pay salaries for all positions that existed in the establishment. The Town Clerk also reported that the key vacant positions were reported to the Local Government Service Commission and some positions such as that of the Chief Administration Officer, Legal Officer, Stores Controller, Chief Housing Officer, and Assistant Accountant Revenue had since been filled. Documents were available for verification. The Council would ensure that vacant critical positions were promptly reported to the Local Government Service Commission whenever they fall vacant.

Committee's Observation and Recommendation

The Committee finds it highly irregular that there is no proper coordination between the councils and the Local Government Service Commission in relation to staff recruitments. The Local Government Service Commission is strongly urged to ensure that they revise their recruitment systems to take into consideration the capacity of a particular council and also that consideration is made for different establishments for councils depending on their staff needs. The Committee

directs the Council to ensure that all the relevant evidence about this query is availed to the Office of the Auditor General without delay and only then will the matter be closed.

b) Employees without Requisite Qualifications

Submission by the Town Clerk

The Town Clerk reported that the officers without required qualifications were transferred to Livingstone City Council in the same capacities. He also added that two of these officers had since been transferred and degraded. They had since been replaced by qualified officers while other officers had been encouraged to upgrade themselves or action would be taken against them. The Town Clerk reported that the said officers had since enrolled and were pursuing some courses relevant to their positions. Council would in future ensure that members of staff lacking prerequisite qualifications for their positions were encouraged to undergo relevant training and report the status of such officers to the Local Government Service Commission.

Committee's Observation and Recommendation

As in a) above, the Committee finds it highly irregular that there is no proper coordination between the Councils and the Local Government Service Commission in relation to staff recruitments. The Local Government Service Commission is strongly urged to ensure that they revise their recruitment systems to take into consideration the capacity of a particular council and also that consideration is made for different establishments for councils depending on their staff needs. The Committee directs the Town Clerk to ensure that the relevant evidence to clear this matter is availed to the Office of the Auditor General without delay only then will the matter be closed.

c) Under Collection of Dog Licencing Fees K22, 420

Submission by the Town Clerk

The Town Clerk submitted that under collection on the Dog Licensing fees budget was due to resistance by dog owners to register their dogs with the Council. The Council carried out a sensitisation programme to the general public on dog registration. As at 31st December, 2018, Twenty Six Thousand Seven Hundred and Fifty Kwacha (K26, 750) was collected on dog Registration exercise, while K33, 200 had since been collected from January to August, 2019. The exercise was on-going. The receipts for the fourth (4) quarter of 2018 and a summary of dog registration revenue were available for audit verification. The Council would continue to sensitise the general public on the importance of dog registration so that more dog owners register their dogs with the Council and in the process, revenue for the Council was enhanced.

Committee's Observation and Recommendation

The Committee finds it highly irregular the council is not aggressive in collection of revenue despite facing liquidity problems. The Committee urges the Town Clerk to ensure that all uncollected revenue is collected without further delay and also that strategies are revisited to maximise collections. The Committee resolves to await a progress report on the matter.

d) Failure to Remit Statutory and Other Contributions K24, 542, 717

Submission by the Town Clerk

The Town Clerk informed the Committee that non-remittance of statutory obligations was due to liquidity challenges. Livingstone City Council had entered into an agreement (MOU) with Zambia Revenue Authority (ZRA) to a payment plan of K100, 000 payable on every 28th of every month for both the outstanding and current amounts. The Council had also entered into a debt swap arrangement with NAPSA involving land where the two parties had agreed to swap two pieces of land plots with debt arrears. The Council had also entered into a similar memorandum of understanding (MOU) with LASF where it pays the current monthly bills as they fall due of K95, 000 and an extra K20, 000 towards the arrears. ZULAWU deducted K11, 000 from the Council's Local Government Equalisation Grant at source on a monthly basis. The Council had put in place a task force on revenue collection. Bailiffs had also been engaged to collect revenue on behalf of the Council so that the revenue base was enhanced.

Committee's Observation and Recommendation

The Committee notes the efforts made to dismantle the outstanding statutory obligations but expresses concern at the huge debt stock owed by the Council. It worries the Committee that this huge debt stock is besides the current obligations the Council is expected to meet and hence if nothing happens, the Council would be risking itself with litigation costs. The Committee urges the Town Clerk to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

e) Outstanding Staff Obligations K1, 173,253.83

Submission by the Town Clerk

The Town Clerk reported that the Council had provided a budget line for long service bonus of K480, 000 in the 2019 MTEF budget. An amount of K338, 201.17 had been paid as at 31st October, 2019 of the outstanding amount leaving a balance of K1, 173,253.83. Payments records were available for audit verification. The Council had put in place an annual payment plan to liquidate the debt which arose from abolition of long service bonus in 2012.

Committee's Observation and Recommendation

The Committee notes the efforts made to dismantle the outstanding staff obligations but expresses concern at the huge debt stock owed by the Council. It worries the Committee that this huge debt stock is besides the current obligations the Council is expected to meet and hence if nothing happens, the Council would be risking possible litigation costs which may arise from this situation. The Committee urges the Town Clerk to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this huge burden. The Committee resolves to await a progress report on the matter.

f) Unaccounted for Stores K45, 959

Submission by the Town Clerk

The Town Clerk informed the Committee that the materials purchased for the construction of an office for the cashiers at the Livingstone border post were not used then because Council and Zambia Revenue Authority (ZRA) had signed a memorandum implementing the Single Point Payment System (SPP). This meant that Zambia Revenue Authority would be collecting revenues at the border post on behalf of the Council and since the project of constructing was not commenced, the Council utilised the same materials for construction of the Maramba office block in order to avoid material wastage. The Council had assigned a senior accountant to ensure that all documentation was made available to Auditor General during audit.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Town Clerk to ensure that erring officers are disciplined for failure to avail documents during the time of audit. The Committee recommends the matter for closure subject to presentation of documents to the Office of the Auditor General for verification.

g) Waste Management- Lack of Perimeter Boundary to the Dumpsite

Submission by the Town Clerk

The Town Clerk submitted that the dump site was not secured due to inadequate financial resources. The construction of a modern dumpsite including a fence was factored in the 2017-2021 Strategic Plan of the Council. The Council had further submitted a request to the Germany International Corporation Agency to fund an engineered landfill. Since the United Nations Industrial Development Organisation (UNIDO) had also expressed interest in funding the project, the Council had applied for funding from them and other funders. Correspondence was available for audit verification. The Council would ensure that a modern dump site was kept secure once established.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Town Clerk to ensure that the Council adheres to the Solid Waste Regulation and Management Act, 2018 by ensuring that the dumpsite is secured, accordingly. The Committee will await acquisition of a new dumpsite.

AUDIT QUERY

PARAGRAPH 23

LUANO DISTRICT COUNCIL

Accounting and Other Irregularities

23. An examination of accounting and other records maintained at the Council and an inspection of selected projects for the financial years ended 31st December 2015, 2016 and 2017

carried out in October 2018 revealed the following weaknesses to which the Council Secretary responded as set out below.

a) Failure to Fill Vacant Positions

Submission by the Council Secretary

The Council reported that filling up of vacant positions was the mandate of the LGSC and the Council had been submitting staff returns showing filled and vacant positions. The Council Secretary submitted that the Ministry of Local Government granted authority to them allowing them to employ division IV employees. Using this authority, the Council had since employed four general workers and ten ferrymen. The Council pledged to continuously engage both the Local Government Service Commission and the Ministry of Local Government on a regular basis on the need to fill critical vacant positions when they fell vacant.

Committee's Observation and Recommendations

The Committee notes that filling of vacant positions in division I, II and III is a preserve of the LGSC. This notwithstanding, the Committee urges the Council to, as much as possible, only request key personnel from LGSC taking into account the council's capacity to pay officers' emoluments to avoid accumulating outstanding staff and statutory obligations. The Committee urges the LGSC to deploy the required key officers to avoid disruptions in the operation of the councils. The Committee awaits a progress report on the matter.

b) Lack of a Strategic Plan

Submission by the Council Secretary

The Council Secretary responded that the Council had started the process of preparing the Strategic Plan but the Ministry advised the Council to wait for guidelines from Management Development Division at Cabinet Office. The Council had since adhered to the instructions given to it to suspend the process and was still waiting for further guidance on the matter.

Committee's Observation and Recommendations

The Committee expresses concern that the Council is operating without a well defined strategic direction and wonders what is guiding the operations of the Council in the absence of this important document. The Committee is disappointed that the Ministry of Local Government is not helping the situation by not facilitating the formulation of guidelines in liaison with the Management Development Division at Cabinet Office. In this regard, the Committee urges the Ministry to ensure that guidelines are formulated and circulated to all council and that the Strategic Plan is prepared and implemented as a matter of urgency. The Committee awaits an update on the matter.

c) Lack of a Risk Management Policy

Submission by the Council Secretary

The Council Secretary submitted that the Council was initially focusing on developing a strategic plan and thereafter develop Risk Management Policy. However, a draft Risk Management Policy had been developed and would be presented to the Council for adoption at the next Council meeting. The Council would ensure that the Risk Management Policy was in place always to avoid reoccurrence of the query.

Committee's Observation and Recommendations

The Committee notes the response and expresses concern that the Council has does not have a risk management policy, a document which should assist the Council to mitigate risk or minimise the impact of risks such as a natural disaster, loss of funds through theft, or injury to staff. The Committee cautions the Council Secretary to expedite the formulation of the Policy and implement it without any further delay to avoid subjecting the Council and its property to factors which could otherwise be avoid. The Committee awaits a progress report on the matter.

d) Failure to Avail Records on Formation of the Audit Committee

Submission by the Council Secretary

The Council Secretary reported that the co-opted Councilors were not formally written to in relation to their appointment at the time of Audit. The Council Secretary further submitted that the Council was in the process of reconstituting its audit committee and requests for nominations had been done to this effect. The Council had so far received nominations from stakeholders such as Lukanga Water and Sewerage Company, Lusemfw Hydro Company and Zambia Rainbow Development Foundation. These would be presented to the next council meeting for approval. The Council pledged to endeavour to follow procedure when appointing members of the Audit Committee in future.

Committee's Observation and Recommendations

The Committee expresses concern that the Council neglected the provided guidelines on selection of the Audit Committee, a committee with the responsibility of providing checks and balances on integrity, internal controls, among others, at the Council. The Committee is of the view that management had an interest in the matter as evidenced by single sourcing during the composition of the Audit Committee contrary to laid down procedure thereby compromising the objectivity of the resolution passed. In this regard, the Committee recommends that the purported Audit Committee be dissolved and that correct procedure must be followed in formulating a new one. The Committee further recommends that disciplinary action should be taken against erring officers who caused this anomaly. The Committee resolves to await a progress report on the matter.

e) Unaccounted for Revenue – K228, 990

Submission by the Council Secretary

The Council Secretary reported that the Council had engaged revenue agents who could not be properly supervised. This was due to the vastness of the District, coupled with hash terrain and lack of adequate transport. The Council had since procured a reliable motor vehicle to be used for revenue monitoring on a weekly basis. The Council also procured a register of accountable documents where all receipts issued and those in stock were properly recorded and monitored. The Council reported that it would ensure that registers were updated regularly and serial numbers of accountable documents followed and kept under lock and key to avoid the query from reoccurring.

Committee's Observation and Recommendations

The Committee expresses concern that the Council Secretary failed to discipline revenue agents who performed their duties in an unacceptable manner. While the Committee appreciates the measures the Council has put in place, the Committee regrets that the Council Secretary has neither recovered the revenue nor instituted disciplinary action against the officers who caused the anomaly. Therefore, the Committee urges the Council Secretary to discipline the officers involved and recover the amount in question without any further delay. The Committee awaits a progress report on the matter.

f) Failure to Collect Land Charges on Plots – K1,043, 885

Submission by the Council Secretary

The Council Secretary reported that there was poor demand for advertised plots from the public and this was attributed to poor road infrastructure in the Township. The Council Secretary had, however, engaged Zambia National Service to construct roads in the Township which would make the plots attractive to the Public. This was being done with the support of the Land Development Fund (LDF) from the Ministry of Lands and Natural Resources. The Council pledged to ensure that the required services such as access to roads were in place before offering plots to the public.

Committee's Observation and Recommendations

The Committee expresses concern that the Council is being owed so much money despite it facing financial constraints. The Committee urges the Council to expedite the pending road works which seem to be a deterrent to the collection of land charges. The Committee awaits an update on the matter.

g) Failure to Avail Authority for Plots Offered at Discounted Prices

Submission by the Council Secretary

The Council Secretary reported that the Member of Parliament for one of the constituencies housed by the Council was offered two (2) plots and not thirty (30) as reported by the Auditor General. The Council further reported that Management was acting on Council resolution which

was meant to fast track development in the District. The Council informed the Committee that it was within its mandate to make a decision of this nature. The Council pledged to endeavour to adhere to the Council resolutions unless guided otherwise.

Committee's Observation and Recommendations

The Committee expresses disappointment that the Council flouted clearly stipulated procedure. The Committee notes that there was abuse of authority by the Council as this privilege was a condition applicable only to members of staff. The Committee strongly urges the Town Clerk to institute disciplinary action against erring officers for the anomaly and recouper the discounted funds from the individuals who illegally acquired plots. The Committee awaits a progress report on the matter.

h) Failure to Avail Receipt Books for Audit

Submission by the Council Secretary

The Council Secretary submitted that the auditor's observation on the failure to avail receipt books for audit was correct. The Council Secretary informed the Committee that the receipt books were not availed because of system weaknesses in the Council. There was no proper reconciliation of issued receipt books in stock making it difficult to trace the receipt books. Some receipt books could have been misplaced during the time of moving offices from Mkushi to Luano. The Council reported that eight of the Treasury receipt books had since been found and were available for verification. The Council further reported that currently, receipt books were being recorded in the accountable documents register and kept in a lockable cabinet.

Committee's Observation and Recommendations

The Committee finds the justification given for the failure unacceptable. The situation depicts lack of supervision of officers by management and a serious lapse in internal controls exacerbated by a laissez-fair attitude. While the Committee notes that the documents have been traced, it is disappointed that disciplinary action has not been instituted against erring officer and neither have the missing receipts been reported to the investigative wings. Therefore, the Committee urges the Council Secretary to strengthen internal controls at the Council to avoid such anomalies in future audits. The Committee also urges the Council to report the matter to relevant investigative wings and institute disciplinary action against erring officer for the failure. The Committee awaits a progress report on the matter.

i) Misapplication of Funds - Rural Water Account – K116,276

Submission by the Council Secretary

The Council Secretary reported that the funds were borrowed and used to support the day to day operations of the Council due to insufficient funds as a result of low revenue base. The Council, however, had commenced the process of paying back the borrowed money and documents were available for audit verifications. The Council informed the Committee that, in future, they would endeavor to seek prior authority from the Secretary to the Treasury should there be need to make a

variation on any expenditure to avoid recurrence of the query.

Committee's Observation and Recommendations

The Committee notes the submission and is disappointed that the Council flouted regulations with impunity and varied amounts without prior authority. The Committee cautions the Town Clerk to desist from this practice and urges the Council to finalise reimbursing the varied amount without any further delay. The Committee awaits a progress report on the matter.

j) Missing Payment Vouchers – K89, 329

Submission by the Council Secretary

The Council responded that at the time of relocating to Luano, there was no adequate infrastructure necessary for safe keeping of documents as officers were operating from tents. The Council Secretary further reported that they had engaged the officers who were there at the time the Payments were done to assist in locating payment vouchers. However, the officers have not yet responded.

Committee's Observation and Recommendations

The Committee finds the justification given by the Council misplaced as the Council could have properly secured the documents at the Mkushi Office until at a time when infrastructure was in place in Luano. The Committee observes with concern this high level of negligence by council management and weak internal controls. The Committee urges the Council Secretary to enhance internal controls and scale up supervision of officers. The Council Secretary is also urged to ensure that officers responsible for the missing documents are disciplined for the anomaly and that all missing documents are located and availed for audit verification. The Committee awaits a progress report on the matter.

k) Unsupported Payments – K361, 324

Submission by the Council Secretary

The Council Secretary responded that at the time of relocating to Luano, there was no adequate infrastructure necessary for safe keeping of documents as officers were operating from tents. The Council Secretary further responded that efforts to locate the attachments to payment vouchers had proven futile. However, the Council reported that they had engaged the officers who were there at the time to assist with the whereabouts of Payment vouchers. However, the officers had not yet responded. The Council Secretary informed the Committee that all the relevant documents were now being attached at the time of processing the payment to avoid reoccurrence of the query.

Committee's Observation and Recommendations

The Committee finds the justification given by the Council Secretary insufficient as the supporting documents could have been attached to the vouchers at the time of payment. The Committee is of the view that Financial Regulations are being flouted with impunity and this unfortunate state of affairs is a recipe for malpractice. The Committee urges the Town Clerk to take disciplinary action against the officers who failed in their duties to secure the supporting documents. The Committee resolves to await a progress report on the matter.

l) Unapproved Payments – K821,383

Submission by the Council Secretary

The Council Secretary responded that it was due to an oversight on the part of management. The Council Secretary further reported that the Council wrote to the officers who were there during the period the payments were made to assist in tracing the said vouchers. Further, the Council had written to the Local Government Service Commission to assist in bringing back the erring officers who were not currently at the Council. The Council Secretary assured the Committee that all payments are currently being approved at the time of processing.

Committee's Observation and Recommendations

The Committee is disappointed that the Council Secretary has recommended that the payments should be approved retrospective by officers who were present at the time. The Committee notes that retrospective approval of payment for a transaction already done is illegal and should not be entertained by the Council Secretary. The Committee is disappointed that disciplinary action has not been instituted against the officers who caused this irregularity. The Committee strongly urges the Council Secretary to ensure that disciplinary action is taken against erring officers and also that all documents are traced and availed to the Office of the Auditor general for verification without any delay. The Committee awaits a progress report on the matter.

m) Un acquitted Allowances – K157,626

Submission by the Council Secretary

The Council Secretary submitted that at the time of relocating to Luano, there was no adequate infrastructure necessary for safe keeping of documents as officers were operating from tents. As such, many documents could not be secured. The Council had since written to the officers who were there at the time the payments were done to assist in tracing the said vouchers. Further, the Council had also written to the Local Government Service Commission to assist with bringing back these officers.

Committee's Observation and Recommendations

The Committee is disappointed with the Submission by the Council Secretary as the query relates to unacquited allowances and not unapproved vouchers as submitted by the Council Secretary. The Committee expresses serious concern over the lack of seriousness to the work of the Committee by the Council. The Council Secretary is, therefore, sternly cautioned to ensure that the work of the Committees of Parliament is accorded with the seriousness it deserves and also that all queries in the Auditor General's Reports are addressed, accordingly. The Committee strongly urges the Council to recover the money from the officers in question without any further delay. The Committee awaits a progress report on the matter. The Committee further urges the Council Secretary to enhance internal controls to avoid recurrence of the query in future audits.

n) Questionable Payments – K153,053

Submission by the Council Secretary

The Council reported that the observation by the Auditor General on the questionable payments was due to an oversight by management. The Council had thus written to the Local Government Service Commission so that the officers who were present at the time of the transaction could assist with information as to what really happened and assist in ultimately addressing the query. As a mitigation measure, the Council Secretary reported that currently, payments were being pre audited.

Committee's Observation and Recommendations

The Committee notes the response and urges the Council Secretary to institute disciplinary action against officers in question. The Committee resolves to await a progress report on the matter.

o) Procurement of Goods and Services and Stores Management

i. Failure to Follow Procurement Procedures

Submission by the Council Secretary

The Council Secretary responded that during the period of the audit, there was no Procurement Officer and procurements were being done by people who were not well versed in procurement regulations. The Council further reported that the Local Government Service Commission had since employed a Procurement Officer and an Assistant Procurement Officer. The Council Secretary informed the Committee that all procurements were now being done by the Procurement Unit and every effort was being undertaken to ensure that all procurement regulations were adhered to.

Committee's Observation and Recommendations

The Committee expresses at the irregularity which they feel was avoidable had the Council engaged the LGSC in time to fill the vacant position. The Committee is of the view that the Council took advantage of this situation and willfully flouted procurement guidelines. The Committee strongly cautions the Council to ensure that all key positions are filled at all times and procurement guidelines are accordingly followed to avoid this anomaly. The Committee directs the Council Secretary to ensure that documentary evidence is taken to the Office of the Auditor General for verification only then will the matter be closed.

- ii. Unaccounted for General Stores – K344,209 (General Stores - K218,944 and Fuel - K125,265)**

Submission by the Council Secretary

The Council Secretary reported that at the time of audit, the Council did not have a stores officer and as such, goods received notes and stores issue notes were not maintained and reconciled. This resulted in lack of accountability. However, the Local Government Service Commission had deployed a Stores Officer to Luano Council who was responsible for goods receipts and disposal. This had resulted in all goods that were procured being accounted for accordingly. The Council informed the Committee that Financial Regulations and Stores Regulations were now being adhered to with regards to receipts and disposal of stores. Further, the next Council meeting was expected to approve the constitution of a Stores Disposal Committee as provided for by the *Public Finance Management Act No. 1 of 2018*.

Committee's Observation and Recommendations

While noting the response, the Committee is concerned that the Council Secretary has not stated whether the unaccounted store queried had now been accounted for. The Committee is concerned that the failure by the Council to request key officers from the LGSC is causing a lapse in the smooth operations of the Council. The Committee fears that failure to account for stores could result in pilferage, a situation which is unfortunate. The Committee is of the strong view that the Council does not engage the Commission in time to deploy key staff. The Committee urges the Council Secretary to always ensure that the Council has key officers at all times to avoid this anomaly. The Committee awaits a progress report on the matter.

- iii. Questionable Procurement of Solar Panels– K34,098**

Submission by the Controlling Officers

The Council Secretary reported that the Council procured the solar panels from Chloride Zambia who were based in Mkushi and not Radian Stores who were based in Lusaka. This was in order to save on the time and finances. However, the decision could not be properly documented because there was no Procurement Officer at the time. The Council further submitted that after the recruitment of a Procurement Officer, all procurements were being done in accordance with

procurement regulations, and all decisions related to procurement were accordingly being adequately recorded.

Committee's Observation and Recommendations

The Committee finds the state of affairs disheartening. The Committee is of the view that the Council took advantage of the absence of the Procurement Officer and flouted procurement guidelines. The Committee strongly urges the Council Secretary to ensure that procurement guidelines are adhered to at all times. The Committee urges the LGSC to conduct a comprehensive staff audit at the Council to avoid such irregularities in future audits. The Committee recommends that officers are disciplined for this failure and an update is awaited.

p) Unretired Accountable Imprest – K220,233

Submission by the Council

The Council Secretary reported that it was due to management's oversight. The Council informed the Committee that a total sum of K 2,037 involving an officer who was still with the Council was recovered from his salary. And an additional K2, 500 had been retired. However, as far the balance involving officers who had been transferred from Luano, the Council had written to the officers through the Local Government Service Commission so that they could assist in recoveries. The Council further reported that current imprest was being retired within 48 hours of undertaking an activity. Further, no additional imprest was being given to officers who had not yet retired the previous one. This was being done so as to ensure that similar queries do not arise.

Committee's Observation and Recommendations

The Committee is disappointed that the Council Secretary did not take any action against the irregularity before the matter was raised by the Auditor General. The Committee notes that financial Regulations No. 119(1) regarding accountable imprest was disregarded with impunity. In this regard, the Committee sternly warns the Council Secretary to ensure that internal controls are strengthened to avert recurrence of such regularities. The Council Secretary is urged to institute disciplinary action against the erring officers for the failure. The Committee awaits a progress report on the matter.

q) Irregular Use of Imprest – K75,670

Submission by the Council Secretary

The Council Secretary submitted that it was due to an oversight by management as officers decided to use imprest to procure goods and services due to the logistical challenges such as non-availability of established businesses in the District. This made the officers to resort to use cash. Further, the lack of a procurement officer at the Council meant that there was no officer to give proper advice regarding procurement guidelines. The Council reported that the Procurement Unit, had been established and the procurement of various goods and services were being done in

compliance with existing procurement and financial regulations. The Council had stopped the usage of imprest for purchases of goods and services whose value could easily be ascertained.

Committee's Observation and Recommendations

The Committee observes with concern the weak in internal controls and poor supervision of officers. The Committee urges the Council Secretary to take stern disciplinary action against officers involved and also ensure that internal controls are enhanced at the Council. The Committee awaits a progress report on the matter.

r) Failure to Provide Activity Reports

Submission by the Council Secretary

The Council Secretary reported that the query arose due to management's oversight. The Council was however, ensuring that activity reports were part of retirements and that officers were required to submit these reports as soon as an activity was undertaken.

Committee's Observation and Recommendations

The Committee expresses great concern at the poor adherence to stipulated procedure by the Council. The Committee notes with concern the poor supervision of officers by management at this council. The Committee urges the Council Secretary to institute disciplinary action against erring officers and recover the money from the officers who failed to produce activity reports. The Committee awaits a progress report on the matter.

s) Irregular Payment of Subsistence Allowance –K142,651

Submission by the Council Secretary

The Council Secretary submitted that subsistence allowance was paid to officers in order to reach parts of the District that were only accessible by using the Great East Road via Lusaka-Chongwe-Rufunsa. Some places took up to six (6) hours to reach and during the transition period, officers were still operating from Mkushi District, and would get subsistence allowance to undertake activities in Luano. The Council deeply regretted the action and sought indulgency from the Committee. The Council had addressed the matter and officers were advised accordingly. Guidance was also sought from the Ministry of Local Government on the matter and the Ministry advised that no subsistence allowances should be paid within the district.

Committee's Observation and Recommendations

The Committee notes the Submission by the Council Secretary and urges the Ministry of Local Government to consider making exceptions for places that can only be accessed through other

districts. The Committee also directs the Permanent Secretary, Ministry of Local Government to ensure that a clear position of such exemptions is arrived at, promptly, and communicated accordingly to all councils in order to resolve this matter of great concern. The Committee, however, urges the Council to ensure that prior authority is sought before such allowances can be facilitated. The Committee awaits a progress report on the matter.

t) Irregular Refunds – K153,109

Submission by the Council Secretary

The Council Secretary reported that the Council had written to the Local Government Service Commission to enable the officers who were transferred to come and assist with authorisations. The Council further reported that all payments were being authorised to avoid reoccurrence of the query in future audits.

Committee’s Observation and Recommendations

The Committee notes the response and urges the Council Secretary to avail a copy of the authority obtained from LGSC to the Office of the Auditor General for audit verification before the matter can be closed.

u) Irregular Payment of Subsistence Allowance on Sponsored Activities –K13920

Submission by the Council Secretary

The Council Secretary noted the auditor’s findings and reported that the funds had been recovered from officers leave days. The Council pledged to ensure that officers do not get subsistence allowance on sponsored trips.

Committee’s Observation and Recommendations

While noting that funds have been recovered, the Committee is disappointed that the Council has neither disciplined nor cautioned the officers concerned for the irregularity. In this regard, the Committee urges the Council Secretary to strongly caution the officers to avoid reoccurrence. The Committee directs the Council Secretary to ensure that all supporting documents are availed to the Office of the Auditor General for verification only then will the matter be closed.

v) Wasteful Expenditure – K12,298

Submission by the Council Secretary

The Council Secretary submitted that the Council would endeavor to attach value for money for every activity undertaken. Most transactions were now being done online and this had helped in doing away with the need to travel long distances for purposes of making payments.

Committee's Observation and Recommendations

The Committee observes with concern the poor attitude of officers at the Council resulting in loss of revenue which could otherwise be directed towards service delivery. The Committee is concerned that the same Council facing financial constraints is unable to ensure that there is value for money in its operations. The Committee strongly urges the Council Secretary to take stern disciplinary action against erring officers by surcharging them for this failure. The Council Secretary is also directed by the Committee to ensure that all the evidence regarding actions taken are availed to the Office of the Auditor General and only then will the matter be closed.

w) Questionable Payments – K114,631

Submission by the Council Secretary

Regarding the questionable payments, the Council stated that the actions were due to non-availability of suppliers in the District. The Council Secretary reiterated that the Council would hence forth attach value for money for every activity undertaken. All payments regarding statutory obligations and most other payments were now being done online.

Committee's Observation and Recommendations

The Committee is dismayed at the occurrences at the Council. The Committee observes that there are serious lapses in internal controls resulting in the abuse of authority on public funds. The Committee is disappointed with the behavior exhibited by the Council Secretary for facilitating his own payment, a situation which is highly irregular. The Committee strongly recommends that disciplinary action is taken against him for abuse of authority. The Committee further urges the Council to maintain a data base of suppliers in Kabwe to avoid such irregularities. The Committee directs the Council Secretary to ensure that all supporting documents are availed to the Office of the Auditor General for verification only then will the matter be closed.

x) Transport Management

i. Irregular Drawing of Fuel – K11,394

Submission by the Council Secretary

The Council submitted that the Council Secretary and the Council Chairperson did not have personal to holder vehicles and were both using a pool vehicle and hence fuel was drawn for Council activities. The Council Secretary further reported that the vehicle for the Council Chairperson was procured and the Council was yet to procure one for the Council Secretary. The Council pledged not to use the fuel from the pool account for personal usage by the Council Officials.

Committee's Observation and Recommendations

The Committee finds the reasons given unacceptable and observes that it was a serious omission for the Council Chairperson and the Council Secretary to receive fuel allowance and at the same time draw fuel. The Committee directs the Council Secretary to institute recoveries without any further delay. The Committee awaits a progress report on the matter.

ii. Failure to Insure Motor Vehicles – K3, 442, 900

Submission by the Council Secretary

The Council Secretary submitted that the Council failed to insure motor vehicles due to lack of money. The Council had since procured insurance for all motor vehicles except for a Yuejin which was currently a none runner. The balance with Zambia State Insurance Corporation had been cleared. The Council pledged to ensure that all running motor vehicles were insured at all times.

Committee's Observation and Recommendations

The Committee expresses concern at the failure by the Council to insure the motor vehicles contrary to *Section 133 of the Roads and Road Traffic Act*. The Committee urges the Council to explore alternative measures to expand the revenue base. The Committee further urges the Council to make a budget provision in the Council's annual budget for purposes of insurance to avoid such occurrence. The Committee directs the Council Secretary to ensure that all supporting documents are availed to the Office of the Auditor General for verification only then will the matter be closed.

y) Sponsorship of Officer for Training without Authority from the Commission

Submission by the Council Secretary

The Council Secretary reported that the officer's claimed that authority for sponsorship was granted whilst she was at Shibuyunji District Council and continued being on sponsorship when she was transferred to Luano. The Council further reported that the officer was transferred to Mazabuka Municipal Council and the Council discontinued paying for the officer. The Council had since undertaken to verify the status of all officers transferred who were on sponsorship with the Local Government Service Commission. The Council would ensure that authority was sought from the Local Government Service Commission before sponsoring an officer.

Committee's Observation and Recommendations

The Committee notes the response and expresses concern as to why the Council Secretary could not provide these details to the Auditor General. The Committee contends that this irregularity could have been avoided had the officer followed correct procedure. The Committee directs the Council Secretary to ensure that all supporting documents are availed to the Office of the Auditor General for verification only then will the matter be closed.

z) Failure to Remit Statutory Obligations and Other Contributions – K751, 193

Submission by the Council Secretary

The Council Secretary responded that the obligation was related to historical debts which were not paid due to inadequate revenue. This resulted into the Council accruing penalties in addition to the statutory obligations. The Council Secretary further reported that the Council was currently paying gross salaries and had engaged ZRA, NAPSA and LASF on the possibility of coming up with a debt liquidation plan. The Council had also engaged the Ministry of Local Government so that it can be declared a Rating Authority. This would enable the Council to have a predictable local revenue base that can be used to meet statutory obligations on time.

Committee's Observation and Recommendations

The Committee notes the financial challenges being faced by the Council. Nevertheless, statutory obligations are mandatory and must be remitted as and when they fall due. The Committee urges the Council to quickly conclude with negotiations for a payment plan with the institutions being owed and to strictly adhere to it in order to liquidate the outstanding obligations. The Committee awaits a progress report on the matter.

aa) Outstanding Staff Obligations – K1,749, 012

Submission by the Council Secretary

The Council Secretary responded the query was as a result of inadequate money to settle the outstanding obligations. This was mainly because the Council was dependent on the LGEF which was not consistently funded. The Council had since paid all officers owed in form of settling in allowance and also reported that the settling in allowance had been fully settled. Further, the Council had also started making part payments on salary arrears. Further, the Council had engaged the Ministry of Local Government for the update of its valuation roll. This would help the Council to improve on local revenue collection.

Committee's Observation and Recommendations

The Committee takes note of financial constraints the Council is experiencing. However, the Committee urges the Council to find ways of expanding the revenue base in order to settle these staff obligations and avoid inconveniencing officers. The Committee awaits a progress report on the matter.

bb) Irregular Payment of Social Holiday Allowances – K 23,000

Submission by the Council Secretary

The Council Secretary submitted that the Social Holiday was paid to the officers due to a misunderstanding in the interpretation of conditions of service as the officers assumed that the

Social Holiday was among the conditions that remained after harmonisation of salaries. However, the Council had recovered the paid Social Holiday Allowance from the officers using the officers' accrued leave days. The Council Secretary informed the Committee that the Council since stopped paying social holiday allowance.

Committee's Observation and Recommendations

While noting the effected recoveries, the Committee is concerned that the Council only instituted recoveries after the matter was raised by the Auditor General. The Committee strongly urges the Council Secretary to strictly adhere to conditions of services when paying emoluments. The Committee directs the Council Secretary to ensure that all supporting documents are availed to the Office of the Auditor General for verification only then will the matter be closed.

cc) Irregular Payment of Repatriation – K16,000

Submission by the Council Secretary

The Council Secretary reported that the payment was not meant for repatriation but transportation of officers' goods in accordance with Section 179 of the 1996 Conditions of Service for Division I to III. However, the officer wrongly wrote repatriation instead of transportation on the payment voucher. The Council pledged to ensure that narrations and adequate details were provided on the payment vouchers.

Committee's Observation and Recommendations

The Committee notes weak in internal controls at the Council. The Committee contends that had this information been availed to the Auditor General, the matter would have been resolved during the audit period. The Committee urges the Council Secretary to enhance its internal controls to avoid reoccurrence of this irregularity. The Committee directs the Council Secretary to ensure that all supporting documents are availed to the Office of the Auditor General for verification only then will the matter be closed.

dd) Non-recovery of Salary Advances – K72, 750

Submission by the Council Secretary

The Council Secretary submitted that the reason for the Query was due to an oversight by Management. However, K41,750 had since been paid and recovered from the officers' accrued leave days and documents were available for verification. The Council would ensure that the recovery of salary advances commenced in the Month following payment.

Committee's Observation and Recommendations

The Committee regrets this occurrence which reveals clear weakness of internal controls. The Committee directs the Council Secretary to ensure that the outstanding amount is recovered from

concerned officers and disciplinary action is meted out to officers who caused this anomaly. The Committee urges the Council Secretary to scale up supervision of officers in the Accounting Department. A progress report is awaited by the Committee.

ee) Irregular Payment of Salary Advances – K80,000

Submission by the Council Secretary

The Council Secretary responded that the officers erroneously paid themselves the Salary Advances. The Council was now adhering to the Conditions of Service and would endeavor to follow the laid down procedure.

Committee's Observation and Recommendations

The Committee notes that Financial Regulations are being flouted with impunity. The Committee expresses disappointment that the Council Secretary had not undertaken any action to recover the money or discipline the officers in question. The Committee directs the Council secretary to institute disciplinary action for the irregularity and immediately recover the funds. The Committee awaits a progress report on the matter.

ff) Non-deduction of NAPSA Contributions – K19,006

Submission by the Council Secretary

The Council Secretary responded that the query was as a result of an oversight by management. The Council had since started deducting NAPSA contributions from the temporary workers engaged with the Council and subsequently remitting in it line with the law. The Council Secretary stated that the Council would endeavor to remit NAPSA obligation at all times.

Committee's Observation and Recommendations

The Committee is concerned that this omission denies the officers of social protection upon retirement. The Committee urges the Council to ensure that all statutory obligations are deducted and remitted on time. The Committee directs the Council Secretary to seriously caution the officer who caused this irregularity and strengthen internal controls. The Committee awaits a progress report on the matter.

gg) Equalisation Funds

i) Misapplication of Capital Funds K1,000,170

Submission by the Council Secretary

The Council Secretary submitted that during the period under review, there was no separate Capital Projects Account and this could have made it easy for the funds to be used on recurrent

expenditure. The Council had since opened a separate capital account avoid comingling funds. The Council pledged to ensure that the law was followed in the administering of Local Government Equalisation Fund.

Committee's Observation and Recommendations

The Committee finds the misapplication of capital funds in question very unfortunate as it is contrary to the *Local Government (Amendment) Act No. 12 of 2014*. The Committee urges the Council Secretary to reimburse the misapplied funds to the Capital Account without any further delay. The Committee awaits a progress report on the matter.

ii) Construction of Dwelling Quarters – K285, 496

Submission by the Council Secretary

The Council Secretary submitted that the observation the cracks on the structure were attributed to superficial cracks that normally developed in the plaster due to rapid drying owing to the extreme temperature differences between day time and night time in Luano District. Regarding the electrical wiring and the spoon drain, the Council Secretary informed the Committee that the project was phased and therefore, works like electrical wiring, construction of ceiling board/facial board, construction of spoon drain and construction of a solar powered water reticulation system had been planned for phase two of the project. The Council Secretary further reported that, as regards the cracks, the Council was in the process of engaging the contractor to come back to site and conduct remedial measures Phase two of the project has since commenced with drilling of six boreholes for the water system, procurement of materials for the ceiling board and other related construction materials had already been done while procurement of the contractor to carry out the works was underway and therefore once a contractor had been engaged, works would then commence. The Council informed the Committee that it would closely monitor the works in phase two of the project to avoid the anomalies observed. The Council Secretary also assured the Committee that management would also strictly ensure that all contractors were registered with the National Construction Council (NCC).

Committee's Observation and Recommendations

The Committee is disappointed with the management of the whole project as procedure was not followed for many activities. The Committee further expresses concern that the Council Secretary does not appear to be in control of Council activities particularly project management. It is the Committee's view that this is likely that the company in question was not registered for construction works but only for accounting, bookkeeping and audit activities. It is then worrying and questionable why such a company was engaged to provide construction services. The Committee is of the view there are some interested parties within the council and this Company was only engaged to siphon public funds. The Committee recommends that this company should be de-registered for impersonation and officers who facilitated in awarding of the contract should be disciplined. The Committee further urges the Controlling Officer to ensure that officers who approved the excess project expenditure without prior approval should be disciplined. Further, the Committee urges the Controlling Officer to ensure that the matter is reported to investigative wings for further probe. The Committee awaits a progress report on the matter.

iii) Failure to Insure Buildings – K 905, 309

Submission by the Council Secretary

The Council Secretary submitted that the buildings were not insured due to inadequate funds. However, the Council had insured the building where the Constituency Office was premised, Old Post Office and Mboroma Police. The Council Secretary assured the Committee that management would also insure the institutional houses when the real ownership was established. The Council would always ensure that institutional buildings were insured at all times.

Committee's observations and recommendations

The Committee expresses concern at the failure by the Council to secure public property through insurance. The Committee also finds the justification of lack of funds inappropriate as it is the same Council which was failing to collect revenue through rentals from the properties owned it owned. The Committee directs the Council to ensure that all revenue is collected and that a budget provision is made annually for insurance of its properties. The Committee awaits a progress report on the matter.

hh) Constituency Development Funds (CDF) – K 97, 781

i. Misapplication of CDF Funds

Submission by the Council Secretary

The Council Secretary reported that the CDF was erroneously used. The Council informed the Committee that it had since stopped borrowing from CDF to support the district fund and would endeavor to correctly follow CDF guidelines in administering of funds. Further the Council would undertake to repay the funds.

Committee's observations and recommendations

The Committee is very concerned that the Council ignored CDF Guidelines by diverting CDF to operations of the Council without prior approval. While the Council Secretary commits to repaying the misapplied funds, the Committee notes that no time frame has been attached to this commitment. The Committee urges the Council Secretary to sternly caution the officers against the practice and immediately pay back the whole amount within the first quarter of 2020. The Committee awaits a progress report on the matter.

ii. Unsupported CDF Payments – K2,550,687

Submission by the Council Secretary

The Council Secretary reported that payments related to the procurement of a drilling rig from Simplex Drilling, where funds were transferred to the supplier but no receipt was provided. The

Council had since engaged the supplier to avail a copy of a receipt but unfortunately, the supplier could not find a copy. The Council pledged endeavor to attach all relevant documents to payment voucher to avoid reoccurrence of the query.

Committee's observations and recommendations

The Committee expresses concern at the level of negligence exhibited by the Council. The Committee finds it unacceptable that the Council facilitated payment without obtaining supporting documents contrary to Financial Regulation No. 86. The Committee urges the Council Secretary to take disciplinary action against the officers who failed to secure supporting documents from the suppliers. The Committee awaits a progress report on the matter.

AUDIT QUERY

PARAGRAPH 24

LUFWANYAMA MUNICIPAL COUNCIL

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2015, 2016 and 2017 and physical inspections of selected projects carried out in October 2018 revealed the following:

a) Failure to Fill Positions in the Establishment

Submission by the Council Secretary

The Council Secretary informed the Committee that the query on the failure to fill positions in the establishment arose because the Council had erroneously presented the summary of the organisation's structures for City, Municipal and District Councils. The structures were revised by Management Development Division in collaboration with the Ministry of Local Government in March 2014 in accordance with the National Decentralisation Policy which was not yet fully implemented. The District Council Organisation Structure which was currently in place was harmonised in 2012 and it did not spell out how many employees the District Council should have, as compared to the new District Council Organisation Structure which was presented during the audit. The Council had written to the Local Government Service Commission to provide a roadmap on the implementation of the 2014 revised new District Council Organisation Structure. The letter was available for audit verification.

Committee's Observations and Recommendations

The Committee notes with concern that the Local Government Service Commission does not coordinate well with the Councils when deploying officers. The Committee urges the Local Government Service Commission to ensure that in the interim before fiscal decentralisation, councils may be allowed to maintain only staff they can afford to hold at a time in order not to over burden the Councils with huge wage bills. In addition, the Local Government Service Commission is urged to consider reviewing individual councils' establishments, and to allow them to state the kind of staff they need unlike using a standard establishment for all councils. The Committee resolves the matter for the Auditor General to keep in view during future audits.

b) Failure to Collect Telecommunication Mast Fees K15, 000

Submission by the Council Secretary

The Council Secretary informed the Committee that the query on the failure to collect telecommunication mast fees was due to a misconception by the Council, as they had considered that the tower was under Chingola District Council since it was along Chingola - Solwezi Road. The two Councils, Lufwanyama and Chingola were yet to carry out a verification exercise to establish the location of the ZAMTEL Tower CBP 0098 situated at Mutenda along Chingola – Solwezi Road and other areas under boundary dispute within the month of September, 2019. The Council had written to the Mobile providers to ensure that they notified the Council whenever a company considered erecting a telecommunication mast or tower within the jurisdiction of the Council. Communication letters were available for verification.

Committee’s Observation and Recommendation

The Committee notes the efforts made by the Council in liaising with their counterparts from Chingola but they note with serious concern the Council’s weak debt collection systems that had resulted in this state of affairs. The Committee wonders why a council which is having liquidity problems would wait for audit to follow up matters relating to revenue collection. The Committee urges the Council Secretary to ensure that they enhance their follow up systems in ensuring that all debt owed to them is collected without any further delay in order to improve their liquidity situation. Further, the Committee urges the Council Secretary to ensure that a valuation roll is updated expeditiously to avoid the situation that is being experienced by the Council. The Committee resolves to await a progress report on the matter.

c) Failure to Collect Property Rates from Emerald Mines - K5, 770,248

Submission by the Council Secretary

The Council in 2010 prepared a Main Valuation Roll which involved capturing and valuing the emerald mines using the registered Government Surveyor since they were numbered despite having no title deeds. After a careful examination of the Lufwanyama District Council Main Valuation Roll of 2010 and in view of the Council’s compliance with the requirements of the *Rating Act No.12 of 1997 (as amended)*, in the preparation of the Main Valuation Roll, the Rating Valuation Tribunal approved the Main Valuation Roll subject to some amendments directed in the award. The Rating Valuation Tribunal also approved the rate levy for Mining Properties at K0.020 or 2.0 ngwee in a kwacha. The emerald mines never appealed the decision of the Rating Valuation Tribunal within 30 days as per *Section 17(5) and Section 36(1)(2) of the Rating Act, Chapter 192 of the Laws of Zambia* especially Grizzly Mining Limited and Grizzly Investment Holdings who informed the Tribunal that they had no title to the subject properties. After the approval of the Main Valuation Roll on 3rd May 2012, the Council vigorously issued invoices to the emerald mines and problems started as the Ministry of Local Government advised the Council to stop on account of the mines not having title deeds to the properties. The correspondences from the Ministry of Local Government were available for audit verification. The Government has enacted a new *Rating Act No. 21 of 2018* which came into effect on 14th February 2019 after Statutory Instrument No. 12 of 2019 – *The Rating Act (Commencement) Order 2019* was published. In the

Act, the title deed requirement for a property to be ratable has been done away with. The Council had since engaged the Registered Valuation Surveyor to prepare a Supplementary Valuation Roll following the publication of *The Rating Act (Commencement) Order 2019*. The appointment letter and Council were available for audit verification. The Council had recommended those active and operational mines to the Ministry of Lands for offer letters. The copies of recommendation letters were also available for verification.

Committee’s Observation and Recommendation

The Committee notes with serious concern the Council’s weak debt collection systems that resulted in this state of affairs. As in c) above, the Committee wonders why a council which is grappling with liquidity problems would wait for audit to enforce warrants of distress and other provisions of the law. The Committee also expresses concern at the failure by the supervising ministry to provide guidance on the matter but instead causes a loss by stopping the Council from collecting the much needed revenue. The Committee urges the Council Secretary to devise means of collecting the outstanding amounts owed by the mines. The Ministry of Local government is urged to ensure that a clear policy position is given to all councils for guidance on the matter. The Committee awaits a progress report on the matter.

d) Failure to Remit Statutory Obligations - K700,855

Submission by the Council Secretary

The Council Secretary submitted that the Council’s narrow revenue base had greatly contributed to the failure to settle statutory contributions especially- PAYE. The Council engaged the statutory bodies LASF and NAPSA for the payment plans and so far Council was doing well. The Council was up-to-date with current LASF-August 2019 and the arrears were also reducing as could be seen from the LASF letter and the ledger on page 54-57. Regarding NAPSA contributions, the Council was up-to-date except for arrears where the Council was still working with Kitwe NAPSA offices on the missing information. The Council had performed poorly on the PAYE as both arrears and current PAYE were not being remitted on account of the narrow revenue base. The Council had agreed to be paying K35,000 monthly to ZRA as part payments for PAYE. The table below showed the payments and balances:

Statutory Institution	Amount ZMK	Paid	Balance
ZRA	64,896.00	0	64,896.00
NAPSA	351,209.00	0	351,209.00
LASF	284,750.00	124,321.86	160,428.14
Total	700,855.00	124,321.86	576,533.14

The Council was working on the Supplementary Valuation Roll following the enactment of the *Rating Act No.21 of 2018* in order to widen the revenue base of the Council. The appointment letter of the Surveyor was attached. The Council would continue to honour the agreements entered into with statutory bodies to liquidate the arrears.

Committee's Observation and recommendation

The Committee notes the efforts made to dismantle the outstanding obligations but expresses concern at the huge debt stock owed by the Council. It worries the Committee that this huge debt stock is besides the current obligations the Council is expected to meet and hence if nothing happens, the Council will be risking possible litigation. The Committee urges the Council Secretary to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

e) Non-Recovery of Salary Advances K8, 000

Submission by the Council Secretary

The Council Secretary submitted that the failure to create advance ledgers and other documentation for facilitation of recovery of salary advance had led to this query. The Council had written to Munshindano District Council where the officer was transferred to, to effect recoveries and remit the funds to the Council. The recoveries were done in four instalments and the Council had since issued receipts as tabulated below:

Date of receipt	Customer	Receipt no.	Amount-K	Coment
27-06-2019	Keith Kalaluka	44565	3,000.00	See Bank Statement page 64-68
03-08-2019	Keith Kalaluka	44570	3,428.57	See Bank Statement page 64-68
08-06-2019	Keith Kalaluka	44578	500.00	See Bank Statement page 64-68
03-08-2019	Keith Kalaluka	44576	1,071.43	See Bank Statement page 64-68
	Total		8,000.00	

The District Accountant and Internal Auditor had been directed to implement and supervise the following: Payroll Officer to be provided with a list of advances paid out in the previous months to employees by 15th of every month so that recoveries are effected; the Payroll Officer to create advance ledgers where recoveries should be recorded; Internal Auditor to check and verify that the recoveries were recorded on the advance ledger, and the Council had introduced clearance forms for officers transferred to other Councils.

Committee's Observation and Recommendation

The Committee notes the submission with serious concern at the Council's failure to deduct salary advance owed by the officer with impunity. The Committee urges the Council Secretary to ensure that the officer responsible is sternly cautioned and only then will the matter be closed.

f) Lack of Title Deeds

Submission by the Council Secretary

The Council Secretary regretted this serious omission which was as a result of lack of a fully fledged Planning Department. The Council had made recommendations to the Ministry of Lands in relation to the said buildings. The Ministry of Lands had since issued an invitation to the Civic Centre and payment would be delivered within the month of September, 2019 to accept the offer. A copy of the recommendation and invitation to treat were available for audit verification. The District Planning Officer and Council Treasurer had been directed to ensure that in future all Council buildings acquire title deeds.

Committee's Observation and Recommendation

The Committee notes with serious concern the Council's failure to secure its properties with title deeds. It worries the Committee that this state of affairs would result in loss of public funds in case of a dispute as the Council would not have any basis of claiming ownership of the properties. The Committee strongly urges the Council Secretary to ensure that all its properties are secured without any further delay. The Committee resolves to await a progress report on the matter.

g) Failure to Collect Land Fees from Sale of Plots K8, 245,930

Submission by the Council Secretary

The Council Secretary submitted that most applicants never indicated mobile phone numbers and email addresses for easier follow up. A number of people responded and submitted receipts. The table below showed how much had been received from 3 different locations.

No	Category	Amount Outstanding	Amount Paid	Balance
1	Uncollected Plant fees from Shibuchinga	K 6,934,200.00	K229,900.00	K 6,704,300.00
2	Uncollected land fees Central Business	K 802, 430.00	K23, 100.00	K 779,330.00
3	Uncollected land fees Nkana Area	K 509, 300.00	K 0.00	K509,300.00
4	TOTAL	K 8, 245, 930.00	K 323,000	K 7,992,930.00

The Council made public adverts inviting those who were offered land to make payments. The Council Treasurer had directed the District Accountant to ensure that individual plot ledgers were created and updated on daily basis to monitor the balances and those not paying. The Council was now encouraging first come first serve as could be seen from the advertisement made.

Committee's Observation and Recommendation

The Committee notes with serious concern the Council's weak debt collection systems that resulted in the current state of affairs. The Committee wonders why a council which is having

liquidity problems would wait for audit to enforce warrants of distress and other provisions of the law. The Committee urges the Council Secretary to ensure that the Council enhances its follow up systems in ensuring that all debt owed is collected without any further delay. The Committee resolves to await a progress report on the matter.

h) Inadequacies in Provision of Fire Fighting and Rescue Services

i) Lack of a Fire Station

Submission by the Council Secretary

The Council Secretary submitted that the Council was established as a Fire Authority on 14th August 2017 under Statutory Instrument No. 44 of 2017. Due to liquidity problems, the Council could not construct a fire station even after receiving the fire officers. Under Minute No. PWDREC/46/06/2018 the Council resolved to identify 2.4 hectares of land where a fire station and at least five staff houses could be constructed. The District Planning Officer had been directed to identify the piece of land for the construction of the fire station and houses before end of 2019. After completion of construction of Council lodge the Council would consider channeling part of 20% capital project to the construction of the fire station.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that land issues are resolved without any further delay. The Committee resolves to await a progress report on the full establishment of the fire station.

ii) Failure to Insure Fire Officers

Submission by the Council Secretary

The Council Secretary regretted the omission which was based on the lack of a fire engine. The Council had since insured the three officers and the insurance covers were available for audit verification. The Chief Human Resource Officer had been directed to ensure that with or without a fire engine. The fire fighters should always be insured. The directive letter was available for audit verification.

Committee's Observation and Recommendation

The Committee notes the submission and resolves the Council Secretary should ensure that documents cited should be presented to the office of the Auditor General for verification before the matter can be closed.

LUNDAZI DISTRICT COUNCIL**Accounting and Other Irregularities**

25. An examination of accounting and other records maintained at the Council for the period under review and a physical inspection of selected projects carried out in September 2018 revealed the following weaknesses to which the Council Secretary submitted as set out below.

a) Lack of a Strategic Plan**Submission by the Council Secretary**

The Council Secretary informed the Committee that the Council was understaffed in the Department of Planning resulting in the delay in coming up with the Strategic Plan. Further he submitted that the strategic plan which was not prepared at the time of audit had been prepared for the period 2019 to 2023. The Strategic Plan was available for audit verification. The Council Secretary informed the Committee that the Council had put in place monitoring mechanisms to ensure that the Strategic Plan was reviewed, revised and updated timely.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary. A strategic plan does not require several staff to prepare. The Council Secretary is cautioned to desist from misleading the Committee. The matter is, however, resolved for closure subject to the presentation of the cited documents to the office of the Auditor General for verification.

b) Lack of a Risk Management Policy**Submission by the Council Secretary**

The Council Secretary informed the Committee that the Council was understaffed in the Internal Audit Section resulting in the delay in coming up with the Risk Management Policy. He further informed the Committee that the Council had since prepared the Risk Management Policy with guidance from the Ministry of Local Government. A minute was available for audit verification and management was ensuring that the Risk Management Policy was reviewed.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary and contends that it may not require a lot of officers to prepare a Risk Management Policy. The Council Secretary is cautioned to desist from misleading the Committee. The matter is, however, resolved for closure subject presentation of the cited documents to the office of the Auditor General verification.

c) Uncollected Revenue K381,982

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council failed to issue the warrants of distress to recover the outstanding debts because of the outdated valuation roll, making it difficult to enforce. The Council Secretary informed the Committee that the Council collected K202, 924.81 leaving an outstanding balance of K179, 057.19. Further, the Council had written off K160,791.40 irrecoverable debt under Minute No.CM/27/10/19. Management was ensuring that stakeholders were engaged on debt liquidation and demand notices were issued on time.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by Council Management to enforce the provisions of the Local Authorities Financial Regulation Nos. 12 (h) and 76. It is also displeases the Committee to see that there is laxity on the part of Council Management as evidenced by the failure to aggressively pursue their debtors and recover their revenue instead it but decided to write off debt while the Council is struggling with liquidity problems. The Committee awaits a prompt progress report regarding the uncollected revenue.

d) Missing Payment Vouchers K33, 567

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council had misfiled the four (4) payment vouchers that were not availed during the time of Audit. The Council Secretary informed the Committee that the Council had since found all the payment vouchers that were cited as missing at the time of audit, and there were available for audit verification. The Council Secretary informed the Committee that the Council had assigned an Accounts Officer in the Finance department to ensure that payment vouchers were properly filed as soon as the payment was made. It had also introduced triplicate payment voucher booklets to address the query.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary and contends that it may not require a lot of officers to prepare a Risk management Policy. The Council Secretary is cautioned to desist from misleading the Committee. The matter is, however, resolved for closure subject to audit verification.

e) Irregular Use of Imprest K24, 650

Submission by the Council Secretary

The Council Secretary informed the Committee that it was regrettable that the Council used Imprest to purchase goods and services. However, the Council could not find spare parts within Lundazi and ended up buying from general dealers in Chipata. Other institutions like RTSA declined to accept Council Cheques for road tax payments in preference for cash. The Council

Secretary informed the Committee that the Council had stopped the practice of using imprest to purchase goods and services. However, all the cited individuals had retired the imprest in amounts totaling K24,650. Retirements were available for audit verification. The Council Secretary informed the Committee that the Council was ensuring that all the goods and services were procured and paid directly to suppliers.

Committee's Observation and Recommendation

The Committee does not accept the reasons given by the Council Secretary and contends that it isn't possible that the whole province may not have the items needed. The Council Secretary is cautioned to desist from misleading the Committee and urged to ensure that officers responsible are sternly cautioned for this willful omission. The matter is, however, resolved for closure subject to presentation of the cited documents to the office of the Auditor General for verification.

f) Unsupported Payments K43, 250

Submission by the Council Secretary

The Council Secretary informed the Committee 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 informed the Committee that the Council had since attached all the relevant supporting documents to the ten payment vouchers in amounts totaling K43, 250 which were not supported at the time of audit. Supporting documents were now available for audit verification. The Council was ensuring that 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 that this was done.

Committee's Observations and Recommendations

The Committee does not accept the reason given by the Council Secretary, and hence urges him to ensure that officers responsible are disciplined for this failure. The Committee also cautions the Council Secretary for his laxity on the matter as efforts to look for the documents were evident only seen after the audit. For that, he is sternly cautioned to ensure that future audits are taken seriously. The matter is, however, recommended for closure subject to presentation of the cited documents to the Office of the Auditor General for verification.

g) Irregular Medical Refunds K4,850

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council regrets paying medical refunds without having a medical scheme in place during the period under review. The Council had since recovered the irregular payment of medical refund amounting to **K4, 850** from the officers affected, and the documents were available for verification. The Council had since introduced a medical scheme with the Lundazi District Hospital.

Committee's Observations and Recommendations

In noting the submission, the Committee cautions the Council Secretary for his laxity on the matter as efforts to recover the funds were only evident after the audit. For that, he is sternly cautioned to ensure that future audits are taken seriously. The matter is, however, recommended for closure subject to audit verification.

h) Equalisation Funds

i. Misapplication of Funds – Capital Account K50, 666

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council regretted spending from Capital Account. This was an oversight on the part of Management. Management spent the money on maintenance of vehicles which were used for projects. The Council Secretary informed the Committee that the Council had reimbursed the funds that were misapplied amounting to K50, 666. Payment vouchers were available for audit verification. The Council Secretary informed the Committee that the Council was ensuring that only projects budgeted for and were capital in nature were paid from Capital Account.

Committee's Observations and Recommendations

In noting the submission, the Committee cautions the Council Secretary to desist from misapplying funds meant for capital projects. The matter is, however, recommended for closure subject to presentation of the cited documents to the office of the Auditor General for verification.

ii. Failure to Remit Statutory Obligations and PAYE K2, 498,637

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council had been operating under liquidity difficulties and 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 informed the Committee that the Council had since paid K205, 000 to ZRA. The Council had also entered into a debt swap agreement with land amounting to K425, 618.86 with NAPSA and K95, 626.13 had been paid to LASF. Payment vouchers and receipts were available for audit verification. The Council Secretary informed the Committee that the Council had embarked on the process of updating the Valuation Roll that had expired in 2004 in order to enhance the revenue base for the Council, and this would enable the Council pay salaries and wages at the gross rate.

Committee's Observation and Recommendation

The Committee observes with concern the failure by management to ensure that they paid the statutory obligations. The Committee urges the Town Clerk to ensure that they increase their revenue base to enable them clear all the outstanding obligations owed to various statutory bodies.

The Committee awaits a progress report on the matter.

i) Constituency Development Funds

Submission by the Council Secretary

The Council Secretary submitted that the stalled works were due to the failure by the community to provide adequate upfront materials as part of their contribution to the project. Further, the Project file was misplaced at the time of audit. The Council Secretary informed the Committee that the works resumed and construction works were at slab level. The building plans, bill of quantities, and the contract documents were available for verification. The Council was currently ensuring that adequate upfront materials were available on site before the project was recommended for funding.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that the works are completed thoroughly before the end of the first quarter of 2020. The Committee also directs the Council Secretary to provide copies of the relevant documents to the Auditor General for verification. The Committee resolves to await a progress report on the matter.

j) Lack of Title Deeds for Council Property

Submission by the Council Secretary

The Council Secretary informed the Committee that at the time of audit, all properties for Lundazi District Council were still under processing with Ministry of Lands. The Council Secretary informed the Committee that all Council properties in Lundazi had been registered with Ministry of Lands and Natural Resources and had been categorised as on title, offer, and invitation to treaty as shown below:

S/N	PROPERTY NO.	PROPERTY TYPE	LOCATION	STATUS	CONDITION
1.	LUND/22	INSTITUTION	ZESCO	ON OFFER-99 YEAR LEASE	AVAILABLE
2.	LUND/64	COMMERCIAL	ALONG CHAMA ROAD	ON 99 YEAR TITLE	TITLE NOT AVAILABLE
3.	LUND/98	COMMERCIAL	ALONG CASTLE HOTEL ROAD	ON 99 YEAR TITLE	TITLE NOT AVAILABLE
4.	LUND/2039	COMMERCIAL	ALONG CASTLE HOTEL ROAD	ON OFFER-99 YEAR LEASE	AVAILABLE
5.	LUND/2555	COMMERCIAL	ALONG CHURCH ROAD	ON OFFER-99 YEAR LEASE	AVAILABLE
6.	LUND/2047	COMMERCIAL	ALONG CASTLE	ON OFFER-99 YEAR LEASE	AVAILABLE

			HOTEL ROAD		
7.	LUND/86	COMMERCIAL	ALONG CASTLE HOTEL ROAD	ON OFFER-99 YEAR LEASE	AVAILABL E
8.	LUND/252 0	COMMERCIAL	HOSPITAL ROAD	ON OFFER-99 YEAR LEASE	AVAILABL E
9.	LUND/216 9	MUNICIPAL	MAIN MARKET	ON OFFER-99 YEAR LEASE	AVAILABL E

Further, The Council Secretary informed the Committee that the Council had since insured all properties in question. However, he stated that 17 shops were captured as individual properties whilst sitting on one property which was plot LUND/2169 (Main market), one community hall had been surrendered to Chasefu District, while the three residential properties were sold to sitting tenants in 2016 under minute number CM/74/05/2016 which were included on the list of properties during audit verification. The total number of properties owned by the Council was Nine as opposed to the thirty properties recorded in the audit report. The above table showed the list of properties owned by the Council. Documentation was available for audit verification. The Council was ensuring that all properties for the Council were on title and insured on time.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by the Council to secure its properties with title deeds during the time of audit. The Council Secretary is reminded that it will be difficult to defend himself in case of a dispute in the court of laws, which may arise in relation to any of its properties as the properties were not secured with tile deeds and insured, The Committee recommends to close the matter subject to the presentation of the cited documents to the Office of the Auditor General for verification.

k) Weaknesses in the Management of Tigone Motel

i. Non-Preparation of Financial Statements

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council incorporated the financial statements for Tigone Motel into the Councils main financial statements. The Council Secretary informed the Committee that the Council had now prepared separate financial statements for the commercial ventures, (Tigone Motel and Rest House) and the financial statements for the year ended 31st December, 2017 were now available for audit verification. The Council was ensuring that financial statements were prepared separately annually.

Committee's Observations and Recommendations

The Committee notes the submission and recommends the matter for closure subject to presentation of the documents to the office of the Auditor General for verification.

ii. Operating Without Registration and License

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council had not collected the registration Certificate at the time of audit. The Council Secretary informed the Committee that the Council registered Tigone Motel with the Zambia Tourism Agency on 1st January, 2017. The Licence was available for audit verification. The Council Secretary informed the Committee that the Council would ensure timely renewal of the ZTA Certificate before the existing license expired.

Committee's Observations and Recommendations

The Committee notes the submission and recommends it for closure subject to the presentation of the cited documents to the Office of the Auditor General for verification.

iii. Failure to Charge Service Charge

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council was not aware of the Service Charge hence it was not charging and maintaining the records. He also informed the Committee that the Council had since effected the Service Charge on all beverages, food and accommodation sales. Documentation was available for audit verification. The Council was ensuring that service charge was currently collected and records were maintained.

Committee's Observations and Recommendations

The Committee notes the submission and strongly cautioned the Council Secretary for failure to adhere to the Tourism and Hospitality Regulations of 2016. He is further urged to ensure that in cases where matters were not clear, the supervising ministry would have been consulted for clarity on the matter. However, the matter is recommended for closure subject to presentation of the cited documents to the office of the Auditor General for verification.

iv. Failure to Register for Income Tax

Submission by the Council Secretary

The Council Secretary informed the Committee that Tigone Motel was operating under Council Tax Payer Identification Number (TPIN) which was exempt from income tax under the Second Schedule (Section 15) of *the Income Tax Act Cap 323 of the Laws of Zambia*. Documentation was available for audit verification. The Council Secretary informed the Committee that the Council was currently ensuring that further guidance was sought on the management of Government owned enterprises.

Committee's Observations and Recommendations

The Committee notes the submission and recommends it for closure subject presentation of the

cited documents to the office of the Auditor General for verification.

I) Environmental Management

An assessment of the effectiveness of the Environmental management at the Council revealed the following:

i. Lack of Operating Licenses

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council regretted the use of the existing dumpsite which was not in conformity with ZEMA regulations as provided by the Law and had not been approved by ZEMA. The Council Secretary informed the Committee that the Council had since secured land for the new dumpsite, and the Environmental Project Brief had been carried out. In addition, the Council Secretary submitted that statutory fees amounting to K12, 999.90 had been paid pending an approval letter from ZEMA. Documentation was ready for verification. The Council could ensure that annual statutory fees to ZEMA were paid on time.

Committee's Observations and Recommendations

The Committee notes the submission and recommends it for closure subject to presentation of the cited documents to the office of the Auditor General for verification.

ii. Lack of Council By-Laws

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council relied on the existing laws relating to the disposal of waste. The Council Secretary further informed the Committee that the Council was also using the *Solid Waste Regulation and Management Act, No 20 of 2018, Public Health Act, Local Government Act, Occupational health Act, Environmental Management Act, Urban and Regional Planning Act, Statutory Instrument No 100 of 2011* and Statutory Instrument No 12 of 2018 and Council Resolutions on waste management. All these laws were sufficient to deal with disposal of waste in Lundazi. The Council Secretary informed the Committee that the Council could continue using the existing laws.

Committee's Observations and Recommendations

The Committee notes the submission and recommends it for closure.

iii. Failure to Produce Waste Management Report

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council had been using the existing dumpsite which was not approved by ZEMA. Reports could only be done if the dumpsite was

approved. The Council Secretary informed the Committee that the Council submitted monthly and quarterly reports on waste management to the Ministry of Local Government. Documentation was available for audit verification. The Council Secretary informed the Committee that the Council also ensuring timely submission of monthly and quarterly reports to the Ministry and ZEMA respectively.

Committee's Observations and Recommendations

In noting the submission, the Committee urged the Council Secretary to ensure that a new dumpsite is secured without any further delay in order to enforce the relevant provisions of the law. The Committee awaits a progress report on the matter.

iv. Failure to Take Medical Examination

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council regretted not taking staff handling waste for medical examinations during the period under review. The Council Secretary informed the Committee that the Council engaged the Ministry of Health to examine all waste handlers and all had since been issued with medical certificates. Documentation was available for audit verification. The Council Secretary informed the Committee that the Council would ensure that medical examinations were done twice a year.

Committee's Observations and Recommendations

The Committee notes the submission and recommends for the closure of the matter subject to presentation of the cited documents to the Office of the Auditor General for verification.

v. Dump Site

- **Lack of Weigh Bridge**

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council had been using the temporal dumpsite. The Council would soon procure a weigh bridge at the new dumpsite. The land for the new dumpsite had already been secured. The Council Secretary further informed the Committee that the Council would ensure that the weigh bridge was procured during the first (1st) quarter of 2020.

Committee's Observations and Recommendations

In closing the matter, the Committee urges the Office of the Auditor General to keep the matter in view during future audits.

- **Dumpsite Not Fenced**

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council had been using the existing dumpsite as temporal. The Council Secretary informed the Committee that the Council was in the process of creating a new dumpsite since the old one was temporal and almost full. The Council Secretary informed the Committee that the Council will ensure that the new dumpsite was fenced.

Committee's Observations and Recommendations

In closing the matter, the Committee urges the Office of the Auditor General to keep the matter in view during future audits.

- **No Warning Signs**

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council had since mounted warning signs at the existing dumpsite. Management had ensured that warning signs were mounted at strategic areas.

Committee's Observations and Recommendations

In closing the matter, the Committee urges the Office of the Auditor General to keep the matter in view during future audits.

- **Dumpsite Not Manned By Security Personnel**

Submission by the Council Secretary

The Council Secretary informed the Committee that Security was provided at the temporal dump site during the day and shelter for security personnel would be constructed at the new dumpsite. The Council will ensure that the dumpsite was always manned.

Committee's Observations and Recommendations

In closing the matter, the Committee urges the Office of the Auditor General to keep the matter in view during future audits.

- **Lack of Borehole**

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council would sink a borehole at the new dumpsite.

Committee's Observations and Recommendations

In closing the matter, the Committee urges the Office of the Auditor General to keep the matter in view during future audits.

AUDIT QUERY LUSAKA CITY COUNCIL

PARAGRAPH 26

Accounting and Other Irregularities

26. An examination of accounting and other records maintained at the Council for the period under review and a physical inspection of projects carried out in December 2018 revealed the following weaknesses to which the Town Clerk responded as set out below.

a) Failure to Fill Vacant Positions

Submission by the Town Clerk

The Town Clerk submitted that Lusaka City Council could not fill all vacant positions due to financial constraints in meeting the personal emoluments and other staff obligations. The Council had filled 732 positions out of 1,935 vacant positions, leaving a balance of 1,203 as at 30th August, 2019. The revised establishment register for 2019 had a total of 3,200 staff. This entailed that only one 130 positions were not yet filled by Local Government Service Commission. Lusaka City Council was still working on expanding the revenue collection base in order to meet all its costs of operations including emoluments for any future recruitment.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the City Council to increase its revenue base despite the available sources of revenue in the City including markets and bus levies which were being enjoyed by political cadres. The Town Clerk is strongly urged to liaise with the Permanent Secretary to find a lasting solution to the dominance of political cadres in markets and bus stations as the scourge was robbing the local authority of the much needed revenue which could be used to meet administrative obligations including salaries and wages. The Committee urges the Town Clerk to ensure that the City Council's revenue base is enhanced without further delay, and further to consider filling up key positions to improve service delivery in the City. The Committee resolves to await a progress report on the matter.

b) Failure to Collect Rental Income K315, 125

Submission by the Town Clerk

Town Clerk informed the Committee that the non-collection of rental income by the Council was caused by the litigation concerning one client who owed the Council K215, 815 and the Council could not enforce collection as the matter was not yet disposed off by the court. Further, the K99,310 bill was owed by Ministry of Chiefs and Traditional affairs who were saved with demand notice to vacate and had since surrendered the house whilst promising to settle the bill. Council

had since deducted the rental arrears from the Terminal Benefits paid to the former Director Legal Services after the case was determined and disposed off by the courts. Further, Lusaka City Council had saved demand notice to the Ministry of Chiefs and Traditional Affairs to vacate the house and settle the arrears totaling K99, 310. The Council would ensure that provisions of tenancy agreement were adhered to in collecting rentals from tenants occupying Council properties.

Committee's Observation and Recommendation

The Committee is displeased that the Town Clerk failed to collect revenue in accordance with agreements signed with parties involved. The Committee implores the Town Clerk to ensure that all the outstanding amounts in respect to the uncollected rentals are collected without any further delay. The Permanent Secretary is particularly urged to ensure that he liaises with the Secretary to the Treasury to help in deducting the amount from source so as to enhance the City Council's liquidity levels. The Committee would await a progress report on the full recovery of the amounts.

c) Failure to Avail Details of Motor Vehicles Procured

Submission by the Town Clerk

The Town Clerk informed the Committee that the failure to avail details of motor vehicles procured was caused by the long processing of documents to secure the bank guarantee and lodgment of these documents with the motor vehicle dealer. However, it was regretted that the minutes of the full Council meeting that passed the resolution to procure motor vehicles were erroneously not availed at the time of audit. Lusaka city Council honored the payment for all the motor vehicles procured and the bank guarantee was surrendered back to the Council. Lusaka City Council would avail all documents in time pertaining to procurement of any Council assets.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk and urges him to ensure that erring officers are sternly cautioned for this failure. The Committee, however, resolves to close the matter subject to the presentation of the cited documents to the office of the Auditor General for verification.

d) Missing Payment Vouchers K3, 899, 693

Submission by the Town Clerk

The Town Clerk informed the Committee that 84 payments were cited as missing because they were misplaced in different box files at the time of audit. The Town Clerk reported that all the 84 payment vouchers that could not be traced at the time of audit had been traced and were available for audit verification. Lusaka City Council had introduced a new filling system where all payment vouchers were now sequenced for easy identification and filling. The Council was also in the process of introducing electronic payment system that will save soft copies of all payment vouchers.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk and urges her to ensure that erring officers are sternly cautioned for this failure. The Committee, however, resolves to close the matter subject to presentation of the cited documents to the Office of the Auditor General for verification.

e) Unsupported Payments K16, 672, 859

Submission by the Town Clerk

The Town Clerk informed the Committee that supporting documents such as receipts for 484 payments totaling K16, 672, 859 could not be traced at the time of audit as they were filed in different places because the Council did not have enough storage space to store documents in one area. Lusaka City Council had traced all the receipts for all the 484 payments totaling K16, 672, 859. Lusaka City Council had made changes to its filing system and had provided adequate reference details for stores items procured such as fuel that cannot all be attached to a given voucher. Further, the expenditure section had been adequately staffed in order to ensure that vouchers and other supporting documents were completed, adequately supported and filed in the newly created stores office.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk and urges her to ensure that erring officers are sternly cautioned for this failure. The Committee, however, resolves to close the matter subject to presentation of the cited documents to the office of the Auditor General for verification.

f) Un acquitted Allowances K3, 736, 009

Submission by the Town Clerk

The Town Clerk informed the Committee that the payments in amounts totaling K3, 736, 009 could not be provided with acquittals because acquittal sheets could not be traced at the time of audit as they were filed in different places because Council had no enough storage space to store documents in one area. Lusaka City Council managed to trace and attach acquittal sheets to all the Payment Vouchers totalling K3, 736, 009. Lusaka City Council had assigned specific officers to handle all payments of allowances for Councilors to ensure that all acquittals were attached to payment vouchers before the next payment of allowances were made.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk and urges her to ensure that erring officers are sternly cautioned for this failure. The Committee, however, resolves to close the matter subject to presentation for the cited documents to the office of the Audit General verification.

g) Unretired Accountable Imprest K994, 718

Submission by the Town Clerk

The Town Clerk informed the Committee that the Council had issued imprest to a number of staff who at the time of audit had retired their imprests but retirement forms were not fully signed by internal audit. All 11 retirement forms totalling K994, 718 had been signed by the Chief Internal Auditor. The Council will continue to adhere to the provisions of the Financial Regulations stipulated under section 119(1) regarding management of imprest.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk and urges her to ensure that erring officers are sternly cautioned for this failure. The Committee, however, resolves to close the matter subject to presentation for the cited documents to the Office of the Auditor General for verification.

h) Failure to Deduct Tax K1, 487, 766

Submission by the Town Clerk

The Town Clerk informed the Committee that payment documents such as computation sheets used in paying commutation of leave days and settling in allowances outside the payroll together with pay slips which reflected entries of paid commutation of leave days and settling in allowances to account for tax deduction were erroneously not availed for audit. Lusaka City Council had traced all computation sheets and payslips for all the 180 officers who were cited for non-deduction of tax from their payments totalling K1, 487,766. Lusaka City Council will continue deducting Tax from all settling in allowances and commutations of leave payments as provided for in the *Income Tax Act Cap 323 of the Laws of Zambia*.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk and urges him to ensure that erring officers are sternly cautioned for this failure. The Committee, however, resolves to close the matter subject to presentation of the cited documents to the Office of the Auditor General for verification.

i) Unaccounted for Stores K18, 443, 745 (General Stores - K7, 949, 107 and Fuel - K10, 494, 638)

Submission by the Town Clerk

The Town Clerk informed the Committee that due to the large bulk of the disposal records, receipts and disposal details could not be traced at the time of audit as they were misfiled. Lusaka City Council had traced and attached invoices, receipts and delivery notes to all the cited stores

items totalling K18, 443, 745. Lusaka City Council had tasked officers to be attaching and filling all supporting documents to all stores payments soon after they had been processed.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk and urges him to ensure that erring officers are sternly cautioned for this failure. The Committee, however, resolves to close the matter subject to presentation of the cited documents to the office of the Auditor General for verification.

j) Unauthorized Drawing of Fuel K29, 258

Submission by the Town Clerk

The Town Clerk submitted to the Committee that fuel coupons were erroneously not signed by various Heads of Departments. Lusaka City Council had ensured that all the coupons and logbooks 39 vehicles that drew fuel totalling K29, 258 had been authorised. Lusaka City Council had centralised the management of fuel to be authorisation by the Director of Human Resource and Administration as opposed to each Head of Department.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk and urges him to ensure that erring officers are sternly cautioned for this failure. The Committee, however, resolves to close the matter subject to presentation of the cited documents to the office of the Auditor General for verification.

k) Irregular Payment of Transport Allowance K74, 400

Submission by the Town Clerk

The Town Clerk informed the Committee that the Council did not have enough official vehicles to cater for official duties hence it relied on personal and private vehicles to run official duties. Lusaka City Council had procured additional utility vehicles and discontinued payment of fuel to private vehicles for official duties. The Council would continue providing official transport to its bank agents, and was undergoing online payment system in order to lessen movements to and from the banks.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk and cautions her to desist from misleading the Committee. The Town Clerk is also urged to ensure that erring officers are sternly cautioned for this anomaly to deter others from misusing the privilege. The Committee, however, resolves to close the matter subject to presentation of the cited documents to the Office of the Auditor General for verification.

l) Wasteful Expenditure on Storage Services K32,848

Submission by the Town Clerk

The Town Clerk admitted that it was regrettable that Lusaka City Council incurred Wasteful Expenditure on Storage Services with Hill and Delamin. The Town Clerk reported that the Council was not in contract with Hill and Delamin. Hill and Delamin was a clearing agent engaged by the supplier to clear the 3 Rel compactor trucks, 112 skip bins and 20 waste containers on behalf of Lusaka City Council. Hill and Delamin cleared 2 Rel compactor trucks, 96 Skip bins and 20 waste containers. By the time the supplier was shipping the remaining 16 containers, it was found that the TPIN for Lusaka City Council was blocked by the Zambia Revenue Authority. The process of having the TPIN unblocked caused the passage of time which resulted in storage charges on the Council. Lusaka City Council managed to obtain a TPIN number, received all the goods that were in operation. The Council would ensure that all terms of future contracts were adhered to and strictly followed to avoid incurring avoidable costs.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk and cautions him to desist from misleading the Committee. The Town Clerk is also urged to ensure that erring officers are sternly cautioned for this loss incurred to deter others. The Committee, however, resolves to close the matter subject to presentation of the cited documents for verification.

m) Payroll Management

i. Over Payment of Transport Allowance K149, 714

Submission by the Town Clerk

The Town Clerk reported that Government implemented the harmonisation of salaries in October 2012 and communicated to all Local Authorities under circular number MLGH/71/6/93. However, it was not clear how differences between the old salaries and the harmonised salaries were going to be treated in view of the observation of the Non-detrimental clause. Amongst 15,128 employees were general workers at Lusaka City Council who were adversely affected by the harmonisation as their salaries were lower than what they were receiving before harmonisation. In order to compensate for the loss, general workers were awarded K10.60 balancing figure each per month. Lusaka City Council was in the process of effecting recoveries on 15,128 from workers who were over paid transport allowances totalling K149, 714. Lusaka City Council would always adhere to financial rules and regulations when computing transport allowances.

Committees Observation and Recommendation

The Town Clerk is sternly cautioned for failure to interpret the conditions of service correctly, resulting in this anomaly. The Committee urges him to ensure that the overpaid amount is recovered without any further delay. The Committee awaits a progress report on the matter.

ii) Irregular Payment of Ration Allowance K7, 076

Submission by the Town Clerk

The Town Clerk responded that Government implemented the harmonisation of salaries in October 2012. This was communicated to all Local Authorities under circular number MLGH/71/6/93. At the time it was not clear how differences between the old salaries and the harmonised salaries were going to be treated in view of the observation of the Non-detrimental clause. Most of the general workers at Lusaka City Council were adversely affected by the harmonised Salaries as their salaries were lower than what they were receiving before harmonisation. In order to compensate for the loss there General workers were awarded balancing figure of around K10.60 each per month. Lusaka City Council was in the process of effecting recoveries on an officer who was erroneously paid ration Allowance at 12% instead of 10%. Lusaka City Council will always adhere to financial rules and regulations when computing transport allowances.

Committees Observation and Recommendation

The Town Clerk is sternly cautioned for failure to interpret the conditions of service correctly resulting in this anomaly. The Committee, urges the Town Clerk him to ensure that the overpaid amount is recovered without any further delay. The Committee awaits a progress report on the matter.

n) Misapplication of Equalization Funds Meant for Capital Projects K10, 654, 882.10

Submission by the Town Clerk

Lusaka City Council spent a total sum of K10, 654, 882.10 to finance capital expenditure as provided for under *the Local Government Act No.2 of 2019*. Out of this expenditure, a sum of K1, 376, 950.00 was spent towards the procurement of utility vehicles for use by senior management which was in line with the provisions of the act. Lusaka City Council had requested for clarification from the Ministry of Local Government on whether or not motor vehicles could be procured from the 20% capital expenditure of the Local Government Equalisation Fund. Lusaka City Council will always adhere to financial rules and regulations on the use of 20% capital component of the equalisation fund.

Committee Observation and Recommendation

The Committee observes with concern the propensity by senior management for luxury at the expense of other service delivery capital projects which could benefit the masses. It displeases the Committee that the Town Clerk chose to buy vehicles despite grappling with liquidity problems. The Committee sternly cautions the Town Clerk to be considerate and prioritise service delivery to luxurious assets that only benefit themselves a few. The Committee also urges the Ministry of Local Government to ensure that councils are well supervised on matters relating to luxury assets. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

o) Constituency Development Funds (CDF)

i. Failure to Handover Rehabilitated SOS Police Post

Submission by the Town Clerk

The Town Clerk informed the Committee that Lusaka City Council could not handover the Police Post because Ministry of Home Affairs had not provided furniture which was of its obligation. The Council engaged the Zambia Police to organise furniture and ensure that the building was put to use. Lusaka City Council would ensure that furniture was secured in advance for all projects being undertaken through Constituency Development Funds (CDF), and the Ward Development Funds (WDF) to ensure that the structures were put to use as soon as they were complete.

Committees Observation and Recommendation

The Committee urges the Town Clerk to ensure that he impresses upon the Zambia Police Command to ensure that furniture is procured, and that the building put to good use to avoid vandalism. The Committee resolves to await a progress report on the matter.

ii. Construction of Storm Water Drainage Network in Chozi Road - Silwiza Ward 13, Northmead

Submission by the Town Clerk

The Town Clerk reported that damage to the drainage after completion of the works was caused by a 25 ton tipper truck belonging to AVIC that parked on the concrete covers. Lusaka City Council engaged the contractor to repair the damage which was still within the defects liability period, and the works were done. The Council would endeavour to continue monitoring all its properties and projects in order to ensure that all damages were repaired by those responsible for the damage.

Committees Observation and Recommendation

The Committee resolves to close the matter subject to the presentation of the document proving that the works were carried out to the office of the Auditor General.

iii. Wasteful Expenditure - Construction of a Vegetable Shelter K153, 113

Submission by the Town Clerk

The Town Clerk reported that Lusaka City Council undertook the Construction of the Ng'ombe Market Shelter following a recommendation by the CDF Committee and approval by the Ministry of Local Government. However, the market was empty because marketers preferred to sell in streets where they easily accessed customers. Further, most products like vegetables were now sold in all residential shops to the same customers that were supposed to buy from markets. Lusaka City Council advised all marketers to go into the market as opposed to trading on the streets. The move was proving futile since customers their clients don't enter markets anymore.

Lusaka City Council would always ensure that all projects submitted by the CDF Committee were subjected to comments by the Ward Development Committee as provided for in the *Constituency Development Fund Act of 2018*.

Committees Observations and Recommendations

The Committee urges the Town Clerk to ensure that management continues to sensitise the public on the need to use markets unlike buying from the streets. Marketeers must also be encouraged to develop a culture of compelling their customers to buy from markets by ensuring they call move to their stands in the market. The Committee will await progress report on the matter.

p) Motor Vehicles Involved in Road Traffic Accidents

Submission by the Town Clerk

Lusaka City Council availed loss, accident and police reports for audit scrutiny but they were misplaced before being examined by the auditor. Lusaka City Council managed to trace the reports, for all motor vehicles involved in road traffic accidents, and had engaged ZISC for a debt swap of the amounts ZISC owed the Lusaka City Council in unpaid Owners Rates and the outstanding premiums for 2019. Further, Lusaka City Council engaged ZISC to repair the ABV 6893 and help pursue Professional Insurance whose client hit into the fire tender. Lusaka City Council would ensure that it stuck to the planned payment plan with ZSIC in order to process payments without delay.

Committees Observation and Recommendation

The Committee bemoans the state of affairs regarding the Council and the insurance firms. It displeases the Committee that the City Council with all the available revenue sources would be grappling with liquidity problems resulting in incurring debt due to unpaid premiums. The Committee strongly urges the Town Clerk to ensure that resource mobilisation is enhanced by management, this and further that all outstanding premiums are paid as a basis for claiming insurance for all the motor vehicles and fire tenders. The Committee, therefore, resolves to await a progress report on the matter.

q) Failure to Register Motor Vehicles

Submission by the Town Clerk

The Town Clerk reported that the Lusaka City Council could not register motor vehicles because they were a donation from various projects through the Ministry, and the Council had not completed collection of details for the motor vehicles so that they could be registered with RTSA. The Council had written to the suppliers of the earth moving equipment to ensure that the motor vehicles were registered. In future the Council would ensure that it obtains white books from suppliers of motor vehicles and earth moving equipment.

Committees Observation and Recommendation

The Committee urges the Town Clerk to ensure that all the moveable assets which are unregistered are registered without further delay. The Committee resolves to await a progress report on the matter.

r) Lack of Title Deeds

Submission by the Town Clerk

The Town Clerk reported that Lusaka City council could not obtain title deeds due to lack of funds to survey the properties. Lusaka City Council had secured the funds, and had engaged a surveyor (Datum Surveying Consultants Limited) under contract No. LCC/PSU/CP/11/17 dated 24th January, 2018 to survey and obtain title deeds for all Council properties including Civic Centre buildings and its twelve (12) residential houses situated in Ibex Hill (10), Olympia Park (1) and Rhodes Park (1). Lusaka City Council was working on a budget to secure title deeds for all Council properties.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by Council management to secure title deeds for their properties. The Committee urges the Town Clerk to consider liaising with the Permanent Secretary, Local Government to ensure that he assists through his counterpart at Ministry of Lands to ensure that the titles for properties that have not yet been acquired are secured expeditiously. The Committee resolves to await a progress report on the matter.

s) Failure to Maintain the Council Residential Houses

Lusaka City Council owns 12 residential houses which apart from the one occupied by the Town Clerk, are all were on rent to sitting tenants. These houses were in Olympia Park, Rhodes Park and Ibex Hill. A physical inspection of the properties revealed that some houses and buildings were in a state of disrepair due to lack of maintenance. The following weaknesses were observed to which the Town Clerk responded as set out below.

i. Stand No. KABUL/100/522 – Ibex Hill o

- o Some sockets inside the house were not working.
- o One communal toilet was not in use.
- o One window pane was broken at the dining room.
- o Both geysers in the house were not working.
- o Two front doors were not locking.
- o Both rear and front house verandas were in a poor state.
- o The foyer had cracked tiles.
- o Kitchen cabinets were in a dilapidated state.
- o The house required painting.

Submission by the Town Clerk

The Town Clerk submitted that the Council owned over 180 properties which were old structures that were built in the early 60s and 70s. These properties required rehabilitation and maintenance in order to keep them in a good state. The Council had put in place a maintenance programme that had seen a number of Council properties repaired. Seven Houses out of the ten houses in Ibex had been renovated. The Houses in Olympia and The House Rhodes Park had been renovated. The Council would ensure that it stuck to the maintenance plan proposed to be undertaken in the 2019 Council Budget.

Committee's Observation and recommendation

The Committee notes the submission and urges the Town Clerk to ensure that funds are secured for the maintenance of the houses, and also that the Council adheres to its maintenance policy in order to maintain properties and avoid dilapidation. The Committee resolves to wait for a progress report on completion of maintenance works on Stand No. KABUL/100/522.

ii. Stand No. KABUL/100/524 – Ibex Hill

- The house was not occupied and needed major renovations
- The two geysers had been removed.
- Inside flash doors had no handles.
- Some sockets were damaged.
- The main doors to the house were not locking.
- The kitchen cabinets were damaged.
- The kitchen zinc was damaged.
- The geyser switch was damaged.
- The toilet pipe was leaking.
- Some roof tiles had come out of their positions.
- The house needs to be painted
-

iii. Stand No. KABUL/100/525 – Ibex Hill

- The aluminum sliding door separating the kitchen and the living room had a broken glass and was no longer sliding.
- The inbuilt wardrobe for the master bedroom had no hang rod.
- One geyser was not working while the other although it was working was leaking.
- Six (6) floor kitchen tiles needed replacement.

iv. Stand No. KABUL/100/526 – Ibex Hill

- The ceiling board in the laundry room was falling off.
- The kitchen cabinets were dilapidated.
- The kitchen sink needed to be replaced.

v. Stand No. KABUL/100/527 – Ibex Hill

- o Kitchen cabinets were dilapidated.
- o The front fascia board was broken.
- o Both geysers in the house were not working
- o The house required painting.

vi. Stand No. KABUL/100/528 – Ibex Hill

- o The house required painting.
- o Both geysers in the house were not working.
- O Sewer concrete covers were broken.
- O Four (4) cracks had developed on outside walls.
- O Curtain rails for the master bedroom and the dining room had fallen.
- O Ceiling board in the kitchen was curving in.
- O Curtain rail boards in the sitting room were missing.

vii. Stand No. KABUL/100/533 – Ibex Hill

- o Fascia boards and skating needed to be painted
- o One of the two (2) geysers for the house had been removed.
- O Door handles for the in-built wardrobe in one of the bedrooms had been removed.

viii. Stand No. LUS/6287 – Olympia Park

- o The fascia boards were rotten.
- o The asbestos roof was cracked.
- o The house had no spoon drain.
- o The PVC floor tiles needed to be replaced.
- o Tiles in one of the bedrooms were removed.
- o The kitchen window wire gauze was damaged.
- o The kitchen wooden cabinets needed to be replaced.
- o The kitchen window frame was worn out.
- o The roof for the servants' quarters was dilapidated.

ix. Stand No. LUS/1382 – Rhodes Park

- o Some roof tiles were broken.
- o Wire vents were broken.
- o The extended roof on the veranda was broken.
- o There was no spoon drain. o Some floor tiles had come out.
- o The ceiling board in one of the bedroom rooms was cracked.
- o The in-built wooden wardrobe in one of the bedrooms was damaged.
- o The security light was falling.
- o The door frame for the servant's quarters was broken.

- The fascia boards for the servant's quarters were rotten.
- The septic tank manhole cover was broken.

Submission by the Town Clerk

Regarding the properties above, the Town Clerk submitted that Lusaka City Council had no funds to rehabilitate and carryout maintenance on the 180 properties that had dilapidated over a long period of time. Some properties were as old as 58 years. The Council would ensure that it stuck to the maintenance plan proposed to be undertaken in the 2019 Council Budget.

Committee's Observation and recommendation

The Committee notes the submission and urges the Town Clerk to ensure that funds are secured and that the Council adheres to its maintenance policy in order to avoid dilapidation. The Committee resolves to wait for a progress report on completion of maintenance works on the properties.

x. Stand No. LUS/2173/B – Cleansing Depot (Boma Area off Kabelenga Road)

- Roofs in offices were leaking and some windowpanes were broken.
- The restaurant and storage room required painting.
 - Outside toilets were in a deplorable state.

xi. Stand No. LUS/35300 - Kabwata Maintenance Offices, Burma Road, Kabwata

- Big cracks had developed on the wall of the main building
- Some windowpanes were broken.
- The roof for the extension to the main building was leaking and was covered by a tarpaulin.

xii. Kiosk HK2, Nationalist Road

- Leaves and fallen tree branches had accumulated on top of the roof of the kiosk.
- The surrounding area of the kiosk had been turned into a dumping site for garbage.
- The kiosk was not operating.

Submission by the Town Clerk

The Council did not have enough funds to maintain the offices along Burma Road. Council had put in place a maintenance plan where funds would be sourced to repair the properties. The Council would ensure that it followed to the maintenance plan proposed to be undertaken in the 2019 Council Budget.

Committee's Observation and recommendation

The Committee notes the submission but urges the Town Clerk to ensure that funds are secured, and also that the Council adheres to its Maintenance Policy in order to maintain properties and

avoid dilapidation. The Committee resolves to wait for a progress report on completion of maintenance works on the properties.

t) Failure to Remit Statutory and Other Contributions

Submission by the Town Clerk

Town Clerk Lusaka acknowledged that the City Council lack funds and owed statutory bodies namely; the Zambia Revenue Authority and the Local Authorities Superannuation Fund a sum of K152, 256, 522 inclusive of interests and penalties. The Council had entered into payment plans with the two statutory bodies. So far the Council had made some payments towards debt directly to ZRA through direct deduction from the Councils clients. The Council had also agreed on a payment plan with LASF through a consent judgement, and was so far up to date with its obligations. The Council would ensure that it stayed up to date with the current debt liquidation plan.

Committee's Observation and recommendation

The Committee notes the efforts made to dismantle the outstanding obligations but expresses concern at the huge debt stock owed by the Council. The Committee urges the Town Clerk to explore more revenue sources, and to ultimately enhance its revenue base in order to reduce the huge burden. The Committee resolves to await a progress report on the matter.

u) Outstanding Staff Obligations K97, 787, 115

Submission by the Town Clerk

The Council acknowledges owing around K97, 787, 115 in staff obligations. Amounts such as terminal benefits had not been fixed or static as they had been fluctuating as staff continued to retire from service while Long Service Bonus had been steadily reducing over the years since its abolishment in 2012. The Council had put in place a payment plan for the settlement of the staff obligations. The Council made payments towards terminal benefits amounting to K10, 184, 033.75, while payments amounting to K3,701, 700 went towards Long Service Bonus. The Council will ensure it sticks to the proposed payment plan in order to liquidate the amounts owing while prioritising payment of terminal benefits.

Committee's Observation and recommendation

The Committee notes the efforts made to dismantle the outstanding staff obligations but expresses concern at the huge debt stock owed by the Council. The Committee urges the Town Clerk to explore more revenue sources and ultimately enhance its revenue base in order to reduce the huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

v) Unaccounted for Fuel and Lubricants - Cholera Funds K2, 048, 463

Submission by the Town Clerk

The Town Clerk submitted that Lusaka City Council received in excess of K13, 000, 000 as support from Government through the Ministry of Health. These funds were being retired to the Ministry of Health as and when a particular funding was exhausted. The same documentation relating to these special funds was contained in separate box files. Most of the expenditure related to this query was made in the financial year 2018 following the declaration of cholera as an epidemic by the Minister of Health. All the documents relating to the procurement and utilisation of fuel for the cholera funds was been traced. The Council would ensure that all documents related to special grants were retired promptly and filed separately in readiness for audit.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk. The Town Clerk is urged to ensure that all records to prove that fuel was drawn by correct vehicles and used for the intended purposes are present to the Auditor General for audit verification. Only then will the matter be closed.

w) Questionable Repair of a Weighbridge K25 000

Submission by the Town Clerk

The Town Clerk reported that the Council had had a weighbridge at the landfill (dumpsite) that was bought many years ago. The weighbridge was old and Lusaka City Council had been repairing it over the years, especially the computer system part of the weigh bridge which was currently outdated. In through the Audit Committee it was recommended that a new weigh bridge be procured to replace the old one. The weighbridge was last operated in July 2018. The Council begun the process of procuring a new weighbridge through an advert to the general public dated 19/03/2019 reference No. LCC/PSU/ESD/WB/03/19. The Council was in the process of procuring a new weighbridge. The Council will ensure that it procures and installs a new weighbridge and shall service and maintain it to avoid breakdowns.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk. They are of the view that feasibility studies should have been carried out before paying the contractor. The Town Clerk is urged to ensure that mechanisms are put in place to ensure that the Council does not incur any wasteful expenditure. The Committee, however, resolves to close the matter subject to presentation of the above mentioned documents to the Office of the Auditor General.

x) Environmental Management

A scrutiny of environmental related records and a physical inspection of the surrounding communities and of the dumpsite carried out in November 2018 revealed the following weaknesses to which the Town Clerk responded as set out below.

i. Operation of a Dumpsite without ZEMA License

Submission by the Town Clerk

The Town Clerk submitted that due to the lack of resources, the current conditions at the landfill did not meet the licensing conditions. The Council reported that operations of the dumpsite would be improved following the enactment of the new *Waste Management Act* and the subsequent incorporation of a waste management company by the Ministry of Local Government. The Council would ensure that it oversaw the operation of the dumpsite in conformity with the requirements enshrined in *Zambia Environmental Management Authority Act*.

Committee's Observation and Recommendation

The Committee notes with concern the failure by management at the Council to improve the land fill. It displeases the Committee that despite being better placed to uplift its standards, the land fill for Lusaka Council leaves much to be desired.. The Committee strongly cautions the Town Clerk to desist from causing inordinate delays in improving the landfill. The Town Clerk is directed to ensure that the landfill is face lifted before 30th January 2020, and subsequently approved for licensing by ZEMA. The Committee resolves to await a progress report on the matter.

ii. Failure to Produce Plans and Reports

Submission by the Town Clerk

The Town Clerk reported that the Council had a Solid Waste Management Plan though it expired in 2017. A new plan had already been drafted for the next ten (10) years. The Council awaits the operationalisation of the new waste management company so that it passes on to it the new 10 year plan. The Council would ensure that the Waste Management plan and reports were produced by the new waste management company in line with the *Zambia Environmental Management Agency Act No 13*.

Committee's Observation and Recommendation

The Committee encourages the Town Clerk to ensure that the land fill is face lifted by 31st January 2020 in order for the Lusaka City Council to fully comply with the provisions of the law. Proof of improvement at the dumpsite should be presented to the office of the Auditor General for verification.

iii. Failure to Engineer the Dumpsite

Submission by the Town Clerk

The Chunga landfill covered an area of 24 hectares in total. An engineered cell was constructed and opened for use in 2007 with a life span of at least 15 years. The construction and opening of other engineered cells was supposed to follow one after the other upon the closure of the operational cell. The cost of constructing an engineered cell on the entire piece of land was prohibitive hence it was just decided to start with 5 hectares of land. The cell operated effectively without major challenges for over 5 years. However, due to mechanical problems with the key

equipment at the landfill, the compaction of solid waste became a challenge making the engineered cell inaccessible especially in the rain season. The situation led to the use of spaces out of the cell in order to relieve the pressure of garbage from the community. Lusaka City Council had been looking for partners to help develop a waste treatment and disposal facility at the Chunga landfill through a Public Private Partnership. However, after a call for proposals, no bidder responded to the call. Working with the Millennium Challenge Account Zambia, a study was conducted to establish whether Chunga Landfill still had space for an engineered cell and it was revealed that there was still space for a cell. However, there were already advanced plans to develop another cell using funds from the EIB which had been sourced by the Ministry of Local Government. The Council will continue trying out all possible options to enable it secure a partner who will help in setting up a waste treatment and disposal facility.

Committee's Observation and Recommendation

The Committee resolves to await a progress report on the enhanced engineering of waste at the dump site.

iv. Failure to Secure the Dumpsite

Submission by the Town Clerk

The security system at the landfill was one of the key challenges faced by the Lusaka City Council. The boundary wall fence had been collapsing at different times and the Lusaka City Council had always reconstructed the fence. However, the wall fence had continued to collapse due to different factors such as scavengers creating access points and heavy rains especially at points near the stream. The Council had deployed Council Police to help provide security of the dumpsite. However, due to the high number of scavengers, it had been difficult to prevent them from accessing the landfill, and to The Council will continue trying out all possible options to secure the landfill, and to ensure that it co-exists with the scavengers to avoid conflicts.

Committee's Observation and Recommendation

The Committee encourages the Town Clerk to ensure that more land is secured and protected to avoid scavengers and other people from entering the dumpsite without control. The Committee awaits a progress report on the matter.

v. Failure to Conduct Medical Checkups

Submission by the Town Clerk

The Town Clerk informed the Committee that lack of medical checkups at the time of audit was due to a delay in finalising quotation from University Teaching Hospital which had the key vaccine for people working in such environments. Lusaka City Council had engaged Levy Mwanawasa Hospital in Lusaka to conduct medical examinations and provide the necessary vaccines for all workers under the Waste Management Unit. Regarding the reclaimers, Lusaka City Council and ZEMA had been engaging them to ensure that they all follow the Occupational

Health and Safety rules. The Council will continue to engage with the waste reclaimers to ensure that they were checked by health practitioners, and advised on the status of their health.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Town Clerk to ensure that the dump site is managed in accordance with health laws, including Statutory Instrument No. 112 of 2013. The Committee resolves to close the matter subject to presentation of the cited documents for audit verification. The Office of the Auditor General is urged to ensure that the matter is kept in view during future audits.

vi. Non-adherence to Environmental Health Regulations

Submission by the Town Clerk

Lusaka City Council did not allow the allocation of residential plots and building of houses close to the landfill. The people illegally built around the landfill and were mostly doing so during the elections period by taking advantage of the situation. An Environmental Impact Assessment was conducted on the Chunga Landfill. The Council Houses were over 500 meters from the site as provided by the law. Lusaka City Council undertook an exercise to demolish the houses which were close to the area. However, due to the period that the houses were being built in, it became sensitive to demolish them. The Council will ensure that it continues to monitor the area around the dumpsite to prevent further encroachment into the reserved areas.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Town Clerk to ensure that the dump Site is managed in accordance with health laws including Statutory Instrument No. 112 of 2013. The Committee resolves to close the matter subject to presentation of proof to the Auditor General verification. The Office of the Auditor General is urged to ensure that the matter is kept in view during future audits.

vii. Failure to Renovate Structures at the Dumpsite

Submission by the Town Clerk

The Town Clerk submitted that failure to renovate structures at the dumpsite was due to lack of funds. Lusaka City Council had planned to renovate the weighing office, change rooms, toilets and bath rooms at dumpsite. The procurement for the works to renovate the structures was in progress and that the contractor will be available on site as soon as funds were available. The Council would ensure that offices for staff at the dump site were redeveloped together with the dumpsite as soon as a partner had been identified.

Committee's Observation and Recommendation

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

viii. Failure to Collect Refuse by the Council

Submission by the Town Clerk

The Town Clerk informed the Committee that solid waste management was one of the most expensive services provided by any Local Authority. Generators of solid waste were supposed to pay for the waste they generate. However, very few people in Lusaka paid for the solid waste they generated making it very difficult for the Council to effectively manage solid waste. The Lusaka City Council unlike other councils in the region does not collect the solid waste fees using any other service which can compel people to effectively pay for the services. In order to ensure effectiveness in solid waste management, the Council had been working on different innovations including solid waste tariff bundling where the waste tariff was bundled with the water tariff. Lusaka City Council procured additional seven (7) tipper trucks to help collect garbage within the city and deliver it to the dumpsite. The Tipper trucks were meant to supplement the current fleet of five Skip trucks, One Skip loader and Four (4) Compactor trucks. In the meantime Lusaka City Council had also ordered additional compactor truck at a cost of USD\$80,500.00 from Aeolus Zambia Limited to supplement the already existing four Compactor trucks owned by the Council. Further, the Council commenced the process of increasing the number of waste management zones in order to increase the number of Community Based Enterprises involved in waste management. This was expected to increase efficiency in the management of waste. The Council will ensure that it continues to monitor and collect waste around the City with the help of Community Based Enterprises and Franchise Contractors before the operationalisation of the waste management company formed in line with the *Waste Management Act No. 20 of 2018*.

Committee's Observation and Recommendation

In noting the submission, the Committee resolves to close the matter subject to the presentation of the proof cited to the Office of the Auditor General for verification.

AUDIT QUERY

PARAGRAPH 27

MANSA MUNICIPAL COUNCIL

Accounting and Other Irregularities

27. An examination of accounting and other records maintained at the Council for the period under review and physical inspections of selected projects carried out in November 2018 revealed the following to which the Town Clerk responded as set out below.

a) Non- Preparation of Financial Statement

Submission by the Town Clerk

The Town Clerk submitted that non-preparation of financial statements was due to the assets that were not valued in the Council's valuation roll. He also informed the Committee that financial statement for the year ended 31st December 2017 had since been prepared and were ready for audit verification. The Town Clerk reported that the Council would fully adhere to *Section 43 (3)*

of the Local Government Act, Cap 281 of the Laws of Zambia in preparation of financial statements.

Committee's Observations and Recommendations

In noting the submission, the Committee urges the Town Clerk to ensure that all financial reports are available for verification, and further that the Council is current in terms of preparing financial statements. The matter is, however, recommended for closure subject to audit verification.

b) Failure to provide Lease Agreements

Submission by the Town Clerk

The Town Clerk reported that failure to provide Lease Agreements for five shops namely, three shops from Muchinka Main Market and two shops from Senama Market was due to the fact that they were still in the process of being finalised at the time the audit. He informed the Committee that all Lease Agreements had since been signed (June 2019) with tenants for the Five shops. With the new tenancy agreements, the Council projected to collect K165,604. The Council had since collected K55,880 and was attending to formalities to have the outstanding balances cleared. The Town Clerk also reported that there was a quarterly monitoring of the tenants to ensure compliance and adherence to lease agreement requirements.

Committee's Observations and Recommendations

The Committee does not accept the reason given by the Town Clerk and hence urges him to ensure that officers responsible are disciplined for this failure. The Committee also cautions the Town Clerk for his laxity on the matter as efforts to finalise the lease agreements were only seen after the audit. He is sternly cautioned to ensure that future audits are taken seriously. The matter is, however, recommended for closure subject to presentation of the documents to the office of the Auditor General for verification.

c) Failure to settle Outstanding Obligations – K32,107,966

Submission by the Town Clerk

The Town Clerk reported that failure to settle outstanding obligations amounting to K32,107,966 was due to the financial challenges that the Council was facing. The Town Clerk reported that the Council had gone into debt payment plans with different creditors such as LASF, NAPSA, staff dues, trade creditors and ZRA, making monthly payments against the debt owing. Copies of payment vouchers were available for audit verification. The Town Clerk also reported that management at Mansa Municipal Council had made efforts to offset part of the debt owing to statutory bodies such as NAPSA, LASF and ZRA in exchange with land. The Town Clerk furthermore reported that the Council would endeavour to engage various creditors on the most viable payment plans to dismantle the historical outstanding debts.

Committee's Observation and Recommendation

The Committee observes with concern the failure by management to ensure that they pay their statutory obligations in accordance with paragraph 1 of the Ministry of Local Government Circular dated 10th February 2016. The Committee urges the Town Clerk to ensure that the revenue base is increased to enable them clear all the outstanding obligations owed to various statutory bodies. The Committee awaits a progress report on the matter.

d) Failure to Collect Bill Board Levy K364, 974

Submission by the Town Clerk

The Town Clerk reported that non-collection of Bill Board Levy amounting to K364, 974 by the Council was due to unreconciled balances and uncertainty of existence and ownership of the bill boards on the ground before the demand notices could be issued. However, after the verification exercise of bill boards on the ground, the Council had since begun to collect the reconciled bill boards levies. He further reported that so far Mansa Municipal Council had collected K222, 084.07 out of the reconciled bill board levy leaving a balance of K24,305.89 yet to be collected. The Council was attending to formalities to have the outstanding balances cleared through issuance of demand notices. The Town Clerk further reported that the Council would be conducting a bill board stock-take every year to confirm the bill boards on the ground, outstanding balances and updating of database.

Committee's Observation and Recommendation

The Committee observes with concern the failure by management to ensure that the Bill Board Levies are reconciled and collected in time. It worries the Committee that the Council was grappling with huge outstanding obligations including staff related but was not aggressive in pursuing its debtors. The Committee urges the Town Clerk to ensure that the Council improves its capacity on revenue collection, and that all funds are collected without any further delay. The Committee awaits a progress report on the matter.

e) Unsupported Payments K14,719

Submission by the Town Clerk

The Town Clerk reported that the query was caused by misfiling of supporting documents to payment vouchers amounting to K14, 719. The Town Clerk reported that the Council had traced all the supporting documents amount totalling to K14, 719. Documentation was available for verification. In conclusion, he assured the Committee that the Council would fully adhere to accounting procedures when processing all payments.

Committee's Observation and Recommendation

The Committee finds it unacceptable that officer failed to trace documents during the period of audit. The Town Clerk is urged to ensure that disciplinary action is taken against the erring

officers and only then will the matter be closed. The Committee awaits a progress report on the matter.

f) Failure to recover salary advances - K11, 500

Submission by the Town Clerk

The Town Clerk reported that the non-recovery of salary advances amounting to K11, 500 paid to four officers in May and June 2017 at the time of audit was due to non handing over of the salary advances ledger because the officer who was handling the salary advances ledger had been transferred. The Town Clerk reported that the Council had since recovered the salary advance from the three officers amounting to K8,500 through the payroll. The remaining K3,000 was recovered from the accrued leave pay from one officer. The Town Clerk reported that the Council would always keep updated ledgers for salary advances to ensure that recoveries were carried out.

Committee's Observation and Recommendation

The Committee notes the Submission by the Town Clerk but he was urged to ensure that officers who failed to carry out their duty are disciplined for this failure. The Committee resolves to close the matter subject to presentation of the documents cited and proof that the erring offices were discipline to the Office of the Auditor General for verification.

g) Irregular Payment of Sitting Allowances - K12, 600

Submission by the Town Clerk

The Town Clerk reported that the query was caused by lack of information on procurement tender meetings as contained in Cabinet Office Circular No.11 of 2013. The Town Clerk also reported that the Council had written to all the officers who received irregular tender sitting allowances to refund the money to the Council. The Town Clerk furthermore reported that the Council had since recovered K9,150. So far, nine officers had fully refunded amounts totaling K8,700 while one officer had made part payment of K450. The Council was attending to formalities to have the outstanding balances refunded and the Committee was assured that the Council would only pay allowances that were authorised by Government in line with Cabinet Office Circular No.11 of 2013.

Committee's Observations and Recommendations

While noting the submission, the Committee expresses concern at the failure by management to adhere to Cabinet Office Circular No.11 of 2013 which abolished the payment of sitting allowances with effect from 1st September 2013. The Town Clerk is sternly cautioned to desist from disregarding Government circulars at will. The Committee urges him to ensure that the amount is recovered from the officers, otherwise the funds would be recovered from him for approving the payments. The Committee resolves to await a progress report on the matter.

h) Irregular payment of Social Holiday Allowances K1,875

Submission by the Town Clerk

The Town Clerk submitted that the payment of Social Holiday Allowance was due to lack of information on the allowance as contained in the Ministry of Local Government and Housing Circular No. MLGH/101/8/4 of 2014 Social Holiday Allowance by the former Director of Finance. The Town Clerk reported that the Council had since recovered an amount of K1, 875 and also assured the Committee that the Council would only pay allowances as stipulated in the Conditions of Service and in line with Ministry of Local Government and Housing Circular No. MLGH/101/8/4 of 2014.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by management to adhere to Ministry of Local Government and Housing Circular No. MLGH/101/8/4 of 2014, which abolished the payment of entertainment allowances such as Social Holiday Allowance, on 16th February 2017. The Town Clerk is sternly cautioned to desist from the habit of disregarding Government circulars at will and, thereby, making irregular payments which ended up as soft loans to the officers. The Committee urges the Ministry of Local Government to ensure that penalties are stiffened against such failures in order to deter others from perpetuating the vice. The Committee, however, resolves to close the matter subject to presentation of the cited documents to the Office of the Auditor General.

AUDIT QUERY

PARAGRAPH 28

MBALA MUNICIPAL COUNCIL

Accounting and Other Irregularities

28. An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2015, 2016 and 2017 and inspection of selected projects carried out in September 2018 revealed the following weaknesses to which the Council Secretary responded as out below.

a) Outstanding Receivables K1,381,698

Submission by the Town Clerk

The Town Clerk Informed the Committee that in as far as collection of rates were concerned, the Council was unable to enforce some of the provisions of the repealed Rating Act which was replaced by the *Rating Act No. 21 of 2018* because of an out dated valuation roll. The Council therefore relied on the commitment and compliance of individual rate payers, some of whom lacked full understanding of their obligations to pay property rates. In terms of the ZESCO way leave clearance, the Town Clerk Informed the Committee that the payment for the way leave clearance contracts was done from ZESCO Headquarters for all councils. The ZESCO Area

Offices usually submitted the claims to Lusaka and it usually took time for them to process the payments. The same was true for Zamtel on the Telephone Mast Levy. Regarding the Meat Export Permits, the Town Clerk informed the Committee that Mbala was usually affected by the numerous bans on the movement of livestock due to the rampant outbreak of livestock diseases especially in neighboring Tanzania. This also in turn affected the collection of Meat Export Levies. The Town Clerk also reported that the Local Authority sought authority from the Minister of Local Government to extend the use of the expired valuation roll, so that it could enforce the provisions of the law. Authority was granted by the Minister who extended the use of the expired valuation roll up to 31st December 2019. The Council had also started a radio programme dubbed “The Council and the Community” on Radio Luswepo, a community radio station in Mbala where the Council had featured and would continue featuring all departmental heads to discuss the mandate of the Council, the services the Council provided to the general public in the district, and the obligations of the resident in relation to payment of Council Levies, fees and charges. Further, the Council engaged the Sherriff’s Office to execute warrants of distress so as to compel the property rate payers to pay what was due to the Council. So far, a total amount of ZMW213, 807.18 had been realised. A list of copies for receipt of demand notices and warrants of distress issued to the property rate payers were available for verification. The Council also made follow ups with ZESCO and Zamtel, and submitted that ZESCO had paid ZMW88, 571.63 while the amount on Zamtel was still outstanding. The Town Clerk Informed the Committee that the Local Authority had engaged the Government Valuation Department to update its valuation roll so that there were no lapses in enforcement of the law. A mobilisation fee of K150, 000 had already been paid to valuation surveyors.

Committee’s Observation and Recommendation

The Committee notes the efforts made by the Council in collecting arrears but they noted with serious concern the Council’s weak in debt collection that resulted in the query. The Committee wonders why a Council with problems would wait for audit to enforce warrants of distress and other provisions of the law. The Committee also expresses concern at the failure by state owned institutions to pay the Councils in time, and were of the view that other options may be explored through the Office of the Secretary to the Treasury to consider deducting the dues at source to improve their compliance in honouring their obligations in time. The Committee urges the Town Clerk to ensure that he enhances the Council’s follow up systems in ensuring that all debt owed is collected without any further delay. Further, the Committee urges the Town Clerk to ensure that the valuation roll is updated expeditiously. The Committee resolves to await a progress report on the matter.

b) Failure to Remit Statutory Obligations

Submission by the Town Clerk

The Town Clerk Informed the Committee that Mbala Council was facing cash flow challenges due to limited sources of income. The Local Authority had a monthly average income of ZMW200, 000 from local income and monthly Local Government Equalisation fund of K996, 000 bringing the total monthly income to K1, 196,000. Further, the Local authority had a total wage bill of K1, 350,000 and an average operational cost of K200, 000 bringing the total monthly expenditure of K1, 550,000 hence having a deficit of K354, 000 on a monthly basis. As a result of this deficit, the

Local Authority had not been able to remit statutory obligations when they fell due.

The Town Clerk Informed the Committee that the Local Authority had entered into a payment plans with ZRA, LASF and NAPSA towards payment of these dues. The Council had made a payment of ZMW747, 000 to NAPSA through a debt swap and had also made payments of ZMW40,000 and ZMW20, 000 for ZRA and LASF respectively against payment plans agreed upon with the various institutions in question. Further, K3, 400 was deducted at source from the LGEF for Zambia United Local Authorities Union (ZULAWU). Copies of payment vouchers for statutory deductions were available for audit verification. The Town Clerk Informed the Committee that the Local Authority was in the process of updating the valuation roll which was last updated in 2006 in order to increase the revenue base. A total of K200, 000 had so far been paid to the Government Valuation Department (GVD). Further as earlier alluded to, the Town Clerk Informed the Committee that the Local Authority had put in place a program where sensitisation would be carried out done on a regular basis through radio and public address system. Radio programs would also continue to reach out to the community. Copies of transfer of funds to GVD were available for audit verification. The Town Clerk further reported that the Local Authority had engaged ZRA, LASF and NAPSA over payment plans towards the outstanding bill. NAPSA had indicated that they needed more land for investment and the Council was actively pursuing this option.

Committee's Observation and recommendation

The Committee notes the efforts made to dismantle the outstanding obligations but expresses concern at the huge debt stock owed by the Council. It worries the Committee that this huge debt stock is besides the current obligations the Council is expected to meet and hence if nothing happens, the Council would be risking possible litigation costs which may arise from this situation. The Committee urges the Town Clerk to explore more revenue sources and ultimately enhance its revenue base in order to reduce the huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of the burden. The Committee resolves to await a progress report on the matter.

c) Failure to Collect Land Development Fees from Sale of Plots K200,846

Response be the Town Clerk

The Town Clerk Informed the Committee that as per practice, the Local Authority in late 2017 offered plots to the public by way of an advert with the condition that plot premium had to be paid within 60 days from the date of recommendation. Some would be developers paid in full while others paid in installments. Considering the economic status of Mbala District, and the importance that local people attach to owning plots and, subsequently, developing them, the Local Authority resolved to extend the 60 days payment period and kept on receiving part payments towards the plot premiums. The Town Clerk informed the Committee that at its Committee meeting of 20/06/2019 minute number PEHECSS/54/06/19 and Ordinary Full Council sitting of 19/07/2019, under minute number MMC/196/07/19 respectively resolved to repossess plots that were offered but not paid for in Ronald Penza, Lucheche and Little Poland. These plots were offered earlier in 2013 and 2015 and were being offered to other applicants on first come first serve basis. The repossession of unpaid for plots in Makanta, which were offered in 2017, was expected to be

discussed and considered at the next Ordinary Full Council sitting of the Council scheduled for the first week of October 2019. The Council Minute Number MMC/196/07/19 was available for audit verification. The Town Clerk informed the Committee that the Local Authority would endeavor to limit extensions to the period within which developers should pay so that repossessions can quickly be effected and plots offered to other would be developers. This would help to realise the much needed revenue, as well as encourage growth of the built up area. This was in light of the comments from the Civic Leaders at the last Council sitting where the Council unanimously resolved to repossess unpaid for plots.

Committee's Observation and Recommendation

The Committee notes with serious concern the Council's weak debt collection systems that resulted in the query. The Committee wonders why a Council which is experiencing liquidity problems would wait for audit to enforce warrants of distress and other provisions of the law. The Committee urges the Town Clerk to ensure that the Council enhanced its follow up systems in ensuring that all debt owed to the Council is are collected without any further delay to improve their liquidity situation. Further, the Committee urges the Town Clerk to ensure that all unpaid for plots are repossessed without further delay as per resolution made by the Full Council. The Committee resolves to await a progress report on the matter.

d) Failure to Transfer Equalisation Funds K530, 508

Submission by the Town Clerk

The Town Clerk informed the Committee that the Mbala Council as earlier alluded to had cash flow challenges arising from limited revenue sources, and as a result part of the 20% of the funds was used for recurrent expenditure with the view to re-imburse the funds from locally generated funds. The Town Clerk added that the Local Authority had so far transferred a total amount of K106, 340 to the Grant Account leaving a balance of K424, 168. The Town Clerk assured the Committee that the Local Authority would reimburse the balance as soon as possible. The copies of the transfers and deposits were available for audit verification. The Town Clerk also informed the Committee that the Local Authority was working on broadening its revenue base to enable it raise enough funds for operations and other recurrent expenditure. The process of updating the Valuation Roll and the opening up of new land for investment and development were just some of the measures the Council was undertaking. Further as earlier alluded to, the Town Clerk informed the Committee that the Local Authority was seeking ways of engaging and gaining the support of the communities and had since put in place a programme where sensitisations would be done on a regular basis through radio and public address system.

Table I

UPDATED COLLECTIONS					
S/No	DESCRIPTION	OUTSTANDING AMOUNT	AMOUNT PAID	BALANCE	Remarks
1	RATES	1,303,869.85	213,807.18	1,090,062.67	Phased Execution of Warrants still on.
2	ZAMBEEF	37,328.50	38,580.00	-	Fully Paid
3	ZAMTEL	40,500.00	-	40,500.00	Still Making follow ups
		1,381,698.35	252,387.18	1,130,562.67	

Table II

STATUTORY OBLIGATIONS					
S/No.	DESCRIPTION	OUTSTANDING AMOUNT (as at 31/12/2018)	AMOUNT PAID	BALANCE (as at 31/08/2019)	Remarks
	PAYE	2,822,562.00	40,000.00	2,782,562.00	Payments
	NAPSA	1,946,002.00	757,937.00	1,188,065.00	Debt Swap & Payments
	LASF	1,030,172.00	20,000.00	1,010,172.00	Payments
	TOTAL	5,798,736.00	817,937.00	4,980,799.00	

Committee's Observation and recommendation

The Committee does not accept the reasons given by the Town Clerk concerning the borrowing of the 20% portion of the Local Government Equalisation Fund (LGEF). The Committee sternly cautions the Council Secretary to desist from misapplying the LGEF and the Secretary to the Treasury is, urged to ensure that stiffer penalties are put in place to deter councils from perpetuating this vice. The Committee resolves to await a progress report on the full recovery of the funds.

AUDIT QUERY

PARAGRAPH 29

MONGU MINICIPAL COUNCIL

a) Failure to Prepare a Procurement Plan

Town Clerk's Response

The Town Clerk submitted that the Council had no qualified procurement personnel during the period under review. The Town Clerk also submitted that the procurement plan had finally been prepared as the Council now had qualified personnel in the Procurement Section. The Council would endeavor to prepare the procurement plan together with the annual budget. Copies of the Procurement Plan for 2018, as well as 2019 were verification available for verification.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Town Clerk to ensure that the Council adheres to the *Public Procurement Act of 2008* by ensuring that an updated procurement plan is in place each time. The Committee recommends closing the matter while the Office of the Auditor General is urged to ensure that the matter is kept in view during future audits.

b) Lack of an Approved Information Security Policy

Submission by the Town Clerk

The Town Clerk submitted that a draft Information Security Policy had been prepared and was yet to be approved by the Full Council. The Town Clerk submitted that the Local Government Service Commission had employed and sent qualified and experienced Information Technology (IT) Officers to the Council. The officers had been directed to be reviewing and updating the Policy every year. An internal memo written to the IT specialist was attached for further verification.

Committee's Observation and Recommendations

The Committee expresses worry on why it has taken so long for the Council to formulate an Information Security Policy. The Committee wonders how the Council has been managing the various risks without policy direction. The Committee strongly urges the Council to immediately table the draft Policy before the full Council and ensure that the Policy is operational without any further delay. The Committee resolves to await a progress report on the matter.

c) Under Collection of Revenue K2,518,783

Submission by the Town Clerk

The Town Clerk submitted that during the period under review the factors which affected revenue collection included; few revenue collectors, lack of transport as the Council had a limited number of vehicles to support the operations, and failure to collect rates due to cultural factors on land administration. As remedial measures to this problem, a permanent revenue taskforce which worked in conjunction with the revenue collectors had been established. The Local Government Service Commission had also employed more revenue collectors for the Council while it had also increased its efficiency in the enforcement of laws in the collection of revenue such as warrants of distress and taking of defaulters to court. The traditional leaders and the Chamber of Commerce had also been engaged to work with the Council. In addition to the above actions, supervision of revenue collectors had been enhanced to avoid laxity. Sustained sensitisation of the general public through electronic and print media was carried out periodically to avert the problem. Together with the named stakeholders, the Council was ensuring that members of the public were law abiding by ensuring that payment of fees, levies and other charges were paid promptly. There was also enhanced capturing of data for business houses and other institutions to ensure accuracy in budgeting and collection of revenues.

Committee's Observation and Recommendations

While noting the responses The Committee expresses concern at the failure by the Council to collect enough revenue despite grappling with liquidity problems. The Committee urges the Town Clerk to ensure the suggested measures are actualized without any further delay. The Committee recommends the matter for Auditor General to keep in view during future audits.

d) Payment of Subscription Fees to Professional Bodies K16,940

Submission by the Town Clerk

The Town Clerk submitted that the payments of subscription fees to professional bodies was based on Circular number MLGH/83 dated 15/01/2016 signed by the then Permanent Secretary of Ministry of Local Government, which stated that, Circular No.B18 of 2014 did not affect Local Government practitioners as they served under a different condition of service. The Town Clerk submitted that payment of subscription to professional bodies had been suspended until further clarification. The officers whose subscriptions was paid by the Council had been asked to refund the money, failure to which the Council would make deductions from their salaries with effect from October 2019. The Council also informed the Committee that they would always seek clarification from the Permanent Secretary when there were seemingly conflicting or contradicting circulars.

Committee's Observation and Recommendation

While it is appreciated that a circular was issued by the Permanent Secretary, Ministry of Local Government and Housing, the Committee observes with concern the failure by the Council to consult before making any payments. It displeases the Committee that the Town Clerk sought for guidance after the payment had already been effected. The Committee cautions the Town Clerk, being a sub-warrant holder, to always seek for clarity before an expense is incurred. The Committee recommends that all the money should be paid back. The Committee awaits a progress report on the matter.

e) Retired Town Clerk

It was reported by the Auditor General that in 2016, the Town Clerk was retired from Local Government Service. However, the following were observed:

- i. Irregular Payment of Allowances - K213,570 (Housing allowance - K61,020, Fuel allowance - K91,530 and Education allowance - K61,020)**

Submission by the Town Clerk

The Town Clerk reported that the Council paid allowances to the retired Town Clerk due to misinterpretation of the Constitution which stated that "all retired officers who have not been paid their terminal benefits should be retained on the payroll." The Town Clerk submitted that it had commenced deductions from the former Town Clerk's outstanding terminal benefits. So far K 25,000 had been recovered as of 4th November, 2019. The Council also informed the Committee that it had stopped paying the former Town Clerk the said allowances. In accordance with the audit findings, the Council would ensure that no such allowances were paid to retired officers.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Council to consult before making any payments. It displeases the Committee that the Town Clerk sought for guidance after the payment has already been effected. The Committee strongly cautions the Town Clerk to always seek for

clarity before an expense is incurred. The Committee recommends that all the money should be recovered and awaits a progress report on the matter.

ii. Irregular Increase of Salary - K35,032

Submission by the Town Clerk

The Town Clerk submitted that the query was as a result of salary increment awarded to all Council officers on the payroll, as well as the ministers misinterpretation of provisions of the Constitution. He also reported that the Committee that the Council had started recovering the said salary increments mistakenly paid to the former Town Clerk. The Town Clerk submitted that all future payments to retired officers shall not include salary increments and allowances as these were only applicable to employees in service.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Council to consult before making any payments. The Committee strongly cautions the Town Clerk to always seek for clarity before an expense is incurred. The Committee awaits a progress report on the matter.

f) Failure To Remit Tax K57,331

Submission by the Town Clerk

The Town Clerk submitted that failure to remit tax was as a result of not having enough revenue to meet statutory obligations. The Town Clerk also reported to the Committee that, an agreement had been reached with the Zambia Revenue Authority and a payment plan had been put in place to clear the bill. The Council was strictly adhering to the payment plan, as well as maintaining the current monthly obligations.

Committee's Observation and Recommendations

The Committee notes the payment plan agreed upon with ZRA for the year 2020. However, it finds it unjustifiable that the Council failed to remit statutory obligations after effecting deductions from officers. The Committee urges the Town Clerk to settle the outstanding balance and henceforth prioritise statutory obligations to avoid recurrence of this matter. The Committee awaits a progress report on the matter.

g) Failure To Deduct Tax - K149,540

Submission by the Town Clerk

The Town Clerk submitted that it was an oversight on the finance officers to fail to deduct the said deduction. He also reported to the Committee that all deductions had been done on officers who were affected, and were currently being remitted to Zambia Revenue Authority (ZRA) in the above payment plan discussed in the previous query. The deductions had been made through commutation of leave days. Going forward, the Town Clerk assured the Committee that all taxable allowances were now subjected to applicable deductions.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Town Clerk to ensure that disciplinary action is taken against erring officers who failed to deduct taxes. The Town Clerk is also sternly cautioned to desist from the habit of only getting involved seriously in resolving matters only when called upon by the Auditor General. The Committee resolves to close the matter subject to presentation of the cited documents to the Office of the Auditor General for verification.

h) Outstanding Staff Bills K3,414,914

Submission by the Town Clerk

The Town Clerk submitted that the Council owed a total of K3, 414,914 to staff because of inadequate funds with which to run the operations as well as meet staff bills. He also informed the Committee that a payment plan had been put in place where retirees were paid on a monthly basis by setting aside a K50,000 as per 2019 budget under the debt Liquidation Plan. The Town Clerk also added that a payment plan for the officers had been put in place to liquidate the bill.

Committee's Observation and recommendation

The Committee notes the efforts made to dismantle the outstanding obligations but expresses concern at the huge debt stock owed by the Council. It worries the Committee that this huge debt stock is besides the current obligations the Council is expected to meet, and hence if nothing happens, the Council may suffer from possible litigation costs which may arise therefrom. The Committee urges the Council Secretary to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

i) Failure to Insure Motor Vehicles

Submission by the Town Clerk

The Town Clerk submitted that the Council did not insure the motor vehicles in question because the vehicles were non-runners at the time of the audit. Due to inadequate funds, only the vehicles that were running were prioritised for insurance. The Council informed the Committee that it had insured the said two vehicles. The Committee was hereby informed that an insurance policy had been formulated by the management and scheduled to be finalised before the end of 2019.

Committee's Observation and Recommendation

The Committee notes the submission and the Council Secretary to ensure that all its assets are insured each year in order to avert possible losses. The Committee recommends to wait for a progress report on the matter while the Office of the Auditor General is urged to ensure that the matter is kept in view during future audits.

j) Lack of Title Deeds

Submission by the Town Clerk

Though the process of getting the title deed had began, the Council could not acquire the title deeds in a shortest period of time. The Council informed the Committee that it had submitted a recommendation letter for issuance of title deeds on all Council properties to the Ministry of Lands and offer letters had been issued. The Council was currently working on the process of acquisition of title deeds. He also informed the Committee that the Council would ensure that all its properties were with title deeds before the end of December 2019.

Committee's Observation and Recommendations

The Committee is alarmed at the failure by the Council to secure property with title deeds, and urges Management to ensure that the process of acquiring title deeds is expedited. The Committee awaits a progress report on the matter.

k) Poor Maintenance of Property

Submission by the Town Clerk

The Town Clerk informed the Committee that the Council did not have enough funds to conduct periodic maintenance of buildings. In addition the Council did not have qualified personnel or engineers for advise on maintenance of buildings, as most of them were quite old and needed skilled personnel to advise. The Town Clerk submitted that the Local Government Service Commission had employed and sent a good number of engineers and building inspectors who were helping in monitoring and repairing of old dilapidated structures. The Town Clerk submitted that the Council had instituted a repair and construction plan to help improve the face of the institution, as well as the safety of its workers. The affected buildings were currently undergoing rehabilitation. The Council through its Department of Engineering and Planning had instituted a monthly periodic inspection plan which was aimed at ascertaining the condition of buildings and all static fixed assets.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Town Clerk to ensure that officers responsible are sternly cautioned for this failure and also that the Council adheres to it's maintenance plan in order to maintain properties and avoid dilapidation. The Committee resolves to close the matter subject to presentation of the cited documents for verification to the Office of t he Auditor General.

l) Failure To Control Illegal Developments – Encroachments On The Water Reserve Well Field

Submission by the Town Clerk

The Town Clerk submitted that the Council worked against the decision of management not to allocate the piece of land to ZAMBEEF and others as the Plot No 8836 had already been allocated to Western Water and Sewerage Company to be used as the main water well field for the entire Mongu. The Town Clerk submitted that it issued a letter dated 8th October, 2015 to the affected developers to suspend all developments on the contentious piece of land (Plot No 8836) as directed by the Minister of Local Government. Further, as a result of the directive most of the portion had not been developed because the matter was still in courts as some of the developers had sought legal redress. The Council had put in place a task force consisting of building inspectors, and planners who went round the Urban Catchment Area of Mongu District for inspections. Further, the planning officers had been directed to ensure that a given piece of land was cleared of any encumbrances before presenting it to the Council for allocation to would be developers.

Committee’s Observation and recommendation

As the matter was before the court of laws, the Committee resolves to await an outcome of the ruling.

m) Environmental Management

i. Failure to Produce Waste Management Reports

Submission by the Town Clerk

The Town Clerk submitted that there was no established department to manage reports on the disposal of waste at the time of audit. He also reported that the Local Government Service Commission had employed Environmental Planners and Public Health Officers who were now handling the matter. Further he informed the Committee that ZEMA had given the Council a certificate to operate and manage the dumpsite and other waste related matters. A copy of the certificate was available for verification. The reports were now being prepared and copies were also available for audit verification. The Council through management would ensure that all reports of waste management were sent on an annual basis to ZEMA.

Committee’s Observation and Recommendation

In noting the submission, the Committee resolves to close the matter subject to presentation of the cited documents for verification. The office of the Auditor General is urged to keep the matter in view during future audits.

ii. Failure To Provide Waste Receptacles/Refuse Bays

Submission by the Town Clerk

The Town Clerk submitted that there was no established department to manage the disposal of waste at the time of audit. The Town Clerk submitted that receptacles were procured and allocated at some specific points in Town. Refuse bays had been budgeted for and scheduled for construction and this was enshrined in the Council's budget for 2020. The Council now had a plan which would help regulate and ensure that all designated business places had proper refuse bays and receptacles.

Committee's Observation and Recommendation

In noting the submission, the Committee resolves to close the matter subject to audit verification while the Office of the Auditor General is urged to keep the matter in view during future audits.

iii. Lack of Medical Check-Ups For Personnel

Submission by the Town Clerk

The Town Clerk submitted that there was no established department of Public health to advise on the importance of Medical Checkups for the workers. The Council had taken note of the query and had started taking all the waste management personnel to Lewanika General Hospital on a quarterly basis for checkups. He also reported to the Committee that the Council had put in place a plan to facilitate annual medical checkups for solid waste management personnel.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Town Clerk to ensure that the dump site is managed in accordance with health laws including the *Environmental Management Act of 2011*. The Committee resolves to close the matter subject to the presentation of the cited documents to the Auditor General for verification. The Office of the Auditor General is urged to ensure that the matter is kept in view during future audits.

n) Constituency Development Funds (CDF) - Nalikwanda Constituency

i. Unauthorised Retention Of Interest Earned K41,924

Submission by the Town Clerk

The Town Clerk submitted that the Council followed the procedure by first seeking permission from Ministry of Local Government on the usage of the interest. He also reported to the Committee that the authority for using the interest was granted by the Ministry of Local

Government. He further informed the Committee that the Council would ensure that it sought authorisation from the Ministry of Finance on all interest that accrued in the CDF bank account.

Committee's Observation and Recommendations

The Committee is disappointed that the Council did not avail the letters mentioned to the Auditor General at the time of audit. This clearly indicates that there is poor record keeping at the Council. The Town Clerk is urged to ensure that officers are closely supervised to avoid the recurrence of similar irregularities. The Town Clerk is, therefore, directed to avail the communications to the Auditor General for audit verification and disciplinary action should be taken against erring officers. Committee awaits a progress report on the matter.

ii. Failure to Implement Approved Projects

Submission by the Town Clerk

The Town Clerk submitted that, the money was insufficient for the implementation of projects therefore could not be implemented. The Town Clerk submitted that through the use of interest earned the CDF Account, the following had been done:

- Imalyo Primary School 1*2 CRB is 75% completed.
- Lushi Community School 1*2 CRB is 90% complete.
- 1*2 CRB at Sibongo Primary School funded under 2018 works are in progress.

The below listed projects were proposed to be funded but funds were not allocated in line with the guidance given by the Ministry of Local Government that Councils should ensure that old projects are completed before starting new ones:

- Proposed construction of a staff house at Nangalata Primary School.
- Moulding of blocks at Kaamba Community School
- Repair of blown off roof at Simulumbe Primary School
- Namafolo 1*2 CRB

He also reported that the Council had adopted a process of coming up with implementation plans for all the projects to ensure that they were done within a project period and within the amount available.

Committee's Observation and Recommendation

The Committee observes with concern the failure by Council management to supervise works on the projects, and thus delaying to the benefit to the communities. It also displeases the Committee that Council management had not seriously pursued this matter until Auditor General unearthed it. The Town Clerk is strongly cautioned to ensure that all the projects which were funded are completed expeditiously. A progress report is being awaited by the Committee.

MONZE DISTRICT COUNCIL**Accounting and Other Irregularities**

30. An examination of accounting and other record maintained at the Council for the period under review and physical inspections of projects carried out in September 2018 revealed the following weaknesses to which the Council Secretary responded as set out below.

a) Irregular Payment of Sitting Allowances K80, 588**Submission by the Council Secretary**

The Council Secretary submitted that the irregular payment of sitting allowances was as a result of lack of information as contained in Cabinet Office Circular No. 11 of 2013 which abolished payment of sitting allowances. The Council Secretary submitted that Monze District Council wrote to all cited officers to reimburse the funds amounting to K 53,540 that were paid to them. The said amount was deducted from their leave terminal benefits. Documentation was available for verification. Further, it should be noted that an amount of K 27,048 included in the query were Councilors' sitting allowances for Committee and Council meetings in accordance with their entitlements to attend such meetings. To avoid further recurrence, the Council had taken the audit observation and the contents of the Cabinet Circular No 11 of 2013 and stopped payments of sitting allowances for Procurement Committee meetings. Further, allowances paid to Councilors as per their entitlements for any meeting convened were appropriately narrated

Committee's Observation and Recommendations

The Committee is disappointed that the Council did not avail these documents to the Auditor General at the time of audit. This clearly indicates that there is poor record of the Council. The Council Secretary is urged to ensure that officers are closely supervised to avoid the recurrence of similar irregularities. The Town Clerk is, therefore, directed to avail these documents to the Auditor General for audit verification and disciplinary action taken against erring officers. Only then will the matter be closed.

b) Irregular Payment of Subsistence Allowance K19, 080**Submission by the Council Secretary**

The Council Secretary submitted that UNICEF had provided budget support and disbursed the funds for the activities in the Monze Council Account. Monze District Council was selected by UNICEF to host a training workshop for participants who include; the trainers of trainers and area pump minders for all Southern Province Districts. The Trainers and Area pump minders from various districts were provided for under UNICEF to be paid daily subsistence allowances to meet their accommodation and other logistical costs whilst attending the training. The funds provided by UNICEF amounted to K100, 808.53 for various workshop costs including the daily subsistence

allowance for eligible workshop participants. The Council Secretary submitted that Monze Council successfully made retirements to UNICEF based on the activities that the funds were provided for, and had no outstanding matter with the financier. Payment of subsistence allowances for works done within the district had since been stopped. The Council sought advice from the Permanent Secretary Ministry of Local government on special works like grading of roads in fur flung areas of the district, and it was costly to move equipment daily. The Council was advised to adhere the Cabinet Circular and no Subsistence Allowance was being paid.

Committee's Observation and Recommendations

The Committee notes the submission by the Council Secretary and urges him to ensure that the matter is resolved with the Permanent Secretary, Ministry of Local Government because other Ministries in the Government were usually paid during such special cases. The Committee resolves to await a progress report on the matter.

c) Misappropriation of Funds K100, 500

Submission by the Council Secretary

The Council Secretary submitted that the Accounts Officer who misappropriated the funds was also an agent for the Council at the bank. In his mitigation, it was revealed that he was altering amounts in words and figures at point of cheque encashment in the bank. He would alter K4,800 to Kwacha Fourteen Thousand Eight Hundred (K14, 800). Further it was discovered that the officer would present altered payment amounts for reconciliation. The Council Secretary submitted that the Local Government Service Commission considered the submission of the Council and dismissed the Officer. It was directed that he refunds the K100, 500 he misappropriated. Further, calculations were done and it was discovered that the amount due to him was less than the amount owed. His total benefit amounted to K45, 797.57 but he owed the Council K 100,500 leaving the balance of K 54,702.43 yet to be recovered. Monze District Council had since written to the Local Government Service Commission to seek further guidance on how the outstanding amount could be recovered. Letters of suspension, dismissal and calculations for the amount recovered were attached as evidence. The Council had strengthened internal controls by separating officers who prepared payments and cheques and those appointed as agents at the bank. The Local Government Service Commission had transferred to Monze, as well as appointed more staff in the finance department.

Committee's Observation and Recommendations

The Committee is very disappointed that the Council failed to account for such a huge amount during the time of audit. This clearly indicates that there are very porous internal controls, and that it is likely that the named officer may not be the only one involved in this matter. The Council Secretary is urged to ensure that the matter is reported to the relevant law enforcement agency without further delay. The Committee resolves to await a progress report on the matter.

d) Irregular Pay of Medical Allowances on a monthly basis through payroll K1, 200,373

Submission by the Council Secretary

The Council Secretary submitted that due to increased medical claim requests by officers, a submission by management was made to the full Council to consider a monthly payment to all employees. The full Council erroneously approved the request. The Council Secretary submitted that the cited officers who wrongly benefited from the monthly Medical Allowance paid through the payroll amount totaling to K 1,200,373 were notified and recoveries effected. Letters to individual employees with expected recovery amounts as agreed were attached to this submission for reference and verification. Payment of medical allowance had since been stopped effective February 2018. The Council Secretary submitted that payment of medical allowance through the payroll had also been stopped. Currently officers were refunded medical costs on production of medical reports and receipts for costs incurred at Government hospitals. Only Monze District only had a mission hospital and the Council had no scheme with them.

Committee's Observation and Recommendations

As also alluded to in d) above, the Committee observes with great concern that there are very porous internal controls or the lack of it at this council. The Council Secretary is urged to ensure that officers who failed to interpret the matter be disciplined for misleading the Council on the matter. The Committee resolves to await a progress report on the matter for full recovery of the amounts from the officers.

e) Failure to Remit Statutory Obligations K3, 263,401

Submission by the Council Secretary

The Council Secretary submitted that failure to remit statutory obligations was due to financial challenges that Monze District Council was facing during the period under review. The Council Secretary submitted the Council had entered into debt swap with NAPSA where the outstanding amount of K 909,917.18 would be cleared by giving them a piece of land. With regards to LASF, the Council was in consultations with the statutory body to enter into a payment plan to pay towards accrued debt of K5,000 monthly, together with the monthly payroll dues of K17, 000. Regarding ZRA, the Council had agreed with ZRA to monthly payment plan of K 25,000 towards accrued arrears. The first payment was done in October 2019 and a formal agreement was yet to be finalised. The Council had committed itself to payment plans and would make adequate budgetary provisions to dismantle the debt. The land under possible debt swap with NAPSA had been estimated at a value slightly above the debt and Council planned to use part of the proceeds to clear other statutory debts and continue making current payments.

Committee's Observation and Recommendation

The Committee observes with concern the failure by Council management to ensure that they paid their statutory obligations. The Committee urges the Town Clerk to ensure that they increase their revenue base to enable them clear all the outstanding obligations owed to various statutory bodies.

The Committee awaits a progress report on the matter.

f) Outstanding Staff Obligations K974,836

Submission by the Council Secretary

The Council Secretary submitted that the outstanding staff obligations were due to financial challenges that the Council was facing. The Council Secretary submitted that the Council had drawn a payment plan where an agreed amount was paid every month. The Council had so far paid K204,542.10 out of K 283,054.62 leaving the balance of K 78,512.87 yet to be cleared. The Council had drawn a payment plan where an agreed amount was paid every month. The Council has so far paid K 127,011.93 out of K 919,179.00 leaving the balance of K 792,167.07 yet to be cleared. Further, the Council has come up with a leave plan and encourages employees to proceed on leave so that the debt can be reduced especially on historical debt. The debt had also been reduced as part of owed sums of leave days have been used to refund irregular payments of sitting and medical allowances as submitted in queries “a and above”. Concerning Terminal Benefits, the Council had made a payment plan where an agreed amount was paid every month using locally generated revenue. The Council had so far paid K 101,310.57 out of K 366,390 leaving the balance of K 265,079.43 yet to be cleared. The 2019 approved Council budget included an allocation for settlement of this debt which was spread over a three years period of the MTEF/ABB. (2019 – 2021)’and calendar of officers to proceed on vacation leave. As for Long Service Bonus, there were no further accruals for this Allowance which was abolished in 2012 when Conditions of Service for Council Employees were harmonised. Regarding the Leave Days, a leave plan would be followed to limit days earned by an employee who now risked forfeiting excess days in accordance with provisions of the *Employment Act No 268* read together with the *Service Commission Act*. Regarding Terminal Benefits. officers who were now retiring were maintained on the payroll in accordance with provisions of the *Constitution amendment Act No 2 of 2016* until the Council mobilised enough resources to pay their dues.

Committee’s Observation and Recommendation

The Committee notes the efforts made to dismantle the outstanding obligations but expresses concern at the huge debt stock owed by the Council. It worries The Committee that this huge debt stock is besides the current obligations the Council is expected to meet and hence if nothing happens, the Council will be risking possible litigation costs The Committee urges the Council Secretary to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

g) Weakness in the Management of Properties

Submission by the Council Secretary

i. Lack of Title Deeds

The Council Secretary submitted that the lack of title deeds for 21 properties was as a result of the Council inheriting properties built on land not numbered and surveyed when Monze District

Council was declared a District. The Council had made efforts to acquire title deeds for properties erected on unnumbered and unsurveyed land and hence the reduction of properties with no title deeds to only 21 out of 91 as listed above. The Council Secretary submitted that Monze District Council applied for planning authority. The planning authority was granted and this had enhanced the process of surveying and numbering of Council properties for submission to Ministry of Land for Title Deeds. The Council was directed to make submissions of list of all its properties to Ministry of Finance who will then facilitate acquisition of title deeds for properties not on title.

Committee's Observation and Recommendation

The Committee observes with concern the failure by Council management to acquire title deeds. It also displeases the Committee that Council management has not seriously pursued this matter until Auditor General unearthed it. The Council Secretary is strongly cautioned to ensure that title deeds are acquired without any delay as there was a great risk in case of an eventuality. A progress report is being awaited by the Committee.

ii. Failure to Insure Assets

Submission by the Council Secretary

The Council Secretary submitted that that failure to insure assets was due to financial challenges that the Council was facing. The Council Secretary submitted that the Council had started insuring movable assets such as motor vehicles. The Council had also undertaken resource mobilisation to insure immovable assets against various forms of risks. In addition, the Council had intends to engage ZISC who had billboards in the District and had not paid charges for three years amounting to K16,400 despite several demand notices for a possible debt swap with insurance covers for some of its assets. To this effect the Council was negotiating a debt swap so that the outstanding amount could be used to insure Council properties. Due to cash flow constraints, the Council was in further engagements with Professional insurance for a flexible payment plan to be spread over the financial year period of 12 months for various insurance of Council assets.

Committee's Observation and Recommendation

The Committee observes with concern the failure by Council management to acquire title deeds which consequently led to their failure to insure the properties. It also displeases the Committee that Council management had not seriously pursued this matter until the Auditor General unearthed it. The Council Secretary is strongly cautioned to ensure that title deeds are acquired and subsequently to insure the properties without any further delay. A progress report is being awaited by the Committee.

iii. Failure to Maintain Property

- **Nkotukala Lodge- Manungu Area**

Submission by the Council Secretary

The Council Secretary submitted that failure to maintain Nkotukala Lodge-Manungu was due to

financial constraints that the Council was facing. The Council Secretary submitted that the Council had identified a lessee and the terms and conditions of the Lease agreement included renovation. The Council Secretary submitted that plans had been put in place for the renovation and maintenance of its properties and renovations activities were planned to commence in 2020 and be spread over a three year period of the MTEF/ABB (2020 – 2022). Further, Nkotukala had been put on a five year lease to Hagira who would not only run it but do major maintenance works in the period of the lease.

Committee’s Observation and Recommendation

The Committee observes with concern the failure by Council management to maintain its properties. It also displeases the Committee that Council management had not seriously pursued this matter until Auditor General unearthed it. The Council Secretary is strongly cautioned to ensure that all its properties are maintained by putting up a well defined maintenance plan without any further delay. A progress report is being awaited by the Committee.

- **Old Nchete Main Tarvern and Houses**

Submission by the Council Secretary

The Council Secretary submitted that failure to maintain old Nchete Main Tavern and houses was due to financial constraints that the Council was facing. The Council Secretary submitted that the renovations and maintenance had been included in the 2020 budget. The Council Secretary submitted that plans had been put in place for the renovation and maintenance of its properties.

Committee’s Observation and Recommendation

The Committee observes with concern the failure by Council management to maintain its properties. It also displeases the Committee that Council management had not seriously pursued this matter until Auditor General unearthed it. The Council Secretary is strongly cautioned to ensure that all its properties are maintained by putting up a well defined maintenance plan further without any further delay. A progress report is being awaited by the Committee.

- **Nchete Beer Hall**

Submission by the Council Secretary

The Council Secretary submitted that failure to maintain Nchete Beer Hall was due to financial constraints that the Council was facing. He also submitted that the renovations and maintenance had been included in the 2020 budget. The Council Secretary further submitted that plans have been put in place for the renovation and maintenance of its properties, and the commencement year was 2020 in a phased manner.

Committee’s Observation and Recommendation

The Committee observes with concern the failure by Council management to maintain its properties. It also displeases the Committee that Council management had not seriously pursued

this matter until Auditor General unearthed it. The Council Secretary is strongly cautioned to ensure that all its properties are maintained by putting up a well defined maintenance had plan without any further delay. A progress report is being awaited by the Committee.

h) Constituency Development Funds - Weaknesses in the Management of CDF Projects

An examination of accounting and other records carried out at the Council and a physical inspection of projects carried out in September 2018 revealed that there were weaknesses in the manner in which projects under CDF were managed. There was poor workmanship, failure to complete projects on time, failure to avail contracts and failure to take action against defaulting contractors among others, as detailed below.

Constituency	Project Name	Contractor	Contract Date / duration	Contract sum K	Allocated amount K	Expenditure to date			Scope of works	Observations/status	Current Status Report
						Full contract K	Labour K	Material and transport K			
Moomba	Construction of Kaumba Staff House	Lyansa Contractors	17/12/2014 to 17/03/2015		95,887		22,015	73,872	Construction of substructure, construction of superstructure walls to gable, flooring and plastering, fitting window frames, door frames, and air vents, construction of roof, fitting doors and	<ul style="list-style-type: none"> As at 5th November 2018, the project had not been completed, forty-two (42) months after the expected completion date. The outstanding works included fitting of 10 windowpanes and 8 doors and painting. <p>The following other observations were made:</p> <ul style="list-style-type: none"> Cracks had developed on the floor and wardrobe. 13x20litres of PVA paint, 11x5 litres 	The Council Secretary submitted that the project was at 98% completion as the works remaining are installation of window panes and completion of painting snags.

											of gloss paint bought by the	
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									Locks, glass panes, window handles and peg stay and painting and drainage works.	Council costing K4,155 had expired Expired paint Cracks in the wardrobe	
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Moomba	Completion of Sikabenga Health Post	Chapmuch General dealers	21/01/2016 to 21/02/2016		13,000		11,375		Fitting of air vents, glass panes, handles and peg stays doors and locks,	As at 5 th November 2018, the project had not been completed. The remaining works included:	The Council Secretary submitted that the sikabenga Health post project is at 100% completion. Completion date was at 28 th August 2019.
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									Complete painting Drainage construction	<ul style="list-style-type: none"> • Drainage • 2 doors and 2 windows not fitted. • painting <p>Further inquiries revealed that the project stalled since 2016.</p>	•
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Bweengwa	Construction of Chuungu bridge	Hola Construction Limited	03/06/2016 to 03/08/2016	75,666		66,688			Excavation, stabilization, steel reinforcement, casting in situ concretes and formwork, backfilling, installation of culverts, protection works	As at 5 th November 2018, the project was not completed twenty-seven (27) months after the expected completion date. The following other observations were made: <ul style="list-style-type: none"> • There were cracks on nine (9) culverts. • There were gaps between culverts. • Protection works were not done. 	The Council Secretary submitted that the project was terminated due to poor workmanship and failure to complete within the contract period. The Council was in the process of procuring another contractor, to commence work by the end of October 2019.
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										<ul style="list-style-type: none"> • The culverts were not properly aligned. • Drainage works were not done. 	•
Bweengwa	Construction of culvert at Kanundwa Road	Hola Construction limited	03/06/2016 to 03/08/2016	45,162		39,533			Excavation, stabilization, steel reinforcement, casting in situ concretes and formwork,	As at 5 th November 2018, the culverts were constructed. However, the following were observed: <ul style="list-style-type: none"> • Apron was not 	The Council Secretary submitted that the project of constructing Kanundwa road was terminated

									backfilling, installation of culverts, protection works	done at culvert 1. • 4 guard posts were not fitted on culvert 2. • There were cracks on the 4 wing walls of culvert 2. The culverts were not raised	due to poor workmanship and failure to complete within the contract period.
										<i>Culvert not raised</i>	

Committee’s Observation and Recommendation

The Committee observes with concern the failure by Council management to supervise works on the CDF projects highlighted. It also displeases the Committee that Council management had not seriously pursued this matter until Auditor General unearthed it. The Council Secretary is strongly urged to ensure that all works are completed without any delay. A progress report is being awaited by the Committee. On specific projects, The Committee recommends the following:

- i. The following projects be closed subject to audit inspection: Construction of Kaumba Staff House and Completion of Sikabenga Health Post; whereas
- ii. Matters relating to the Construction of Chuungu Bridge and construction of culvert at Kanundwa Road should remain open until the projects are completed.

NDOLA CITY COUNCIL**Accounting and other Irregularities**

31. An examination of accounting and other records maintained at the Council for the period under review and physical inspections of selected projects carried out in November 2018 revealed the following:

a) Failure to Fill Vacant Positions**Submission by the Town Clerk**

The Council had 512 vacant positions and the Committee was informed that the Council did not have the capacity to remunerate all employees if the vacancies were filled up during the period under review. The mandate to fill the positions for Division I, II and III lay with the Local Government Service Commission. The Town Clerk submitted that the Local Government Service Commission transferred 40 officers to Ndola City Council filling up 40 positions from the 512 vacant positions leaving 472 vacancies. The Council further reported that among the key positions mentioned, the position of Assistant Director of Engineering Services was filled while the Senior Building Inspector had been recommended for acting appointment in the position of Chief Building Inspector. On the other hand, the position of Director of Public Health had remained vacant because the Local Government Service Commission had put on hold substantive promotions for all Directors of Public Health. The Town Clerk submitted that Ndola City Council would emphasise and highlight all vacancies in its Staff Quarterly Returns reports submitted to the Local Government Service Commission every quarter to prompt the Commission to fill the key vacancies. In some instances, special written requests would be made to remind the Commission of the existence of vacancies especially in key positions. The filling up of all the vacancies however had to be backed up with the financial capacity of the Council to avoid workers' unrest due to non-payment of wages.

Committee's Observation and Recommendation

The Committee noted the Town Clerk's submission and strongly urged him to ensure that he liaises with the Local Government Service Commission on the need to consider the financial capacity of the Councils before deploying or transferring staff. The Committee cautioned the Council that it shouldn't be mandatory that all the positions perceived as key by the Local Government Service Commission should be filled as this may result in increasing the Councils' obligations without corresponding financial capacity. The Committee resolved to keep the matter in view in future audits.

b) Outstanding Receivables – Land Rates

Submission by the Town Clerk

The Town Clerk responded that the outstanding amount included some amounts that were difficult to collect because an amount of K42,158,126.71 was owed by Central Government. Ndola City Council received grant in Lieu of rates which were less than the bills thus the outstanding bill was not cleared. The other amount of K19,966,798.99 was owed by individuals and private companies that were failing to honour their commitments on time. The Town Clerk submitted that revenue collection taskforces had been created to enhance revenue collection and since then K38,612,549.24 had been collected out of K84,242,199 leaving the balance of K 45,629,649.76 to be collected. Out of the balance of K45,629,649.76 was an amount of K 1,780,786.21 which was erroneously billed to clients who were exempted by the the Rating Act No. 21 of 2018. As mentioned above, an amount of K42,158,126.71 was supposed to be collected through grants in lieu of rates as it was a bill for GRZ properties. Receipts were available for the amounts collected. Further, the Council was issuing 14 days' demand notices, and after 14 days' ultimatum execution of warrant of distress through the undersheriffs' office would commence. Ndola City Council would continue to have payment plans with clients and sensitise them on their obligation to pay rates through public addresses, social media and news paper adverts. Revenue collection taskforces formed would continue to make follow ups on collection of rates. Those failing to comply would be subjected to the provisions of the law.

Committee's Observation and Recommendations

The Committee expresses concern that the Council is being owed so much money despite it facing financial constraints. The Committee urges the Council to reconcile the outstanding amount owed and ensure that measures are put in place to collect the amount owed. The Committee awaits an update on the matter.

c) Under Collection of Revenue K26,511,717

Submission by the Town Clerk

The Town Clerk submitted that it was regrettable that Ndola City Council failed to collect the outstanding amount of K17,829,687. It was however worth noting that the Council had few Revenue Collectors in relation to the number of revenue collection points which made it more difficult to monitor. As indicated in query b above, Ndola City Council formed Revenue Collection Taskforces to enhance revenue collection and had since collected K10,718,911.66 in total out of K17,829,687. Receipts were available for verification. Further, management had sought authority under minute number FVCU/332/09/18 to clean up the billing system to eliminate double billings of Telecommunications Masts and remove some billboards on the billing that do not exist on the ground any more. The Council would continue to enter into payment plans with clients, continue with follow ups with revenue collection taskforces and engage bailiffs where need arises.

d) Failure to Effect Increase in Fees

Submission by the Town Clerk

The Town Clerk submitted that it was regrettable that Ndola City Council did not revise the fees and penalty units upwards from twenty ngwee to thirty ngwee as provided for in the Statutory Instrument No. 41 of 2015 of the *Fees and Fines Act*. This was mainly because there was no Head of Legal Department to advise on the revision of the rates during the period under review. Ndola City Council through Local Government Service Commission employed a Director of Legal Services and the increment had since been effected. The business entities as well as the general public were informed through the media (Times of Zambia) dated 31st July 2018 and it was considered under Council minute number LS/268/11/18. Secondly, the Council formed a task force on licensing that was used as a platform to sensitise various business houses and individuals on the increment of the levies. Ndola City Council would endeavour to implement future increments on time.

Committee's observation and recommendations

The Committee finds the reasons given for the omission unacceptable as the available legal officers would have guided the Council even in the absence of the Head of the Director of Legal. The Committee urges the Council to sternly caution the legal officers for the serious omission. The documents cited should be presented to the Office of the Auditor General for verification.

e) Loss of Revenue Due to Non-Issuance of Fire Certificate K134,200

Submission by the Town Clerk

The Town Clerk reported that during the period under review, the Council did not have adequate staff in the Fire Services Section and adequate transport to facilitate the inspections of all premises in the City for fire compliance. The staffing levels for the Fire Services Section have improved after a number of fire fighters were transferred to the Ndola Fire station by the Local Government Service Commission. Ndola City Council had also procured a mini bus specifically to be used by firemen for inspections. Further, out of the 161 companies listed in the query, a total of 54 were complying and have since been given certificates. The Council raised K65,300 from the payment of the said fire certificates. The other 36 companies visited had been promising to pay the amount of expected K30,000 while 48 companies (worth K40,600 in fire certificates) relocated and were yet to be traced. It was also important to note that there were a good number of companies that were duplicated on the list in the query, whilst a few of them were yet to be visited by the inspecting team. Appointment letters for the firemen, list of paid companies for fire certificates, duplicated companies and White Book for the bus were available and attached to the report. The Council would endeavour to ensure that the fire station was adequately supported in terms of transport for inspections, and would also quickly act to inform the LGSC of any vacancies at the station.

Committee's observation and recommendations

While noting the progress made by the Council, the Committee expresses concern that the Council only became active in issuing certificates after the audit, a situation which was

regrettable. The Committee contends that had the Auditor General not established this state of affairs, the Council would have continued to lose revenue. The Committee is of the view that this omission is due to a lapse in internal controls caused by poor supervision of officers at the Council. In this regard, the Committee urges the Town Clerk to eradicate this lesser- fair attitude and enhance internal controls to avoid this omission. The Committee further urges the Council to ensure that the outstanding amount is collected without any further delay. The Committee awaits a progress report on the matter.

f) Missing Payment Vouchers K6,093,965

Submission by the Town Clerk

The Town Clerk submitted that the missing payment vouchers were as a result of misfiling because the Council hosted three different institutions (Ministry of Finance, Ministry of Local Government and Auditor General) at the time of audit. Ndola City Council managed to trace 72 payment vouchers out of 231 amounting to K2,244,691.66 leaving the balance of 159 vouchers amounting to K 3,849,272.99. The traced documents were available for verification. The Council had assigned officers who were ensuring that all payment vouchers were safely filed and kept in a secure place. Further, the Council would ensure that payment voucher movements were monitored by use of registers and that they were properly filed for proper record keeping.

Committee's Observation and Recommendations

The Committee observes that financial regulations are not being followed being at the Council and this could be a sure recipe of fraud. The Committee finds it unacceptable that such important documents would go missing and only retrieved after the audit. The Committee directs the Town Clerk to report the remaining missing receipt books to the relevant investigative wings for further probe, and to institute disciplinary action against the officers who failed to secure accounting documents. The Committee will await a progress report on the matter.

g) Unsupported Payment Vouchers K2, 855,924

Submission by the Town Clerk

The Town Clerk submitted that the unsupported payment vouchers were as a result of keeping some supporting documents in separate files and in a separate room while payment vouchers were also kept elsewhere. Payslips were kept in the salaries/payroll office while payment vouchers were kept in the payments/expenditure office. Ndola City Council assigned officers from the Payments Office to look for the supporting document's that were initially filed separately from the payment vouchers. So far supporting documents to 55 payment vouchers amounting to K139,298.00 have been found and attached. A balance of 343 vouchers amounting to K2, 716,626 has been left. The documents were available for verification. The practice however had since been stopped and now payment vouchers were filed together with the supporting documents every time a payment was made. The Council started attaching all supporting documents to the payment vouchers. The Expenditure Officers were tasked to follow

up those officers and suppliers who may not have been surrendering documents such as receipts and invoices after payments had been made.

Committee's Observation and Recommendations

The Committee finds the justification given by the Town Clerk inconsistent as the supporting documents could have been attached to the vouchers at the time of payment. The Committee fears that financial regulations were being flouted with impunity and this unfortunate state of affairs was a recipe for malpractice. The Committee urges the Town Clerk to take disciplinary action against the officers who failed in their duties to secure supporting documents. The Committee directs the Town Clerk to report the matter to relevant investigative wings. The Committee resolves to await a progress report on the matter.

h) Unaccounted for Stores K364,815.50

Submission by the Town Clerk

The Town Clerk reported that the unaccounted for stores was due to the fact that the Council was keeping the receipts and disposal details in separate files from the payment vouchers. These were also kept in two different offices namely, expenditure and stores offices. Ndola City Council assigned officers in the Procurement Unit to search for the receipts and disposal details. So far the Officers had traced and attached receipts and disposal details totaling to K364,815.50. Documents were available for verification. The Council was now attaching all receipts and disposal details as and when goods and services were received or used.

Committee's Observation and Recommendations

The Committee notes with concern the poor record keeping at the Council which had resulted in failure to avail required documents to Auditor General during audits. The Committee finds the reason given for the irregularity misplaced and contends that the Council could have easily located the documents despite being filed in separate files had the record keeping been well organised. The Committee directs the Town Clerk to improve record keeping so as to avoid recurrence of such irregularities. In addition disciplinary action should be taken against the officers who failed in their duties by not securing supporting documents. The Committee resolves to await a progress report on the matter.

i) Failure to Follow Tender Procedures

Submission by the Town Clerk

The Town Clerk reported that the Council did not follow the procurement procedures by splitting payments with amounts above the threshold authorised by the *Procurement Act* (tendering procedures) due to lack of qualified staff in the Procurement Unit during the period under review. The Council had since stopped the practice and the coming in of qualified personnel to the unit through transfers by Local Government Service Commission had enhanced adherence to the procurement procedures and systems. Ndola City Council would ensure that all tender procedures were strictly adhered to in all the procurement processes without fail.

Committee's Observation and Recommendations

The Committee notes with concern the rampant disregard of procurement procedure at the Council. The Committee finds the reason given for the irregularity misplaced and contends that the officers should have consulted. The evidence produced suggests that officers must have known the procedure and that is why they circumvented it by splitting payments. The Committee urges the Town Clerk to ensure that the officers are disciplined for this willful act and evidence of this should be presented to the Auditor General for verification before the matter can be considered for closure.

j) Unretired Accountable Imprest K249,202

Submission by the Town Clerk

The Town Clerk explained that the Unretired Accountable Imprest was due to failure by employees to adhere to the Local Authorities Financial Regulation No. 119. The Council assigned officers to look for the documents and they managed to find and attach retirement forms to the payment vouchers amounting to K56,133 out of the K249,202 mentioned in the report. The vouchers were available for verification. Further, officers from the Payments Office had been assigned to continue looking for the retirement forms that could have initially been filed separately from the payment vouchers. The balance of K203,109 would be recovered from the cited officers whose retirement forms were not traced. The Council would endeavour to ensure that all imprest holders were reminded to retire or account for the imprest within 48hrs after use as stipulated in the financial regulations. Those that would fail to adhere to the Financial Regulations would suffer deductions from their salaries.

Committee's Observation and Recommendations

The Committee notes with concern the poor record keeping at the Council resulting in failure to avail required documents to Auditor General during audits. The Committee directs the Town Clerk to ensure that internal controls are enhanced at this Council, and also to avoid recurrence of such irregularities. In addition, disciplinary action should be taken against the officers who failed in their duties to account by failing to retire within 48 hours upon completion of the activity, and for not securing supporting documents. The Committee also urges the Town clerk to ensure that the amount remaining is recovered without any further delay. The Committee resolves to await a progress report on the matter.

k) Irregular Payment of Holiday Allowance K54,000

Submission by the Town Clerk

The Town Clerk reported that the non-Unionised 1996 Conditions of Service for Local Authorities provides for the payment of the Social Holiday Allowance. Hence the Council paid Social Holiday allowances to the mentioned officers due to lack of information on the subject as contained in the Ministry of Local Government and Housing Circular No. MLGH/101/8/4 of 2014, which abolished the payment of social holiday allowances. The Council wrote to the Councils where the said officers were transferred to so that they could effect deductions through the payroll and remit the same to Ndola City Council. Verification of some records was

underway so that those who were not transferred would pay through their leave days and those that retired would suffer deduction from their terminal benefits. Ndola City Council would endeavour to follow the Conditions of Service and also countercheck for implementation of any changes that had come through Ministerial circulars in consultations with the office of the Provincial Local Government Officer.

Committee's Observations and Recommendations

Your Committee notes that the payment of the allowances was irregular and therefore urges the Council Secretary to ensure the allowances that were irregularly paid were recovered from the officers without any further delay. In addition, the Committee urges the Controlling Officer to ensure that disciplinary action is taken against all officers who initiated and approved the payment of such allowances. This was a very serious anomaly and a breach of the guidance contained in the Ministry of Local Government and Housing Circular No. MLGH/101/8/4 of 2014. The Committee awaits a progress report on the matter.

l) Un-acquitted Allowances K225,649

Submission by the Town Clerk

The Town Clerk submitted that un-acquitted allowances and wages were as a result of the recipients of the funds signing in the Allowances and Wages Books. The Council was making efforts to trace the books where the recipients signed. However, so far, the acquittal sheets for payment vouchers worth K8,300 out of K225,649 had been traced leaving a balance of K 217,349. The documents were ready for verification. The Council would ensure that all the payments made that require an acquittal sheet were acquitted within the acceptable period. All those that would fail to acquit the payments would suffer deductions from their salaries. Strict instructions had already been given to the officers working in the payment office to adhere to this system.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk and urges him to ensure that erring officers are disciplined for this failure. The Committee also directs the Town Clerk to ensure that all the remaining funds are accounted for or recovered from the officers concerned without further delay. The Committee resolves to await a progress report on the matter.

m) Failure to recover Loans and Salary Advances K584,194

Submission by the Town Clerk

The Town Clerk submitted that failure to recover loans and salary advances amounting to K584,194 was as a result of un systematic record keeping and delays in payroll preparation due to financial constraints leading to the Council being in three months in salary arrears. The Council assigned officers to check and verify this report and it was found that the loans/advances worth K387,594 out of K584,194 were recovered from the affected employees, and the recovery schedules were available for verification. The remaining amount of K196,600 was broken down as follows: Transferred officers' amount was K132,500 (Letters had been written to their

Councils and Local Government Service Commission for recovery) and to be recovered was an amount of K 64,100 (Recoveries to be effected in December 2019 after records were verified).

Ndola City Council would ensure that proper record keeping and record management was enhanced by assigning specific officers to handle accountable documents that would always be availed to Auditor General whenever they were required.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk and urges her to ensure that erring officers are sternly cautioned for this failure. The Committee also urges the Town Clerk to ensure that all the remaining funds are recovered from the officers concerned. The Committee awaits a progress report on the matter.

n) Transport Management

i. Failure to Insure Motor Vehicles

Submission by the Town Clerk

The Town Clerk reported that the Council did not insure 39 motor vehicles because at that time of audit the vehicles were non-runners. The Council repaired and insured 29 vehicles out of 39 leaving the balance of 10 still in the garage. These 10 would be insured once repair works were completed. The Council would assess the fleet and fix those that were repairable and dispose off the obsolete ones as advised by the Ministry of Local Government. Further, the Council would always promptly renew the insurance immediately it was about to expire.

Committees Observation and Recommendation

It displeases the Committee that the Council with available revenue resources would be grappling with liquidity problems resulting in failure to insure its asset. The Committee strongly urges the Town Clerk to ensure that resource mobilisation is enhanced by management, and further that all outstanding premiums are paid as a basis for claiming their insurance for all their motor vehicles. The Committee, therefore, resolves to await a progress report on the matter.

ii. Failure to Report an Accident - Ford Ranger Registration No. BAC 7530

Submission by the Town Clerk

The Town Clerk submitted that the query was due to the fact that the Council Minutes booklet was not availed to the Auditors. The Town Clerk submitted that the accident was reported to the police and the officer was charged with careless driving. Thereafter, the matter was reported to the Human Resource and Administration Committee held on Tuesday 14th November 2017 under minute number HRA/292/11/17, and subsequently it was reported to the Ordinary Council meeting held on Saturday 9th December 2017 under minute number OC/354/12/17. Ndola City Council would always endeavour to report all accidents to the Police, insurance company and to the Council.

Committees Observation and Recommendation

The Committee instructs the Town Clerk to present all the above cited documents to the Auditor General for verification before the matter can be closed.

iii. Failure to Surrender Council Vehicles by Suspended Officers

Submission by the Town Clerk

The Town Clerk submitted that failure to surrender Council vehicles by suspended officers was due to non-adherence to the instructions in the suspension letters. He, however, informed the Committee that the vehicle not surrendered by the Director of Planning was BAC 7511 and not BAC 7530 while the Director of Legal Services was holding on to vehicle registration number BAC 9152 and not BAC 7602 as shown in the Auditor General' query table. Ndola City Council wrote to the Local Government Service Commission (LGSC) to seek guidance on the matter as the said officers refused to surrender the vehicles giving the reason that they were still employees under the Local Government Service Commission, and were entitled to their personal to holder vehicles under their Condition of Service. Their claim was disputed in a letter by LGSC dated 11th April 2019 guiding the Council that the suspended officers were not entitled to the vehicles because the same were duty facilitation vehicles and the officers were not performing any duties at the moment.

Following this guidance, a letter was written to the directors to surrender the vehicles within seven days. However, they all responded in the negative and the suspended Director of Legal Services then instituted a matter before the courts of law for an order that among other things, she be allowed to continue using the said vehicle until determination of the matter. The Council would endeavour to strictly apply and adhere to the guidance given by the Government circulars concerning personal to holder vehicles. In this case, however, Judgement had since been passed by the High Court on 4th November 2019 directing that the suspended officers should have custody of the vehicles until their matters were determined.

Committees Observation and Recommendation

The Committee resolves to close the matter subject to presentation of the cited documents to the Auditor General for verification.

o) Failure to Avail Lease Agreements

Submission by the Town Clerk

The Town Clerk submitted that failure to avail lease agreements was due to the fact that some tenants were given letters of offer which they used as a basis to occupy the premises whilst as they waited for lease agreements to be prepared. Some lease agreements, however, were available but unfortunately not availed to the Auditor at the time of auditing.

The Council verified the records against each property queried and below were the findings :

1. Three (3) lease agreements were terminated

2. Five (5) lease agreements were available for verification
3. Two (2) properties were sold
4. One (1) property was erroneously queried under Council properties while it belonged to Zampost.
5. Lease agreements for twelve properties were being updated and would be ready by end of December 2019.

The Council would ensure that lease agreements were revised and renewed as and when they expired. However, it should be noted that it was the Council's policy to renew (or formalize) lease agreements with tenants based on their good record on rental payments, and adherence to the conditions in the lease agreement.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Town Clerk and cautions him to desist from misleading the Committee. The Town Clerk is also urged to ensure that erring officers are sternly cautioned for failure to avail documents to Auditor General during the time of audit. The Committee, however, resolves to await a progress report on the remaining lease agreements to be availed to Auditor General.

p) Engagement of Staff without Authority K1,497,170

Submission by the Town Clerk

The Town Clerk submitted that the engagement of the staff was to temporarily cushion the Council operations due to shortage of manpower at the time and this was approved in 2016 by the Council under minute number SC/1007/02/16.

The Council took the following action:

1. Contracts for 18 people were terminated.
2. Six contracted people were permanently employed under Division IV Conditions of Service with authority from the Ministry of Local Government
3. Two contract officers were employed by the Local Government Service Commission
4. Twenty four people were still under contract

Further, the Council regretted engaging seasonal grass cutters without oral contracts. The Council no longer had casual workers because the grass cutting was off season. The Council had gone further to engage oral contracts for employees that were engaged in all wards on seasonal jobs. The Council would ensure that express authority was sought from the Local Government Service Commission in instances where there was urgent need for the services of staff under Division I, II and III. Further, the Council would always ensure that oral contracts were available for all seasonal workers that would be engaged henceforth.

Committees Observation and Recommendation

In noting the submission, the Town clerk is urged to ensure that authority is sought before action is taken to avoid recurrence of the above and other similar matters. The Committee instructs the Town Clerk to present the cited documents to the Auditor General for verification before the matter can be closed.

q) Failure to Remit Statutory Obligations K76, 024,793

Submission by the Town Clerk

The Town Clerk submitted that the non-payment of statutory obligations was due to financial challenges that the Council was facing. Ndola City Council had so far remitted statutory contribution amounts totaling **K3, 816,700.36** as tabulated below:

INSTITUTION	AMOUNT OWED	AMOUNT PAID	BALANCE
PAYE	37,678,135	596,340.22	37,081,794.78
NAPSA	14,955,489	1,020,360.14	13,935,128.86
LASF	23,391,169	2,200,000.00	21,191,169.00
Total	76,024,793	3,816,7000.36	72,208,092.64

Further, the Council had made payment plans in order to ensure that remittance of the current statutory contributions was consistent. An additional amount would be paid towards clearing the arrears. The Council would endeavour to adhere to the governing rules for the payment of statutory obligations.

Committee's Observation and Recommendation

The Committee notes the efforts made to dismantle the outstanding statutory obligations but expresses concern at the huge debt stock owed by the City Council. It worries the Committee that this huge debt stock is held besides the current obligations that the Council is expected to meet. If nothing happens, the Council would be risking possible litigation costs and penalties which may arise therefrom. The Committee urges the Town Clerk to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden and avert the possible risks that may arise from litigation. The Committee resolves to await a progress report on the matter.

r) Misapplication of Equalization Fund K201, 600

Submission by the Town Clerk

The Town Clerk submitted that an amount of K201,600 from the Capital Projects fund was not spent on any unrelated activities but it remained in the Grant Receiving Account. The Town Clerk submitted that the amount of K201, 600 was spent on various capital projects in 2018 and reports with payment vouchers were available for verification. Ndola City Council would always adhere to guidelines governing the Equalisation fund and the 20% capital projects component and have now started transferring this component to Capital Project Account upon receipt of the grant.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Town Clerk to ensure that he adheres to the *Local Government (Amendment) Act No. 12 of 2014*. The Committee, directs the Town Clerk to present the cited documents to the Auditor General for verification before the matter can be considered for closure.

s) Land Management

i. Uncollected Land Fees 12,631,072

Submission by the Town Clerk

The Town Clerk submitted that the people that applied for plots and were successfully offered in various locations had not paid to the Council for the said plots at the time of audit.

The delay in following up for payment was partly caused by uncoordinated and unupdated information because of staff suspensions and massive transfers which took place in 2017. In ensuring that the outstanding Land Fees were collected, Management through the Planning Department under the Building Inspectorate Section, had formed a taskforce team comprising of Council Officers and Council Police to make follow ups. This team had been conducting inspections in all developed plots within the City requesting all developers and plot owners to come for verification to the Council. Through this exercise, the Council had been able to identify those that had not paid Land Fees and penalties were being imposed on such developers as approved under minute number PIS/278/08/18. So far the Council had collected K6,274,320 out of the K12,631,072 that was uncollected at the time of audit. Receipts were available at the Revenue Hall for verification. This exercise had been on-going from June 2018 as evidenced from the documents attached. The Council advertised through the national press calling upon all plot owners to come through and clear all outstanding land fees owed to the Council. Council had since instituted a Record Management System to establish who had paid and who had not paid for purposes of making follow ups. This system does not allow people to pay for plots that do not exist as physical inspections were conducted by the Planning Department before authorization of payments by the Legal Department.

The Council had also established a system in which offer letters were generated upon receiving full payments for the plot, and clients would only be shown their plot upon completion of payment.

Further, the Council had assigned a time limit for making payments for plots and enforcement had been intensified.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Town Clerk to ensure that the whole remaining amount relating to Land Fees is collected without any further delay. The Committee resolves to await a progress report on the matter.

ii. Failure to Allocate Plots 4,042,203

Submission by the Town Clerk

The Council received payments for 330 plots but the applicants were not yet shown their plots at the time of audit because of some encumbrances on the land issues. Some institutions claimed ownership of the land that should have been offered to the public. The Council had resolved the matter that resulted in a court case between Ndola City Council and Henan Gouji Industry Group Company Limited versus Mwamba Kayula & others case number 2019/HN/053 by way of consent. In the consent judgement Ndola City Council and Henna Gouji would retain 60 Hectors out of the initial 137 Hectors. The remaining 77 Hectors would be re-planned by the Council and priority would be given to those that had paid Land Fees in full. The proposed subdivision of plot 8841/623 was available for audit verification. The Town Clerk submitted that the system was revised and the Legal Department was now handling land allocation with effect from 24th May, 2017 via Minute Number OC/163/01/2017. In accordance with the Council had also put up a system that would strictly follow circular Number 1 of 1985, *Urban and Regional Planning Act No. 3 of 2015*. After the planning of any area the proposed site plan would be sent to Ministry of Lands for numbering. When this was done the Council would advertise for the availability of stands as evidenced in the public notice advertised in the Daily Nation Newspaper on the 1st of October, 2018 calling for applications for various plots created within the City.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Town Clerk to ensure that plots are allocated to prospective buyers without any further delay. The Committee resolves to await a progress report on the matter.

iii. Allocation of Plots to More than One Buyer K2,537,500

Submission by the Town Clerk

The Town Clerk submitted that there were 95 plots that were allocated to more than one person in the above mentioned areas due to lack of proper records then, and non-computerisation of the land management system. The Town Clerk submitted that most individuals affected had been put on a waiting list for alternative plots to be offloaded as and when land was available. Further, Ndola City Council had established an automated Land Information System under the Planning Department, which currently accounts for each and every piece of land created and allocated within the City. Planning and land alienation procedures have been restored to the rightful directorate, the Planning and Legal Department. The Council had devised a new system

where the identification of land was done by the Planning Department, the Legal department was issuing offer letters and the Finance Department was collecting funds from plots offered. The process was working well. Besides, the Planning Department had set up an automated Land Management System that was currently running at 70% and would account for all the land in the City thereby avoiding double allocation.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Town Clerk to ensure that plots are allocated to prospective buyers without any further delay. The Town Clerk is also encouraged to ensure that the automation of the Planning Department using a Land Management System is implemented expeditiously to avoid recurrence of the query. The Committee resolves to await a progress report on the matter.

t) Constituency Development Funds - (CDF)

i. Construction of a Market Shelter and Erection of Tables at Kabushi Market - Kabushi Constituency

Submission by the Town Clerk

The Town Clerk submitted that the construction of a market shelter and erection of tables at Kabushi Market - Kabushi Constituency delayed to be completed because the contractor deserted the works citing non-payment of variation works. The said variations were not paid for as they did not have the necessary documentation, and it was further discovered that the works done did not qualify to be paid as variations. The Town Clerk submitted that the Engineering Department had written to the Legal Department to commence legal action to compel the contractor to move on site and complete the works. The Legal Department was still studying the documents signed between the Council and contractor, and would advise the course of action in due course. Ndola City Council would endeavour to engage contractors who had the capacity to complete projects on time and take legal action against contractors that failed to meet their contractual obligations.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Town Clerk to ensure that the matter relating to the contractor is resolved and treated with the urgency it deserves to avoid further delays in completing the projects. The Committee resolves to await a progress report on the matter.

ii. Construction of Kalande Foot Bridge in Yengwe Ward - Ndola Central Constituency

Submission by the Town Clerk

The Town Clerk submitted that the Company awarded a contract to construct Kalande Foot Bridge in Yengwe Ward of Ndola Central Constituency was paid K200,948 but the works still remained incomplete at the time of audit. This was so because the contractor had left the site at the time of audit demanding payment. Even though the audit report says that the contractor was paid in full, there was still an outstanding amount of K22,045.77 due to the company. Ndola City Council called the contractor back on site to finish the works on the drainage (stone pitching) which had not been constructed on one side of the bridge, and the contractor had since moved on

site and had started doing the works. Ndola City Council would endeavour to engage contractors who had the capacity to complete projects on time, and also ensure that money was available to pay the contractors that complete works to the satisfaction of the Council and the Community using the facility.

Committee's Observation and Recommendation

The Committee notes the submission but urges the Town Clerk to ensure that the works are thoroughly completed on this project and that it is treated with the urgency it deserves to avoid further delays. The Committee also encourages the Town Clerk to ensure that there is no poor workmanship by monitoring the works at every level in order to ensure value for money. The Committee resolves to await a progress report on the matter.

iii. Completion of Riverside Market Shelter and Construction of an Ablution Block in Nkwazi – Ndola Central Constituency

Submission by the Town Clerk

The Town Clerk submitted that the Company contracted to construct the market shelter and the ablution block did not complete the works because the contract was terminated due to breach of some contract terms. The remaining works were being completed in-house by the Council engineers using the remaining funds. The procurement process had already commenced and some plumbing materials had been taken on site and works had started. Ndola City Council would endeavour to engage reputable contractors who had the capacity to do a good job on time and adhere to the contractual obligations.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Town Clerk to ensure that all the remaining works are done expeditiously to avoid further delays in completing the projects. The Committee resolves to await a progress report on the matter.

u) New Ambassador Hotel

i. Failure to Collect Outstanding Receivables K74,720

Submission by the Town Clerk

The Town Clerk submitted that failure to collect outstanding receivables was due to some of the institutions reported as owing were no longer operating, while some were disputing the bills, and others had made commitments to pay but they were slow. The Town Clerk submitted that twelve (12) institutions owed New Ambassador Hotel an amount of K74, 720 at the time of auditing. Several follow ups had been made since then and an amount of K37,609 was collected from four debtors leaving a balance of thirty seven thousand one hundred and eleven kwacha K37,111. The three debtors that paid in full were Zambia United Local Authorities Workers Union (ZULAWU), Kafubu Inn and NAPSA, Ndola United Football Club were on a payment plan

which they were yet to fulfil. There were four institutions that were no longer operating from the premises they were operating from at the time of doing business with the Hotel and efforts were still being made to locate their new business premises. The rest of the debtors were making promises to clear their bills. Failure to pay would result in Ndola City Council engaging the Sheriff's Office to help recover the debts. The Council would endeavour to ensure that the Hotel restricts business to those that can pay promptly for the services rendered.

Committee's Observations and Recommendations

The Committee finds the reasons given by the Council for the failure unacceptable and the response confirms that little importance is being attached to revenue generation. Further, the Committee is disappointed that the same Council which is failing to meet operational costs and staff obligations is exhibiting laxity in imploring measures to collect revenue. The Committee is of the view that the Council should have been more proactive on this matter, and pursue their debtors aggressively. The Committee strongly urges the Town Clerk to use all available options in ensuring that all funds are collected without further delay. The Committee awaits a progress report on the matter.

ii. Unsupported Payment Vouchers K146,476

Submission by the Town Clerk

The Town Clerk submitted that unsupported payment vouchers were due to supporting documents being filed separately from the payment vouchers. The Town Clerk submitted that the missing supporting documents had been found and attached to respective payment vouchers and were available for verification. The Council had assigned three officers from Finance Department working under the Hotel to handle and keep safe all accounting documents in complete form with all attachments to avoid a reoccurrence of this problem. Additionally, the internal auditors had been tasked to countercheck all the documentations at the Hotel on a regular basis.

Committee's Observations and Recommendations

The Committee finds the reason given for this anomaly unacceptable as the officers who processed the payments could have properly secured the documents. The Committee notes that this lapse is due to poor supervision of officers in the Accounts Department and negligence on the part of the officers. The Committee urges the Town Clerk to ensure that disciplinary action is taken against the erring officers. The Committee further urges the Council to strengthen internal controls to avoid recurrence of this matter. The Committee drivels the Town Clerk to present all the documents cited above to the Auditor General for verification before the matter can be considered for closure.

iii. Employment of Temporal Workers (Casualisation)

Submission by the Town Clerk

The Town Clerk submitted that the employment of temporal workers was meant to fill up staff gaps and improve operations since the Hotel had a shortage of manpower at the time, and also

the financial position of both the Council and Hotel was not good enough to support permanent employment. The Council took appropriate action by employing eight temporal employees on permanent basis under Division IV Conditions of Service. However, one of the employees resigned before the Council's decision was since left. The Council would ensure complete adherence to the requirements of the *Employment Act No. 15 of 2015* in all staff matters within its jurisdiction, and would never engage casual workers for jobs that were permanent in nature.

Committee's Observation and Recommendation

In noting the submission the Committee directs the Town Clerk to ensure that he complies with the provisions of the *Employment Act No. 15 of 2015* to avoid recurrence. The Committee resolves to close the matter subject to presentation of the cited documents to the Auditor General for verification.

AUDIT QUERY

PARAGRAPH 32

PETAUKE DISTRICT COUNCIL

Accounting and Other Irregularities

32. An Examination of accounting and other records maintained at the Council for the period under review and a physical inspection of selected projects carried out in September, 2018 revealed the following to which the Council Secretary responded as set out below.

a) Missing Receipt Books

Submission by the Council Secretary

The Council Secretary submitted that out of the remaining four (4), two receipt books control number 98 (0393001-039050) and control number 101 (0395151-0393200) had been traced and were available for receipt books verification. Meanwhile, the remaining two receipt books control Number169 (0396551-0396600) and control number 170(0396601-0396650) were said not to have been issued and were but they were missing at the time of audit as they were not yet issued out as per accountable document register. The Council Secretary submitted that the Council had not yet found the missing receipt books and instead it had charged the officer responsible for safe keeping of the accountable documents. Petauke District Council had written to the Local Government Service Commission to seek their indulgence to compel the cited Officer to avail the missing receipt books as the officer was transferred away from the Council. The Council Secretary submitted that in order to correct the situation, Petauke District Council Management had instituted measures to ensure that every issued Council receipt book was returned by Revenue Collectors once it was finished, and that disciplinary action would be taken against those who would not return used up receipts books within the stipulated time.

Committee's Observations and Recommendations

The Committee finds the reason given for this anomaly unacceptable as the officers tasked with the responsibility could have properly secured the documents and at the time of transfer, it was expected that they should have handed over all Council books as per requirement. The

Committee notes that this lapse is due to poor supervision of officers in the Accounts Department and negligence on the part of the officers. The Committee urges the Town Clerk to report the matter relating to the remaining receipt books to the relevant investigative wings. The Committee further urges the Council to strengthen internal controls to avoid recurrence of this matter. The Committee awaits a progress report on the matter.

b) Failure to Collect Revenue K 1,496,948

Submission by the Council Secretary

The Council Secretary submitted that there were delays in the issuance of demand notices and warrants of distress due to the challenge on the valuation roll where wrong property numbers and wrong occupants were reflected. The Council Secretary submitted that the Valuation Roll was being updated and at the same time being corrected. The appointed valuation surveyor commenced the exercise on the 1st of August 2019 and it was expected that a new valuation roll would be ready before the end the year. Copies of the appointment letter for the Valuation Surveyor and a report of what had been done so far as at 15th September 2019 was available for verification. The Council had since issued demand notices, warrants of distress, engaging of bailiffs and community sensitization through various forms of media to help improve collection efficiency. Further action taken was to engage Bailiffs as provided for by law and through the bailiffs the Council was able to collect money that was initially difficult to collect. So far an amount of K291, 896.15 was recovered. Regarding the sale of Council houses, the Council had recovered the owed revenue through a debt swap, with as the debtor was a former employee of the Council and had transferred but was still owed by the Council, for long service bonus and accumulated leave days. The Council recovered K16, 300 from his dues to settle the debt. As regarding the uncollected Billboard Levies, the bill boards had been brought down because the advertising companies were refusing to pay claiming that the rates were too high for a District Council. The Debt had been reported to Council as a bad debt. As rereading rentals, the uncollected revenue was as result of the affected properties being claimed by the Traditional Authorities in the district. These properties were built by the Native Authority and were located within the Chiefdoms hence the traditional leadership requested that the properties be handed over and the accumulated debt in rental arrears be written off. The item was yet to be adopted by the Council but a consultative meeting where it was discussed with the Traditional leadership, the Council Chairman, some Councilor's and members of management resolved that the request by the traditional leadership be granted. The debt could therefore equally be regarded as a bad debt and would be reported to the Ministry of Local Government once there was a Council Resolution. The Council Secretary submitted that the Council would endeavor to continue to engaging debt collectors to collect the remaining balance once the Valuation Roll was corrected and updated. The Council Secretary also reported that regarding Nyika Motel debts deductions had been effected from staff salaries. Receipts and schedules for recoveries were available for verification.

Committee's Observations and Recommendations

The Committee finds the reasons given by the Council for the failure to collect revenue unacceptable and the response confirms that little importance is being attached to revenue generation. Further, the Committee is disappointed that the same Council which is failing to meet

operational costs and staff obligations is exhibiting laxity in imploring measures of expanding the revenue base and enforcing the provisions of the law in collecting revenue. The Committee is of the view that the Council should have been more proactive on this matter and that all its revenue must be collected without any further delay. The Committee awaits a progress report on the matter.

c) Misapplication of Equalisation Funds K 231,770

Submission by the Council Secretary

The Council Secretary submitted that Equalisation Funds which were the major source of personal emoluments were not enough to cater for staff salaries and wages. The Council Secretary submitted that a payment plan had been put in place to reimburse the borrowed funds using locally generated funds. A total of K100, 000 had been paid leaving a balance of 131,770. The Council would pay the balance once it mobilises enough resources from the resource mobilisation plans that were currently being pursued namely upgrading of the valuation roll and opening up of more land. The Council Secretary submitted that Petauke District Council was planning to increase the revenue base so that other expenses in relation to personnel emoluments could be paid using local resources by updating the valuation roll and the Valuation Surveyor was in the District undertaking the upgrading of the Valuation Roll.

Committee's Observation and recommendation

The Committee does not accept the reasons given by the Town Clerk concerning borrowing part of the 20% portion of the Local Government Equalisation Fund (LGEF). The Committee sternly cautions the Town Clerk to desist from misapplying the LGEF. The Secretary to the Treasury is particularly urged to ensure that stiffer penalties are put in place to deter other councils from perpetuating this vice. The Committee will await a progress report until reimbursement is carried out in full.

d) Failure to Recover Salary Advances K 23, 500

Submission by the Council Secretary

The Council Secretary submitted that the failure to recover advances was because the affected officers were transferred after the advances were paid. The Council Secretary submitted that all the affected officers were written to, and that the money had been recovered from their leave days and Long Service Bonus. They had all cleared their debts with Petauke District Council. Details were available for verification. The Council Secretary submitted that the officer responsible for the payroll had been written to, to immediately affect recoveries according to the Conditions of Service.

Committees Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary. It had to take Auditors to remind the Council to recover the advances which was very serious omission. The Committee urges the Council Secretary to ensure that erring officers are disciplined for this omission and only then will the matter be closed.

e) Failure to remit Statutory Obligations K 2,131, 127

Submission by the Council Secretary

The Council Secretary reported that during the period under review the Council was faced with liquidity problems and was unable to meet statutory contributions. The Council Secretary submitted that Petauke District Council had agreed on a debt swap involving land with NAPSA and LASF. Further, The Council Secretary submitted that a payment plan was agreed upon with ZRA and LASF so that K10, 000 and K20, 000 was paid per month respectively. The Council Secretary furthermore submitted that the Council had since requested for the Ministry of Local Government to consider increasing the Local Government Equalisation Fund.

Committee's Observation and recommendation

The Committee notes the efforts made to dismantle the outstanding obligations but expresses concern at the huge debt stock owed by the Council. The Committee urges the Council Secretary to explore more revenue sources and ultimately enhance its revenue base in order to reduce the huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them. The Committee resolves to await a progress report on the matter.

f) Lack of Title Deeds for Council Property

Submission by the Council Secretary

The Council Secretary submitted that query arose as a result of non-application for the Title Deeds by the Council. The Council Secretary submitted that the Council had started the process of acquiring titles for its properties. Nyika motel (which was on offer) and Council Civic Center Building which was recommended first in 2014 and a resubmission done in 2017 but still there was no offer from Ministry of Lands. The Council Secretary submitted that the Council would endeavor to acquire title deeds promptly for all properties under its name.

Committee's Observations and Recommendations

While noting the efforts being implored by the Council, the Committee expresses concern that the Council failed to secure public property contrary to the *Lands Act No. 29 of 1995*. The Committee urges the Council Secretary to ensure that all properties in question are on title without any further delay. The Committee awaits a progress report on the matter.

g) Environmental Management

i. Dumpsite

The Council had a dumpsite where all the waste collected was dumped. However, the following were observed: illegal use of dumping site, Lack of Weigh Bridge, Dumpsite not Fenced, Lack of Warning Signs, Lack of Boreholes and Exposure of Community to health hazards.

Submission by the Council Secretary

The Council Secretary submitted that the current dumping site had been sanctioned by the Zambia Environmental Management Agency (ZEMA) as a temporal site. ZEMA approved the site to be used temporally in 2012, therefore, the Council could not invest at the site as required by provisions of Statutory Instrument No. 12 of 2013. The Council Secretary submitted that two possible sites had been identified, one in customary land which was given by His Royal Highness Senior Chief Kalindawalo. However, both sites required that a few processes be conducted before a final site could be put to use and these were as listed here under.

- An Environmental Impact Assessment (EIA) had to be undertaken and approved by the Zambia Environmental Agency (ZEMA) after they had done a preliminary assessment of the site.

In view of the foregoing, the Council could not as yet invested in equipment, fencing and deployment of security at the site. The Councils was planning to invest in such once the new site was ready for occupation. In addition, this exercise was costly and would require Central Government to help with funding.

Further, the Council Secretary acknowledged that at the time of audit, the Council had not obtained transport licenses for its fleet of waste collection vehicles. The Council had since engaged ZEMA and was awaiting ZEMA to avail quotations and to carry out inspections of the vehicles. The Council Secretary submitted that the Waste Management Plan had been incorporated into the Strategic Plan of the Council which was developed and adopted by the Council in June 2019, and the proposed interventions in the Strategic Plan would be in prospective budgets starting with the 2020 Budget. These would include conducting an environmental impact for the new site as required by law, design and construction of the dump site incorporating fencing and weigh bridge, and other facilities that come with a dump sites such as sanitary facilities and boreholes for monitoring ground water pollution.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Council Secretary to ensure that a new dump site is secured without any further delay. The Committee also urges him to ensure that the dump site is managed in accordance with health and environmental protection laws including providing safety clothing to the workers, drilling a borehole, constructing a weigh bridge, fencing and other sanitary requirements. The Committee instructs the Council Secretary to present the cited documents to the Auditor General verification while the Office of the Auditor General is urged to ensure that the matter is kept in view during future audits.

ii. Failure to Prepare an Integrated Waste Management Plan

Submission by the Council Secretary

The Council Secretary submitted that the Council had challenges with Officers who could come up with such a plan because of technical incapacity of the current officers employed. He also stated that Petauke District Council engaged the Ministry of Local Government through the

Provincial Office for the Officers to be trained in the area of formulation of Solid Waste Management Plans. The Training was conducted successfully and the officers had come up with a draft Integrated Waste Management Plan which was yet to be considered and adopted by the Council. The Council Secretary submitted that Petauke District Council would continue building capacity for its officers such as taking them for further training and attending capacity building workshops as part of its annual training calendar. Further the Council would consider engaging consultants or competent staff from other local authorities.

Committee's Observation and Recommendation

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

iii. Failure to Take Medical Examination

Submission by the Council Secretary

The Council Secretary submitted that medical examinations had been undertaken to normalize the situation. He furthermore submitted that the medical examinations' would be undertaken every after six months specifically in June and December before the start of the new financial year.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Council Secretary to ensure that the dump site is managed in accordance with health laws including *the Environmental Management Act of 2011*. The Committee directs the Council Secretary to present the cited documents above to the Auditor General for verification before the matter can be considered for closure. The Office of the Auditor General is urged to ensure that the matter is kept in view during future audits.

AUDIT QUERY

PARAGRAPH 33

RUFUNSA DISTRICT COUNCIL

Accounting and Other Irregularities

33. An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2016 and 2017 and a physical inspection of projects carried out in September 2018 revealed the following weaknesses to which the Council Secretary submitted as set out below.

a) Failure to Fill Vacant Positions

Submission by the Council Secretary

The Council Secretary reported that the Council erroneously availed a copy of the summary of the organisation structure for City, Municipal and district councils in accordance with the National Decentralisation policy instead of the organisation structure contained in the 28thJune,

2012 Report on the Harmonisation of salaries and conditions of service across all the Councils which included the cited seven employees. As such, Rufunsa District Council had filled the four cited key positions and had traced the correct staff establishment which included the seven officers that were cited as employed without existing positions. In a verbal submission, the Council Secretary informed the Committee that the Council was unable to meet salary obligations, and that it would be prudent to reduce the number of supporting staff.

Committee's Observation and Recommendation

The Committee notes the Submission by the Council Secretary and urges the Council to avail the correct staff established for verification. The Committee urges the Local Government Service Commission to undertake a comprehensive human resource analysis to establish the correct staff establishment for each Council. The Committee awaits an update on the matter.

b) Failure to Maintain a Valuation Roll

Submission by the Council Secretary

The Council Secretary responded that the Council had no funds to cater for the costs of undertaking a valuation exercise. The Council wrote to the Valuation Department for the appointment of the valuer who would commence the exercise next year. This would allow the Council to adequately prepare for the payment which was estimated at K227,039.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Council to prioritise maintenance of a Valuation Roll which is the basis of revenue collection in the local authority. The Committee finds the reason given for the failure unacceptable. The Committee urges the Council to engage the Ministry of Local Government on this matter, and to expeditiously formulate the Valuation Roll without any further delay. The Committee awaits progress report.

c) Unsupported Payments – K158, 858

Submission by the Council Secretary

The Council Secretary regretted that at the time of audit, the Council did not avail supporting documents to the auditor as they were misplaced in different box files and could not be traced. The documents had since been attached. To avoid recurrence of the query in future audits, the Council had engaged the Internal Audit Section to be undertaking pre and post audits on a regular basis to avoid misplacement of supporting documents. Following the interaction with the Committee, the Council Secretary attributed the failure to avail supporting documents to frequent staff transfers.

Committee's Observation and Recommendation

The Committee expresses concern at the poor management of accounting documents by the Council. The Committee is disappointed that the Council failed to avail the documents during the

audit period but only managed to locate them after the audit which was tantamount to fraud. The Committee urges the Council Secretary to ensure that officers responsible for the missing documents are disciplined for the anomaly. Further, supervision should be strengthened to avoid such flows. The Committee directs the Council Secretary to present the cited documents to the Auditor General for verification.

d) Unretired Accountable Imprest – K24, 944

Submission by the Council Secretary

The Council Secretary reported that the retirement documents were misplaced and the three affected officers had been transferred at the time of audit. However, the Council recalled the affected officers who were on transfer and managed to trace all the imprest totalling K24, 944.

Committee’s Observation and Recommendation

The Committee observes that regulations on the management of imprest were wilfully flouted and urged the Council Secretary to strongly caution the officers in question. The Committee further urges the Council to immediately avail retirement documents for audit verification.

e) Unacquitted Allowances – K15, 289

Submission by the Council Secretary

The Council Secretary submitted that the Council did not avail acquittal sheets to the Auditor General during the audit because the concerned officer wrongly acquitted the allowance on the payment voucher instead of attaching the acquittal sheet to the voucher. The Council Secretary informed the Committee that the officer was recalled to come and provide appropriate acquittals. The officer had since complied and the acquittal sheet was attached to the voucher. In future the Council would always adhere to financial regulation No. 106 when acquitting imprest for the payment of allowances.

Committee’s Observation and Recommendation

The Committee expresses concern at the failure to properly secure important accounting documents which validates poor supervision of officers. The Committee recommends that the Council should strengthen internal controls and ensure that accounting documents are properly secured at all times. The matter is recommended for closure subject to presentation of the cited documents audit verification.

f) Failure to Avail Activity Reports – K25, 346

Submission by the Council Secretary

The Council Secretary submitted that he regretted the fact that the Council did not avail the activity reports to the Auditor General at the time of audit. The Council attributed the failure to inadequate staff in the Accounting Section to adequately file activity reports. The Committee was informed that the Council had since traced all the activity reports and were filed

appropriately. To curb this anomaly, the Council had since employed more accounting staff and assigned specific officers to be filing activity reports.

Committee's Observation and Recommendation

The Committee finds the reason given by the Council for the failure unacceptable as it clearly indicates that the Council did not attach much importance to this requirement. The Committee wonders whether the cited activities were indeed undertaken by the Officers as there was no proof. The Council Secretary is urged to eradicate this laser-faire attitude by cautioning the concerned officers. The matter is recommended for closure.

g) Failure to Remit Tax – K280, 211

Submission by the Council Secretary

The Council Secretary submitted that the Council was unable to remit statutory obligations due to inadequate funds. However, ZRA was engaged on the matter and had agreed for the Council to be paying K10, 000 per month towards the outstanding bill.

Committee's Observation and Recommendation

The Committee finds it unacceptable that the Council failed to remit tax to ZRA after deducting the tax from officers. The Committee, however, notes the financial challenges the Council is experiencing and urges the Council Secretary to strictly adhere to the payment plan with ZRA to avoid possible litigation. The Committee awaits a progress report on the matter.

h) Failure to Deduct Tax – K49 071

Submission by the Council Secretary

The Council Secretary submitted that the Council did not avail documents which showed tax deductions on both settling in allowances and commutation of leave days because they were misplaced at the time of audit. Payments were done in installments such that the first voucher was where all the other documentations were attached. The Council managed to trace documents which indicated tax deductions for thirteen officers totaling K49, 071. The documents were ready for verification. To avoid this anomaly in future audits, the Council had employed adequate key staff in finance and audit sections. This had resulted in improved filing system to avoid misplacement of documents.

Committee's Observation and Recommendation

The Committee is disappointed that the Council failed to provide the required accounting documents during the audit and observes that this lapse is due to poor supervision. The Committee urges the Council Secretary to scale up supervision mechanisms and ensure that documents are correctly filed and securely stored. The Committee recommends the matter for closure subject to presentation of the documents to the Auditor General for verification.

i) Payment of Social Holiday Allowance – K12, 000

Submission by the Council Secretary

The Council Secretary submitted that the payment of the Social Holiday Allowance was erroneously done. The Council had since effected recoveries against the affected officer with effect from September 2019. In future, the Council would endeavour always to be pay only the correct allowances.

Committee’s Observation and Recommendation

The Committee finds the reason given for the anomaly unacceptable and expresses concern that the Council paid the allowance contrary to the stipulated conditions of services. The Council is urged to strictly follow procedure to avoid such anomalies in future audits. The Committee recommends the matter for closure presentation to the presentation of the cited documents to the office of the Auditor General for verification.

j) Lack of Title Deeds

Submission by the Council Secretary

The Council Secretary submitted that title deeds were not availed at the time of audit because the Council had not finalised the process of converting customary land on which properties were built to State land. The Council had since made site plans which were submitted to the Lusaka Planning Authority for consequent approval and submission to the Ministry of Lands for title deed processing. The Council pledged that it would continue pursuing the Ministry of Lands in order to obtain title deeds for all Council land.

Committee’s Observation and Recommendation

The Committee notes with concern that properties were not secured with title deeds and urged the Council to immediately follow up the matter with the Ministry of Lands and Natural Resources without any further delay. The Committee resolved to await progress on the matter.

k) Poor Management of Guest Houses

Submission by the Council Secretary

The Council Secretary informed the Committee that the query was due to insufficient funds to maintain the Guest Houses. The Council had managed to source some funds from local resources and had since started renovating the two guest houses. The Council also signed tenancy agreements with teachers that were occupying residential houses at Shikabeta in order to compel them to pay rentals. Further, the Committee was informed that the Rufunsa District Council had engaged caretakers to be cleaning the two establishments. The Council would always ensure that its investments remain competitive and would always collect revenue from all its tenants.

Committee's Observation and Recommendation

The Committee expressed shock at the state and management of the two Council properties. The Committee contends that if the Council had prioritised maintenance of the two guest houses, the local authority would have generated significant income for its general operation and service provision. The Committee is also disappointed that the Council was losing revenue by allowing individuals to continue occupying the guest houses for free amidst financial challenges that the Council was experiencing. The Committee strongly urges the Council to expedite the renovations and ensure that competitive rent is charged and collected without fail. The Committee, in this regard, awaits a progress report on the matter.

l) Investment in Lusaka Water and Sewerage Company Limited

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council regretted that it had overlooked the inclusion of investment details of Lusaka Water and Sewerage in its financial statements for 2017. The Council had since written to Lusaka Water and Sewerage Company over the matter and a response was given. The Council currently owned 7.5 percent in the investment at the Lusaka water and sewerage. In future, the Council would ensure that all investments were availed in the financial statements of the Councils.

Committee's Observation and Recommendation

The Committee expresses worry that the Council has been losing revenue through dividends from Lusaka Water and Sewerage Company. The Committee urges the Council Management strongly caution the erring officers and ensure that all arrears are collected and that the Financial Statement is accordingly updated. The Committee resolves to await a progress report.

AUDIT QUERY

PARAGRAPH 34

SERENJE DISTRICT COUNCIL

Accounting and Other Irregularities

34. An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2017 and physical inspections of selected projects carried out in October 2018 revealed the following weaknesses to which the Council Secretary submitted as set out below.

a) Failure to Fill Positions in the Establishment

Submission by the Council Secretary

The Council Secretary submitted that the auditor's observation on failure to fill positions in the establishment was correct. The Council management was waiting for the Local Government Service Commission to fill the positions. The Council reported that the Local Government Service Commission had since filled all the vacant positions. The Council reported that it submitted quarterly staff returns to the Local Government Service Commission for their updating of the employee database.

Committee's Observation and Recommendation

The Committee resolves to close the matter subject to the presentation of the documents to the Auditor General for verification.

b) Employees without Requisite Qualifications

Submission by the Council Secretary

The Council Secretary submitted that the Council reported that the officers in question were currently pursuing the right qualifications. One officer was pursuing studies in Bachelor of Science in Business Administration and the other one was pursuing a Master of Science in special planning. Documentation was available for verification. The Council reported that quarterly staff returns were submitted to Local Government Service Commission for the updating of the employee database.

Committee's Observation and Recommendation

The Committee finds it highly irregular that the Commission deployed officers in councils who were not qualified despite having too many qualified people. The Local Government Service Commission is strongly urged to ensure that they revise their recruitment systems to take into consideration the capacity of a particular council and also that qualifications are well defined for each position. The Council Secretary is also urged to ensure that he encourages all the officers who are under qualified for positions they hold to consider upgrading without any further delay. The Committee, however, resolves to close the matter subject to presentation of the documents cited above to the Office of the Auditor General for verification.

c) Lack of a Strategic Plan

Submission by the Council Secretary

The Council Secretary submitted that the available draft strategic plan had not been approved by the Council at the time of the audit. The Local Authority was in the process of preparing the IDP in line with new guidelines of 2018 from the Ministry of Local Government.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Council Secretary to put in place a strategic plan. It is therefore, not clear how the Council was running without any guidance. The Committee urges the Council Secretary to ensure that a strategic plan is in place, and also that he liaises with the Controlling Officer, Ministry of Local Government to promptly finalise the standardised format of a strategic plan for use by all councils. The Committee resolves to await a progress report on the matter.

d) Failure to Meet Revenue Targets K3,834,254

Submission by the Council Secretary

The Council Secretary submitted that the major causes for the query included understaffing in the Accounting Department, resistance from the market when charges such as rentals were increased, and an over ambitious budget. The Council Secretary submitted that after Local Government Service Commission's visit to the Local Authority, more revenue collectors were employed and sent to Serenje District Council. Marketeers were engaged and a payment plan was agreed upon. Appointment letters for revenue collectors and Minutes of the meeting with the marketeers were available for verification. The Council reported that staff returns were submitted to the Local Government Service Commission every quarter with a view of keeping in check on the staffing levels. The Local authority had made it mandatory for revenue collectors to collect revenue on a daily basis and remind those who were still owing. Letters to the revenue collectors were available for verification.

Committee's Observation and Recommendation

While it is appreciated that new strategies had been devised to improve revenue collection, the Committee urges the Council Secretary to ensure that available officers capacity is enhanced to be aggressive in revenue collection, and to follow up so as to improve the revenue base of the council. The Committee is of the view that the Council is not exploiting its full potential. The Committee, however, resolves to close the matter subject to presentation of the documents to the Auditor General for audit verification while the Office of the Auditor General is urged to keep the query in view during future audits

e) Failure to Present Receipt Books for Audit

Submission by the Council Secretary

The Council Secretary reported that there was a lack of proper storage space at the Council therefore receipt books were kept in different places. The Council Secretary submitted that the Council had located 21 receipt books out of the 35. The Council management wrote to the officers that were in charge of receipt books during the period under review inviting them to come and assist in locating the whereabouts of the receipt books. Twenty One receipt books and letters to the transferred officers were available for verification. The Council reported that receipt books were now under key and lock in the Internal Auditor's Office once retired.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Council Secretary to secure the receipt books and to availed them during the period of audit. It surprised the Committee that receipt books which went missing from the time of audit were found within a short period after the audit. The Committee urges the Council Secretary to ensure that officers who failed to find the documents during the time of audit are disciplined for failure to take audits seriously. The Committee resolves to await a progress report on the remaining receipt books.

f) Unaccounted for Revenue K81,929

Submission by the Council Secretary

The Council Secretary submitted that some transactions were mistaken for certain bank accounts during the audit. The Council had two bank accounts with similar account names namely Housing Development Account and Development Account whose transactions were mixed up at the time of audit. The Council analysed the daily cash summaries, receipts, deposit slips and bank statements and discovered that amounts totalling K62,376.50 were reflecting on the bank statements. The Council had continued to analyse the receipts, cash summaries and bank statements for the remaining K19,552.50. The Council Treasury and Internal Audit would strengthen the cash management controls such as monthly bank reconciliations.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Council Secretary to ensure that this matter was resolved during the audit period. It surprised the Committee that from the time of audit, no efforts were taken until the period the Council was written to for appearance before the Committee. The Committee urges the Council Secretary to ensure that officers who failed in their duty are disciplined for failure to take audits seriously. The Committee resolves to await a progress report on the matter.

g) Delayed Banking K39,418

Submission by the Council Secretary

The Council Secretary submitted that the Council had taken note of the query and currently all monies collected were deposited the following working day. Current daily cash summaries and receipts were available for verification.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary and urges him to ensure that officers who failed in their duty were disciplined for this anomaly as it was a great risk to public funds. The Committee resolves to close the matter subject to audit presentation of

the documents cited above to the Auditor General for verification.

h) Unsupported Bank Deposits K180,377

Submission by the Council Secretary

The Council Secretary informed the Committee that it was regrettable that bank deposits totalling K180,377 were unsupported at the time of audit. The Council Secretary submitted that documents were misfiled due to the limited storage space faced by the Council. The Council had since located daily cash summaries, receipts and deposit slips totalling K30,165 and had continued looking for the others totalling K150,212. Daily Cash Summaries, receipts and deposit slips were available for verification. The Council reported that receipt books were now under key and lock in the Internal Auditor's Office once retired.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Council Secretary to secure the documents and to avail them during the period of audit. The Committee urges the Council Secretary to ensure that officers who failed to find the documents during the time of audit are disciplined for failure to take audits seriously. The Committee resolves to await a progress report on the remaining supporting documents.

i) Failure to Update Valuation Roll

Submission by the Council Secretary

The Council Secretary submitted that the Council did not update the valuation roll because of lack of funds during the period under review. The Council received Grant in Lieu of rates which was used to facilitate the valuation roll exercise and had since been awarded (2019 to 2024). Updated valuation roll was available for verification. The Council would ensure that funds are set aside for updating the valuation roll.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Council Secretary to update the valuation roll which is a hindrance in increasing revenue collection. The Committee also observes with concern that this failure may also affect other activities including preparation of financial statements, insuring property among others. The Committee urges the Council Secretary to ensure that a valuation roll is updated without any further delay. The Committee resolves to await a progress report on the matter.

j) Uncollected Revenue from Sale of Plots

Submission by the Council Secretary

The Council Secretary reported that the Council had not received any money for the plot for New Apostolic Church at the time of the audit because some plots were situated where the New Apostolic Church was built. Hence there was conflict of interest. The Council Secretary further reported that the Council had offered the 50 plots in Salala Lodge area but the clients had not paid for them at the time of audit. The matter relating to the New Apostolic Church was resolved and the Church had since paid for the affected plots and those which were offered to the public had since been paid for. As for Salala Lodge plots, the Council reposessed the 50 plots due to non-payment and advertised them to the public. The plots had since been offered and paid for. Plots will only be offered once clients have fully paid the consideration fees as stipulated on demand notices

Committee's Observation and Recommendation

The Committee expresses concern at the Councils laxity to collect revenue which they dearly need due to liquidity problems. The Committee urges the Council Secretary to ensure that the revenue base is increased. The Committee resolves to close the matter subject to audit verification.

k) Failure to Enforce Debt Management Policy

Submission by the Council Secretary

The Council Secretary submitted that it was regrettable that despite having a Debt Management Policy in place, the Council did not enforce it to reduce receivables resulting in debt amounting to K791,035. The Council Secretary submitted that the Council did not issue demand notices to property owners after issuing the rate bills. The Council also reported that the container vendor had abandoned during the period under review. The Council Secretary submitted that marketeers were engaged and a payment plan was agreed upon. The Council further reported that demand notices were issued to property owners who had since started paying. Minutes of the meeting with the marketeers, copies of demand notices and receipts for proof of payments were available for verification. The Council further reported that demand notices were issued to property owners who had since started paying. Copies of demand notices and receipts were available for audit verification.

Committee's Observation and Recommendation

The Committee is displeased that the Council Secretary failed to enforce the Debt Policy during the period under review. The Committee finds the reason given by the Council misleading and he is sternly cautioned to desist from repeating it. The Committee urges the Council Secretary to ensure that the Debt Policy is enforced without further delay and that the Council's revenue collection capacity should be enhanced to avoid recurrence. A report recovery of this revenue was being awaited by the Committee.

l) Irregular Payment of Rural Hardship Allowance K545,359

Submission by the Council Secretary

The Council Secretary submitted that management erroneously directed the Finance Department to effect the payment of Rural Hardship Allowance to the Council employees. Internal memo for evidence were available for audit verification. The Council reported that Management had taken note of the query and payment of rural hardship had since been stopped. The current payroll was available for verification.

Committee's Observation and Recommendation

The Committee is displeased that officers disregarded the provisions of Terms and Conditions of Service for the Local Government with impunity. The Council Secretary is urged to ensure that the officer who instructed the payment is sternly cautioned for this omission, while full recovery of the amount was being awaited for from the officers who were erroneously paid. The Committee resolved to await a progress report on the matter.

m) Failure to Deduct Pension Contributions K82,514

Submission by the Council Secretary

The Council Secretary submitted that the affected employees were on contract and had no NAPSA social security numbers. The Council Secretary submitted that all employees qualifying to be registered for NAPSA had been registered and the deductions were effected. Current payroll was available for audit verification *while* Management had now made sure that all employees contributed to NAPSA by deducting from their payroll.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Council Secretary to ensure that erring officers are sternly cautioned for this failure. The Committee resolves to close matter subject to presentation of the cited documents to the Auditor General for verification.

n) Failure to Avail Contracts for Casual Workers

Submission by the Council Secretary

The Council Secretary submitted that management had started availing oral contracts to newly contracted employees. Oral contracts were available for verification. The Council Secretary submitted that management was adhering to the labour laws and Conditions of Service. Oral Contracts were available for verification.

Committee's Observation and Recommendation

The Committee is displeased that officers disregarded the provisions of Terms and Conditions of Service for the Local Government with impunity. The Council Secretary is urged to ensure that erring officers are sternly cautioned for this failure. The Committee resolved to close the matter while the Office of the Auditor General is urged to keep it in view during future audits.

o) Non-Remittance of Statutory Obligations K3,953,116

Council Secretary's Response

The Council Secretary submitted that the Council had not remitted statutory obligations due to insufficient funds. The Council Secretary submitted that management had engaged NAPSA in discussions for debt swap. The Council was renovating the Motel and constructing the dry port to increase their income so that they could settle debts for ZRA and LASF. The Council further reported that in order to raise more revenue the Council had embarked on a number of projects.

Committee's Observation and Recommendation

The Committee notes the submission and sternly cautions the Council Secretary for failure to remit statutory obligations which was a very serious omission. The Committee urges the Council Secretary to ensure that other revenue collection options are explored to increase its revenue base in order for it to meet its statutory obligations. The Committee resolves to await a progress report on the matter.

p) Unsupported Payments K71,009

Submission by the Council Secretary

The Council Secretary submitted the query was as a result of misfiling. The Council was still searching for the attachments to the payment vouchers. The Internal Audit would ensure that payments were pre audited before actual disbursement of funds.

Committee's Observation and Recommendation

The Committee does not accept the reason given and sternly cautions the Council Secretary for failure to safeguard accountable documents which is a very serious omission. The Committee urges the Council Secretary to ensure that officers responsible are sternly cautioned for this failure. The Committee resolves to await a progress report and further directs that the documents are located without further delay.

q) Failure to Register and Insure Specialised Equipment

Submission by the Council Secretary

The Council Secretary submitted that white books were not handed over to the Council during the handover of tractor and grader by the Ministry of Local Government and Ministry of Works and Supply, and they were non-runners during the period under review. The Council Secretary submitted that Ministry of Works and Supply had since included them on the list of Board of Surveys (BOS) for disposal. The Council Secretary submitted that management would ensure that all necessary documents such as white books were collected when picking the vehicles and other assets from the Ministry. The list of vehicles placed on BOS were available for verification.

Committee's Observation and Recommendation

The Committee notes the submission and sternly cautions the Council Secretary for failure to obtain ownership documents which was a very serious omission. The Committee urges the Council Secretary to ensure that all its capital assets are registered and insured expeditiously avoid recurrence. The Committee resolves to await a progress report on the matter.

r) Irregular Payment of Refunds K52,990

Submission by the Council Secretary

The Council Secretary reported that the Council had advertised plots that belonged to other people. New clients were offered the plots and the original owners claimed them. The new clients then pressured the Council for their refunds and the refund was paid under so much pressure. The Council would follow procedures to make sure that refunds was paid in accordance with financial regulations.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary as circumstances are not clear why the plots which were on offer were re-advertised before being repossessed. The Committee finds it highly irregular and a total failure of systems to monitor the sale of plots by the local authority. The Committee strongly urges the Controlling Officer to take keen interest and ensure that the matter is reported to the law enforcement agencies for further probe and the Committee awaits a progress report on the matter.

s) Sponsorship of Officers for Training without Authority from the Commission

Submission by the Council Secretary

The Council Secretary submitted that one officer was in Division Four and the other one in Division one came on transfer from Nkeyema Council. Serenje District Council overlooked the issue of authority from LGSC as they continued the sponsorship. The Council Secretary submitted that management had written to Local Government Service Commission for authority for one officer who was in Division one. A letter to seek authority from the Local Government Service Commission was available for verification and the authority was granted by local government service commission. The Council Secretary submitted that management would adhere to the Training Policy and recommend all training matters to the Local Government Service Commission for approval.

Committee's Observation and Recommendation

The Committee observes with serious concern the failure by the Council Secretary to adhere to the Local Authorities Terms and Conditions of Service No. 148 (b) with impunity. The Committee did not take it lightly that the Council Secretary decided to use his authority without seeking guidance from the Local Government Service Commission which was a requirement he knew about very well. The Committee urges the Controlling Officer to ensure that the Council Secretary is surcharged for this failure without any further delay. The Committee resolves to await a progress report on the matter.

t) Wasteful Expenditure K18,292

Submission by the Council Secretary

The Council Secretary submitted that it was regrettable that the Council spent K13,000 during the period under review on an accounting package that was not in use. The Council Secretary, however, reported that only two officers (Treasurer and Accountancy Assistant) were trained and later transferred. The Council had taken note of the query and the software's licence had expired. The Council had decided not to renew it. The Council shall ensure that handovers for those being transferred were carried out thoroughly.

Committee's Observation and Recommendation

The Committee does not accept the reason given by the Council Secretary as it would have been his keen interest to ensure that capacity building was carried out on the remaining officers knowing the importance of using the software package. The Council Secretary is cautioned to desist from misleading the Committee. The Council Secretary was strongly urged to ensure that officers are trained and that the software package is renewed and put to good use to improve the accounting systems. The Committee awaits a progress report on the matter.

u) Lack of a Maintenance Policy

Although the Council owned 17 properties, there was no evidence of a policy in place regarding the maintenance of the buildings. As a result, the following were observed:

i. Ibolelo Valley View Inn

Submission by the Council Secretary

The Council Secretary submitted that lack of a Maintenance Policy was due to lack of funds to maintain buildings. He also informed the Committee that the Council had since identified and signed a contract with a contractor to renovate the Council Motel. The Renovations would start in phases with Phase 1 where 15 rooms would be renovated and signed contract was available for verification.

Committee's Observation and Recommendation

The Committee notes the submission but expresses concern as to why the Council Secretary's efforts have been seen only after the audit. It was worrying that property from where revenue could be generated has remained dilapidated, and that a maintenance policy was not in place. The Council Secretary is cautioned to desist from his slackness in dealing with serious matters which required urgent action. He is also strongly urged to ensure that the maintenance was completed expeditiously on the Council Motel, and further that a maintenance policy was put in place without any further delay. The Committee awaits a progress report on the matter.

ii None Payment for Accommodation by Council Employees and Councillors K68,250

Submission by the Council Secretary

The Council Secretary submitted that transferred officers and newly appointed officers were allowed to stay at the Council Motel until they got their first salary. Councillors lodged on credit. The Council Secretary submitted that the outstanding amounts for councillors had been recovered from their monthly allowances, and documentation was available for verification. The Council had since stopped accommodating officers at the motel for free.

Committee's Observation and Recommendation

The Committee notes the submission and expresses concern as to the Council Secretary's allowed such an irregularity, and for his failure to recover the funds. He is also strongly cautioned for this and urged to ensure that recoveries are made from all officers concerned without any further delay. The Committee awaits a progress report on the matter.

v) Commitment of Funds without Authority K115, 000

Submission by the Council Secretary

The Council Secretary submitted that the matter needs verification. The Council had since stopped accommodating spending without authority.

Committee's Observation and Recommendation

The Council Secretary is also strongly cautioned for this and urged to ensure that recoveries are made from all officers concerned without any further delay. The Committee awaits a progress report on the matter.

Submission by the Council Secretary

w) Constituency Development Fund (CDF)

During the period under review, seven projects valued at K667,102 were implemented under Muchinga Constituency and 20 projects valued at K1,057,103 were implemented under Serenje Central Constituency. A review of the documentation related to utilisation of CDF revealed the following and the Council Secretary responded as set out below.

i. Procurement of Building Materials

- **Failure to Avail Tender Documents K40, 671**

Submission by the Council Secretary

The Council Secretary submitted that it was regrettable that tender documents for all contractors in Serenje Central Constituency for contracts amounting to K40,671 were not availed to the Auditor at the time of audit. This was due to insufficient storage which led to documents being misfiled. Efforts to locate the documents had been difficult hence the Council had written to the Procurement Officer incharge of the contracts during the period under review who had since been transferred to Chipangali District Council to come and assist with the location of documents. The Procurement Office ensured that the documents were under key and lock and were filled in triplicate in different offices.

Committee's Observation and Recommendation

The Committee notes the submission but expresses concern as to why internal controls are this weak to an extent of losing documents. While it is appreciated that there is an attempt to improve the filing system, the Committee directs the Council to ensure that internal controls are reviewed and strengthened holistically to avoid recurrence. The Council Secretary has been further directed to ensure that tender documents for all contractors in Serenje Central Constituency for contracts amounting to K40,671 are found and availed for audit verification before 31st January 2020. The Committee awaits a progress report on the matter.

- **Unaccounted for Building Material K523,969**

Submission by the Council Secretary

The Council Secretary submitted that it was regrettable that the building materials that were procured for use on all projects under Serenje Central Constituency were unaccounted for. He stated that the purchase and distribution of the building material was done in the manner that the Constituency Development Fund Committee suggested. The CDC did the actual distribution without the presence of the Serenje Council staff in some areas. The Council Internal Audit Section and Works Department embarked on a verification exercise around the Serenje Central Constituency to ascertain whether the materials were delivered to the right projects. A report was available for verification. The Council would ensure that procurement and stores controls were adhered to at all times.

Committee's Observation and Recommendation

The Committee expresses concern on the weak internal controls at the Council. It was common sense that accountability of items bought had to be audited through the Council. Unfortunately the Council shifted its responsibility and left everything in the hands of the community as evidenced by their failure to account for the stores items. It was not clear how the Council monitored the use of these items on the projects and this was highly irregular. The Committee urges the Controlling Officer to consider a forensic audit at this Council without any further delay. The Committee awaits a progress report on the matter.

- ii. **Unauthorised Retention of Interest Earned K15,240**

Submission by the Council Secretary

The Council Secretary admitted that the Council had intended to seek authority at the time of use. At the time of Audit the Council had not committed the funds to anything. The Council had since written to the Ministry of Finance requesting for the retention of interest gained to be used in monitoring CDF projects and was awaiting response. All interest gained would now be immediately deposited to in the Treasury Account.

Committee's Observation and Recommendation

In noting the submission, the Council Secretary is strongly cautioned to desist from the habit of acting before obtaining authority from the relevant offices. The Committee urges the Controlling Officer to direct this office to remit the funds to the Treasury Account without any further delay while management at this council must be severely warned to adhere to *the Public Finance Act No. 15 of 2004*. The Committee awaits a progress report on the matter.

- x) **Environmental Management**

A scrutiny of environmental management related records and a physical inspection of the surrounding communities and dump site carried out in October 2018 revealed the following weaknesses to which the Council Secretary responded as set out below.

i. Failure to Produce Waste Management Reports

Submission by the Council Secretary

The Council Secretary informed the Committee that it was regrettable that reports on waste management were not submitted to ZEMA. During the period under review because, the Council had a temporally dump site and therefore could not submit a report to ZEMA. The Council had requested for a portion of land from the Forestry Department and as per response from the Forestry Department, the Council sought for funds for the assessment of the area proposed. Documentation on the correspondence was available for verification. The Council would ensure that annual reports were submitted to ZEMA once the permanent dump site was secured.

Committee’s Observation and Recommendation

The Committee encourages the Council Secretary to ensure that land is found for a permanent dump site without further delay, and that reports are always prepared in accordance with the requirements imbedded in Clause 56 Section (2) of the Statutory Instrument No. 12 of 2011 on Environmental Management The Committee awaits a progress report on the matter.

ii. Operating without a ZEMA Licence

Submission by the Council Secretary

The Council Secretary admitted that it was regrettable that the Council operated waste management without a licence from ZEMA. The Council did not apply for a ZEMA licence during the period under review because they did not have a permanent dump site. The Council requested for a dump site from Forestry Department and applied for ZEMA licence. Documentation on the correspondence was available for verification. The Council would ensure that the operating licence from ZEMA was always available.

Committee’s Observation and Recommendation

The Committee encourages the Council Secretary to ensure that land is found for a permanent dump site without further delay, and that the Council should comply with the requirements imbedded in Clause 55 Section (2) of the Statutory Instrument No. 12 of 2011 on Environmental Management. The Committee awaits a progress report on the matter.

iii. Waste Management by the Serenje District Council

The Council had a Public Health Department under which there was a Waste Management Unit for the collection, management and transportation of solid waste to the dumpsite. The Local Authority was in charge of collection of waste from the town center and any other areas of the city including the markets. However, an examination of records and physical inspection of the markets and other collection points revealed the following weaknesses and the Council Secretary responded as set out below.

- **Dumping of Waste in Open Areas (junction collection point and Chisaka market)**

Submission by the Council Secretary

The Council Secretary submitted that it was regrettable that waste was not collected at the junction collection point and Chisaka market resulting in dumping of waste in open areas. The Council had challenges with vehicles to collect waste; the Yuejin Truck meant for garbage collection was down during the period under review due to lack of funds to repair it. The Council had been using the CDF truck to collect garbage whilst sourcing for funds to repair the Yuejin Truck for garbage collection.

Committee's Observation and Recommendation

The Committee encourages the Council Secretary to ensure that a lasting solution is found regarding the collection of waste without further delay as dumping waste within the reach of members of the public was detrimental to their health. The Council Secretary is strongly urged to ensure that the Council complies with both the Health and Environmental Protection laws to avoid recurrence. The Committee awaits a progress report on the matter.

- **Burning of Waste**

Submission by the Council Secretary

The Council Secretary informed the Committee that it was regrettable that waste was being burnt in open air due to non-collection. The Council had challenges with vehicles to collect waste; the Yuejin Truck meant for garbage collection was down during the period under review due to lack of funds to repair it. The Council had been using the CDF truck to collect garbage. The Council was sourcing funds to repair the Yuejin Truck for garbage collection.

Committee's Observation and Recommendation

The Committee encourages the Council Secretary to ensure that a lasting solution is found on collection of waste without further delay as burning of waste within the reach of members of the public was detrimental to their health. The Council Secretary is strongly urged to ensure that the Council complied with both the Health and Environmental Protection laws to avoid recurrence. The Committee awaits a progress report on the matter.

iv. TAZARA Dumpsite

The Council had one disposal site, the TAZARA Dumpsite where all the waste collected by the Council was dumped. The land in use belonged to TAZARA and was used as a temporary dump site. A physical inspection of the site carried out in November 2018 revealed the following weaknesses and the Council Secretary responded as set out below.

- **Delays in the Collection of Waste**

Submission by the Council Secretary

The Council Secretary submitted that only one vehicle Hino light truck, registration No. GRZ 365 CP was used for garbage collection. The Council had challenges with vehicles to collect waste; the Yuejin Truck meant for garbage collection was down during the period under review due to lack of funds to repair it. The Council was mobilising funds to repair the yuejin truck which had been down for some time. The Council Secretary submitted that Council would ensure that the yuejin truck was serviced on time once repaired.

Committee's Observation and Recommendation

The Committee encourages the Council Secretary to ensure that a lasting solution is found regarding collection of waste without further delay. Failure to collect waste was detrimental to the health of the Community. The Council Secretary is strongly urged to ensure that the Council complied with both the Health and Environmental Protection laws to avoid recurrence. The Committee awaits a progress report on the matter.

- **No Fencing on the Dump site**

Submission by the Council Secretary

The Council Secretary informed that Committee that the dump site was not fenced during the period under review because it was a temporal one. The Council requested for a dump site from Forestry Department and as per response from the Forestry department, the Council was seeking funds for the assessment of the area proposed. Documentation on the correspondence was available for verification. The Council would ensure that the dumpsite was fenced once the permanent dump site was secured.

Committee's Observation and Recommendation

The Committee encourages the Council Secretary to ensure that land is secured and protected to avoid scavengers and others from entering it without control. The Committee awaits a progress report on the matter.

- **No Warning Signs at the Dumpsite**

Submission by the Council Secretary

The Council Secretary submitted that it was regrettable that there were no warning signs at the dumpsite. The Council did not fence the dump site area because it was a temporal one. The

Council requested for a dump site from Forestry Department and as per response from the Forestry Department, the Council was seeking funds for the assessment of the area proposed. Documentation on the correspondence was available for verification. The Council would ensure that the warning signs were erected once the permanent dump site was secured.

Committee's Observation and Recommendation

The Committee encourages the Town Clerk to ensure that land is secured and protected by putting signs to avoid scavengers and others from entering it without control. The Committee awaits a progress report on the matter.

- **No Coverage on the Dumpsite**

Submission by the Council Secretary

The Council Secretary submitted that the authority did not doze and cover the dumpsite with a layer of soil because the temporal dump site did not have the literate. The Council had written to the District Forestry Officer requesting for permission to get the literate from the forest to cover piled up garbage a letter to Forestry Department was available for verification. The Council shall ensure dozing and covering of dump site once the permanent dump site was secured.

Committee's Observation and Recommendation

While noting the submission, the Committee encourages the Council Secretary to secure letarite as a matter of urgency to comply with the waste management regulations. The Committee awaits a progress report on the matter.

- **No Boreholes for Monitoring of Ground Water Quality at the Dumpsite**

Submission by the Council Secretary

The Council Secretary informed the Committee that it was regrettable that there were no warning signs at the dumpsite. The Council did not sink bore holes by the dump site area because it was a temporal one. The Council requested for a dump site from Forestry Department and as per response from the Forestry department, the Council was seeking funds for the assessment of the area proposed. Documentation on the correspondence was available for verification. The Council would ensure that the bore holes are sunk once the permanent dump site was secured.

Committee's Observation and Recommendation

The Committee encourages the Council Secretary to ensure that land is secured so that a borehole can be drilled to monitor contamination of ground water. The Committee awaits a progress report on the matter.

SESHEKE DISTRICT COUNCIL**Accounting and Other Irregularities**

35. An examination of financial and other records maintained at the Council for the period under review and a physical inspection of selected projects carried out in September 2018 revealed the following:

a) Lack of a Strategic Plan**Submission by the Council Secretary**

The Council Secretary admitted that they did not have a functional strategic plan at the time of audit. He, however, stated that Sesheke District Council it had started developing an Integrated Development Plan (IDP) which was at draft level, an advanced stage as guided by the Ministry of Local Government in the letter dated 26th August 2019. Further, he reported that the Ministry of Local Government had earlier suspended the preparation of Strategic Plans via a circular dated 31st October, 2018 until further guidance was given. The Ministry had since given guidance to Councils to develop IDPs instead of Strategic Plans. The Council would endeavour to ensure it operated with a valid IDP as guided by the Ministry of Local Government.

Committee's Observation and Recommendation

The Committee notes with concern the failure by the Council Secretary to put in place a strategic plan thereby making it difficult to have guidance in terms of the Councils operations. The Committee also bemoans the delays by the Ministry to come up with a standard strategic plan for use by the Councils. The Committee strongly urges to Controlling Officer, Ministry of Local Government to expeditiously come up with a standard plan for use by all councils. The Committee resolves to await a progress report on the matter.

b) Lack of a Risk Management Policy**Submission by the Council Secretary**

The Council did not have a Risk Management Policy at the time of audit. The Council Secretary submitted that at the time of the Audit, the Council relied upon the Auditor General' Charter. Further, the Council was in the process of formulating the Risk Management Policy and waiting to present it to the Audit Committee for consideration and onward submission to the Full Council for adoption. The Council would always ensure that it had a valid Risk Management Policy at all times.

Committee's Observation and Recommendation

The Committee observes with concern the inordinate delays in developing a Risk Management Policy as this had put the ICT Management system at risk in case of an eventuality. The Committee cautions the Council Secretary to ensure that he acts proactively on matters unlike being reminded to do so by the Auditors. The Committee awaits a progress report on the full operationalisation of the Risk Management Policy.

c) Lack of a Billboard Policy

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council did not have a Billboard Policy but instead relied on *the Road Development Agency (RDA) Act* which helped regulate the erection of Bill Boards in the District. The Council had started the process of formulating its own Bill Board Policy and was awaiting Council adoption. The zoning of the district and charge per square metre had already been done. The billing and collection of bill board fees in the district was also in effect. The Council would endeavour to always operate with a Bill Board Policy.

Committee's Observation and Recommendation

The Committee observes with concern the lack of proactiveness in the operations of the Council. It displeases the Committee to note that despite grappling with liquidity problems, the Council fails to come up with policies such as Billboard Policy to enable them collect revenue which could boost their financial health. The Committee strongly cautions the Council Secretary to ensure that he acts proactively on matters unlike being reminded to do so by the Auditor. The Committee awaits a progress report on the full operationalisation of the Billboard Policy.

d) Lack of a Valuation Roll

Submission by the Council Secretary

The Committee was informed that the Council had not prepared the Valuation Roll at the time of the audit. The Council Secretary informed the Committee that the preparation of the Valuation Roll started in 2017 and a draft copy of the Valuation Roll was delivered to the Council and adopted. Further, the Rating Valuation Tribunal sat to consider the objections and submissions on 4th October 2019 and was yet to make its ruling. The Council shall endeavour to ensure that it maintained a valid valuation roll and updated it from time to time.

Committee's Observations and Recommendations

The Committee observes with concern the lack of seriousness and laxity on the part of officers tasked with the responsibility of managing local authorities. The Committee does not accept the reason given by the Council Secretary as it has taken too long to resolve the matter. The Council Secretary is cautioned to be proactive as the failure to have an updated valuation roll may result

in other failures, including low revenue base and difficulties in preparing financial statements. The Committee urges the Controlling Officer, Ministry of Local Government to consider directing all local authorities to update their valuation rolls where possible and to provide the expertise lacked by the Councils. The Committee resolves to await a progress report on the matter.

e) Attending Training Without Authority

Submission by the Council Secretary

The Council sent an officer for training before a letter of authority from the Local Government Service Commission (LGSC) was received. The Council regretted the omission because staff training program for the years under review were deliberated by the Council. A letter to the Local Government Service Commission requesting for authority was written and still awaiting a for response at the time of this report. Further, the Council submitted that the officer had since graduated and transferred on promotion to Sinazongwe District Council where she was serving. The Council would endeavour to ensure that all future trainings are subjected to authority by the LGSC.

Committee's Observations and Recommendations

The Committee observes with concern the lack of regard for governing bodies by the Council as evidenced from this action. The Committee urges the Controlling Officer, Ministry of Local Government to strongly caution the principal officer to desist from making arbitrary decisions which puts some cost implications on the Councils without authority. The Controlling Officer is also strongly urged to ensure that stiffer penalties are put in place for non-adherence. The Committee resolves to await a progress report on the matter.

f) Irregular Refunds of Medical Expenses K10, 579

Submission by the Council Secretary

The Council Secretary informed the Committee that the Council Secretary informed the Committee that the Council relied upon condition number 158 (b) which stated that employees were entitled to free medical care. The Council Secretary informed the Committee that the observation of the Auditor was noted and that the Council had since stopped the practise. Further the Council had started the process of registering employees for medical scheme with Yeta District Hospital, but had to suspend the process after the introduction of the National Health Policy pending its implementation.

Committee's Observations and Recommendations

While noting the submission, the Committee expresses concern at the failure by management to comply with the Local Government Conditions of Service No. 158, and also for failure to seek clarity where management did not know its interpretation. The Committee cautions the Council Secretary and urges him to ensure that he develops a culture of consulting from the Local Government Service Commission and the supervising ministry whenever matters relating to

Conditions of Service were not clear to avoid recurrence of this query. The Committee, however, resolves to close the matter subject to presentation of the cited documents to the Office of the Auditor General for verification. The Office of the Auditor General is urged to keep the matter in view during future audits.

g) Misapplication of Equalisation Funds K145, 300

Submission by the Council Secretary

The Council Secretary admitted that they used capital funds for non capital expenditure. The Council had so far refunded K84,000 remaining with a balance of K61,300. The Council would endeavour to avoid borrowing and refund any borrowed funds promptly to the Capital Account in order not to affect capital projects.

Committee's Observation and Recommendation

The Committee does not accept the reasons given by the Council Secretary as it is noted that management at this Council is not aggressive in collecting their earned revenue which has resulted in the misapplying of other funds to meet their daily operational needs. The Committee also notes the failure by the Council management to ensure that other revenue mobilisation strategies including updating of its valuation roll are employed to improve the liquidity of the local authority. It saddens the Committee that management willfully chose to misapply the 20% portion of the Local Government Equalisation Fund (LGEF) contrary to *the Local Government (Amendment) Act No. 12 of 2014* and the Ministry of Local Government and Housing Circular No. MLGH/71/1/87 dated 30th March 2015. The Committee finds it unacceptable and the Council Secretary is strongly cautioned to desist from this habit and also to ensure that the Council's revenue base is improved accordingly to avoid this irregularity. The Committee awaits a progress report on the matter until all the funds are reimbursed without further delay.

h) Payment of Salary Advances to Officers with Net Pay Below 40%

Submission by the Council Secretary

The Council Secretary admitted that the Council was paying salary advances that resulted in net pay being below 40% of the basic pay. The Council no longer paid advances that resulted in the net pay falling below 40% as guided by the circular. Further, the Council submitted that the contents of the said circular had since been brought to the attention of Council staff. The Council was ensuring that no salary advance was paid to an officer resulting into their net pay falling below 40% after deductions.

Committee's Observations and Recommendations

While noting the submission, the Committee expresses concern at the failure by management to comply with Public Service Management Division Circular No. B19 of 2007, and also for failure to seek clarity where management does not know its interpretation. The Committee cautions the

Council Secretary and urges him to ensure that he develops a culture of consulting from the supervising ministry whenever matters relating to conditions of service and payroll were not clear to avoid recurrence. The Committee, however, resolves to close the matter subject to presentation of the documents cited to the Auditor General for audit verification. The Office of the Auditor General is further urged to keep the matter in view during future audits.

i) Outstanding Statutory Obligations

Submission by the Council Secretary

Concerning Nonpayment of statutory obligation, the Council Secretary submitted that his office began the engagements with the statutory bodies to come with payment plans to clear the debt. This above arrangements were for ZRA and LASF, while a partial debt swap with NAPSA was implemented. The Council shall endeavour to ensure that all statutory obligations were paid as and when they fall due to avoid accumulation of the debt. Accumulated debt was being paid in installments.

Committee's Observation and Recommendation

The Committee notes the efforts made to dismantle the outstanding statutory obligations but expresses concern at the huge debt stock owed by the Council. It worries the Committee that this huge debt stock is held besides the current obligations the Council is expected to meet and hence if nothing happens, the Council would be risking possible litigation costs and penalties. The Committee urges the Council Secretary to explore more revenue sources and ultimately to enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

j) Failure to Settle Staff Obligations

Submission by the Council Secretary

The Council Secretary reported that they were making payments in monthly instalments depending on the liquidity situation. The Council embarked on the creation of the valuation roll to increase revenue that would assist in settling all debts.

Committee's Observation and Recommendation

The Committee notes the efforts made to dismantle the outstanding statutory obligations but expresses concern at the huge debt stock owed by the Council. It worries the Committee that this huge debt stock is besides the current obligations the Council is expected to meet and hence if nothing happens, the Council would be risking possible litigation costs which may arise. The Committee urges the Town Clerk to explore more revenue sources and ultimately enhance its revenue base in order to reduce this huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

k) Failure to Insure Motor Vehicles

Submission by the Council Secretary

The Council Secretary informed the Committee that at the time of audit, the vehicles in question were non-runners. However, the Council would endeavour to insure all operating motor vehicles are insured.

Committee's Observation and Recommendation

The Committee observes with concern the omission by the Council Secretary and warns that the Council risked loss of its properties an eventuality. The Committee urges the Council Secretary to explore more revenue sources and ultimately enhance its revenue base in order to enable it cover its properties with insurance policies. The Committee resolves to await a progress report on the matter.

l) Lack of Title Deeds and Insurance Policies

Submission by the Council Secretary

The Council Secretary informed the Committee that site plans had been prepared which would be forwarded to the Ministry of Lands for numbering after which the recommendations would be made for offer of lease and subsequently issue of title deeds. The Council would ensure that all Council properties were titled.

Committee's Observation and Recommendation

The Committee observes with concern the failure by Council management to acquire title deeds. It also displeases the Committee that Council management had not seriously pursued this matter until the Auditor General unearthed the matter. The Council Secretary is strongly cautioned to ensure that title deeds are acquired without any further delay as there is a great risk in case of an eventuality. A progress report is being awaited by the Committee.

m) Failure to Maintain Properties

A physical inspection of some Council properties which included offices, abattoir, market and toilets carried out in September 2018 revealed that the structures were in a poor state due to lack of periodical maintenance and general repair. In particular, the following observations were made:

i. Council Offices

Submission by the Council Secretary

The Council had not operated a property maintenance programme during the period under review resulting in most of these properties being dilapidated. The Council advertised maintenance works of its Civic Centre and the contract had been awarded. The Council would ensure that all properties were well maintained.

Committee's Observation and Recommendation

The Committee observes with concern the failure by Council management to maintain its properties. It also displeases the Committee that Council management had not seriously pursued this matter until the Auditors unearthed it. The Council Secretary is strongly cautioned to ensure that all its properties are maintained by putting up a well defined maintenance plan without any further delay. A progress report is being awaited by the Committee.

ii. Council Abattoir

Submission by the Council Secretary

The Council Secretary submitted that the abattoir was among the list of the properties to be renovated using the budgeted funds. Engineer's estimates had already been done for this project. So far, the contract for the renovation of the abattoir had already been awarded and works had commenced. The Council shall ensure that all properties were well maintained.

Committee's Observation and Recommendation

The Committee observes with concern the failure by council management to maintain its properties. It also displeases the Committee that council management has not seriously pursued this matter until Auditor General unearthed the matter. The Council Secretary is strongly cautioned to ensure that all its properties are maintained by putting up a well defined maintenance plan without any delay. A progress report is being awaited by the Committee.

n) Lack of Fire Fighting and Rescue Services

Submission by the Council Secretary

The Council Secretary informed the Committee that he wrote to the Local Government Service Commission (LGSC) to send staff to fill vacant positions in the Fire Section. The Council also reported that the LGSC had since transferred and appointed officers to the Council under the Fire Section.

Committee's Observations and Recommendations

The Committee notes the submission but urges the Council Secretary to impress upon the relevant institutions to ensure that all the necessary requirements for establishing a fire station are in place without any further delay. The Committee resolves to await a progress report on the matter.

o) Environmental Management

The Council is charged with the responsibility of managing the collection, transportation and disposal of waste within its municipal jurisdiction. The Council manages waste through the Environmental Unit under the Public Health Department. In Sesheke town, waste is generated

mainly from the central business area, markets, bus stations and streets in the town centre and Katima Mulilo. The waste is collected from these areas and transported to a disposal site located three (3) kilometres from the town centre. However, the following were observed and the Council Secretary responded as set out below.

ii. Undertaking of Waste Management Activities Without a License

Submission by the Council Secretary

The Council Secretary noted the findings by the Auditor and reported that all forms relating to the process of obtaining a license from ZEMA had been completed. The Council shall endeavour to ensure that it operated within the requirements of ZEMA.

Committee's Observation and Recommendation

The Committee notes with concern the failure by management at the Council to secure certification for land use. The Committee strongly cautions the Council Secretary to desist from causing inordinate delays in securing certification, yet he has continued to operate the dump site illegally. The Council Secretary is directed to ensure that certification for operating the dump site from ZEMA is secured before 30th January 2020. The Committee resolves to await a progress report on the matter.

iii. Failure to Produce Waste Management Reports

Submission by the Council Secretary

The Council Secretary regretted the non-production of annual waste management reports to ZEMA and submitted that reports were now being generated.

Committee's Observation and Recommendation

In noting the submission, the Committee resolves to close the matter subject to presentation of the cited documents to the office of the auditor General for verification.

iv. Inadequate Staff

The Public Health and Environmental Services Unit under which the solid waste management function falls was not adequately staffed. There were only 2 positions that were filled out of an establishment of 11.

Submission by the Council Secretary

The Council Secretary submitted that a request to the Local Government Service Commission was made for a Senior Health Inspector and authority to recruit more staff for solid waste collection. Another request was made to the Ministry of Local Government. So far additional general workers had since been employed including another tractor operator.

Committee's Observation and Recommendation

In noting the submission, the Committee strongly urges the Council Secretary to ensure that he impresses upon the relevant institutions to ensure that staff levels are improved to enable them combat the problems related to management of waste. The Committee resolves to await a progress report on the matter.

iv. Collecting Waste Without Protective and Safety Gear

A physical inspection carried out at the Council premises revealed that the staff assigned to manage waste collection and disposals were not equipped with adequate protective and safety clothing.

Submission by the Council Secretary

The Committee was informed that the Council had purchased protective clothing for the personnel handling waste. The Council will endeavour to ensure that all workers under this section have proper protective clothing.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Town Clerk to ensure that the dump site is managed in accordance with health laws including providing safety clothing to the workers handling waste. The Committee resolves to close the matter subject to presentation of proof that the protective and safety gear has been purchased to the Auditor General for verification. The Office of the Auditor General is urged to ensure that the matter is kept in view during future audits.

vi. Failure to Cover Waste During Transportation

Submission by the Council Secretary

The Council had since purchased a tent for covering the waste in transit.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Council Secretary to ensure that the dump site is managed in accordance with health laws including providing covering material when transporting waste. The Committee resolves to close the matter subject to presentation of the documents to the office of the Auditor General for verification. The Office of the Auditor General is urged to ensure that the matter is kept in view during future audits.

vii. Management and Operation of the Dumpsite

- **Lack of a Weigh Bridge**

Submission by the Council Secretary

The Council was engaging the traditional leadership to resolve the dispute then start the installation of the weigh bridge. The Council shall endeavour to have the land dispute resolved so that installation of the weigh bridge is done.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Council Secretary to ensure that the Dump Site is managed in accordance with health laws, including providing a borehole on site to monitor water contamination. The Committee resolves to close the matter while the Office of the Auditor General is urged to ensure that the matter is kept in view during future audits.

- **Dumpsite Not Fenced**

Submission by the Council Secretary

The Council Secretary informed the Committee that they were actively engaging the traditional leadership to resolve the dispute over the dump site land before starting the erection of the boundary fence. The Council shall endeavour to have the land dispute resolved so that the erection of the boundary fence was done.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Council to ensure that disputes relating to the landfill are resolved without any further delay in order for the Council to provide the services needed to run the dump site efficiently and effectively within the provisions of the law. A progress report is being awaited.

AUDIT QUERY

PARAGRAPH 36

SIAVONGA DISTRICT COUNCIL

Accounting and Other Irregularities

36. An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2017 and physical inspections of selected projects carried out in September and December 2018 revealed the following:

a) Unsupported payments k170, 763

Submission by the Council Secretary

The Council Secretary reported that the unsupported payment this was due to misfiling. However, the documents had been traced and the payment vouchers amounting to K170,763 had since been attached with necessary documentation for verification. The Council reported that an officer had been assigned with the responsibility of ensuring that relevant documents were attached to payment vouchers before filling them. This was being done with the help of the Internal Audit unit which was now adequately staffed.

Committee's Observations and Recommendations

The Committee finds the reason given for this anomaly unacceptable as the officers who processed the payments could have properly secured the documents. The Committee notes that this lapse is due to poor supervision of officers in the Accounts Department and negligence on the part of the officers. The Committee urges the Council Secretary to ensure that disciplinary action is taken against the erring officers, and further that internal controls are strengthened to avoid recurrence of this matter. The Committee resolves to close the matter.

b) Unretired Accountable Imprest K84, 150

Submission by the Council Secretary

The Council Secretary reported that this was due to the fact that the officers involved were not on their payroll to enable deductions. Reminders were made but officers never responded. The Council reported that amounts totaling K63, 745 had been retired leaving a balance of K20, 405 not retired. The officers were transferred to other Councils, however letters had been written to the officers to enable them retire. Management would ensure that officers retired imprest within 48 hours of the officers' return, failure to which deductions would be put in place.

Committee's Observations and Recommendations

The Committee finds the reason given for this anomaly unacceptable as the officers failed to retire imprest within 48 hours as required by the law. The Committee notes that this lapse was due to poor supervision of officers in the Accounts Department and negligence on the part of the officers. The Committee urges the Council Secretary to ensure that disciplinary action is taken against the erring officers to avoid recurrence, while recoveries must be effected from officers who have not yet retired. The Committee awaits a progress report on the matter.

c) Unaccounted For Stores K93,070 (General Stores – K23,070 and Fuel – K70,000)

Submission by the Council Secretary

The Council Secretary reported that the disposal details were not available at the time of audit as they were misfiled. The Council reported that the unaccounted stores amounting to K93,070 had since been accounted for as evidenced by documents attached. The Council reported that the

stores officer in charge of receipts and disposal details had been tasked to ensure that all the necessary documents were attached to stores items.

Committee's Observations and Recommendations

The Committee finds the reason given for this anomaly unacceptable as the officers who processed the documents for stores could have properly secured the documents. The Committee notes that this lapse is due to poor supervision of officers in the Accounts Department and negligence on the part of the officers. The Committee urges the Council Secretary to ensure that disciplinary action is taken against the erring officers' and further that internal controls are strengthened to avoid recurrence of this matter. The Committee resolves to close the matter.

d) Failure To Avail Activity Reports K290, 453

Submission by the Council Secretary

The Council Secretary acknowledged the observation of the Auditor General's Office. It was regrettable that officers did not prepare the activity reports at the time of audit. The Council reported that amounts totaling K290, 453 had since been attached with necessary documentation on the activity reports. The Council would ensure that all officers submit activity reports immediately after the activity had been undertaken.

Committee's Observations and Recommendations

The Committee finds the reason given for this anomaly unacceptable as the officers who carried out the activities should have filed the reports in appropriate files for future reference. The Committee notes that this lapse is due to poor supervision of officers in the accounts department and negligence on the part of the officers. The Committee urges the Council Secretary to ensure that disciplinary action is taken against the erring officers and further that internal controls are strengthened to avoid recurrence of this matter. The Committee resolves to close the matter.

e) Failure To Insure Assets

Submission by the Council Secretary

The Council Secretary responded that all the vehicles cited were non-runners at the time of audit. The grader cited in the audit report had since been insured except for the water bowser, bus trailer and compactor which were recently repaired. The Council was however in the process of insuring them all. The Council would ensure that all assets were insured on time. The Council had insured all their vehicles for 2020.

Committee's Observation and Recommendation

The Committee notes the submission but urges the Council Secretary to ensure that all its assets are insured each year in order to avert possible losses. The Committee is awaiting a progress report on the matter while the Office of the Auditor General is urged to ensure that the matter is kept in view during future audits.

f) Failure To Remit Statutory Obligations K3, 955,130

Submission by the Council Secretary

The Council Secretary reported that the query was as a result of insufficient funds. The Council had designed a payment plan with ZRA where the sum of K40, 000 was paid on a monthly basis. As for LASF, the Council was up to date with remittances. The Council would ensure that measures were put in place to liquidate the historical debt.

Committee's Observation and recommendation

The Committee notes the efforts made to dismantle the outstanding obligations but expresses concern at the huge debt stock owed by the Council. The Committee urges the Council Secretary to explore more revenue sources and ultimately enhance its revenue base in order to reduce the huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

AUDIT QUERY

PARAGRAPH 37

SOLWEZI MUNICIPAL COUNCIL

Accounting and Other Irregularities

37. An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2017 and physical inspections of projects carried out in September 2018 revealed the following weaknesses to which the Town Clerk responded as set out below.

a) Lack of a Risk Management Policy

Submission by the Town Clerk

The Town Clerk reported that a Risk Management Policy had since been formulated and was awaiting approval by the full Council. The draft Risk Management Policy was available for verification.

Committee's Observation and Recommendations

The Committee expresses worry on why it has taken so long for the Council to formulate a Risk Management Policy and wonders how the Council has been managing the various risks without policy direction. The Committee strongly urges the Council to immediately table the draft Policy before the full council and ensure that the Policy is operational without any further delay. The Committee awaits a progress on the matter.

b) Lack of Title Deeds – K14, 340, 000

Submission by the Town Clerk

The Council submitted that during the period under review, acquisition of title deeds was still in the process, hence the Council could not avail any title deeds to the Auditor. The Town Clerk further stated that properties had since been numbered and submitted to the Ministry of lands and Natural Resources for onward title deed processing. The letters of offer were available for verification.

Committee’s Observation and Recommendations

The Committee is alarmed at the failure by the Council to secure property with title deeds and urges Management to ensure that the process of acquiring title deeds is expedited. The Committee awaits a progress report on the matter.

c) Failure to Collect Revenue - Bill Boards K420,571

Submission by the Town Clerk

The Town Clerk acknowledged the Auditor’s observations and stated that the failure to collect revenue for bill boards was as a result of the construction of T5 road which led to the pulling down of the billboards without notice to the public. The Town Clerk stated that some bill boards had been mounted back and K188, 800 had since been collected. The Council further reported that a client, who owed the Council K169, 638 was engaged for a debt swap. The client mounted the bill boards for K71, 108 bringing the total amount collected to K259, 908. However, the balance of K62, 133 was recommended for a write off because the billboards were pulled down without notice to the clients. Receipts and the letter for debt swap were available for verification. The Council assured the Committee that going forward, the Council would ensure that revenue from billboards is collected, and reminders would be sent every quarter.

Committee’s Observation and Recommendations

While noting the response from the Council, the Committee expresses concern that the Council did not avail the Auditor General with receipts and the letter for the debt swap for verification at the time of audit. The Committee is disappointed that that Council was planning to have a debt swap without full knowledge of the Council. The Committee urges the Town Clerk to ensure that such decisions are brought to the attention of the full Council. Committee awaits a progress report on the matter.

d) Failure to Collect Revenue – Quarry and Sand Levies K600, 000

Submission by the Town Clerk

The Town Clerk submitted that the Council had difficulties in collecting revenue from Quarry and Sand Levy as a result of policy challenges. The Council had no barriers to help collect the income. The barriers were not put on the road because RDA could not allow the Council to

mount the barriers due to the road being busy. The Council further reported that the Quarry and Sand Levy had not been included in the 2020 budget.

Committee's Observation and Recommendations

While noting the Submission by the Council Secretary , the Committee is disappointed that the matter was not reported to the Ministry of Local Government in order for it to be addressed. The Committee recommends the matter for closure subject to audit verification. The Committee finds the decision by the Council not to include quarry and sand levy in the 2020 budget unacceptable as it implies continued loss of revenue. The Committee urges the Council to engage the Ministry and resolve this matter urgently. The Committee awaits a progress report on the matter.

e) Failure to Collect Rentals - Kyawama Market K693, 000

Submission by the Town Clerk

The Town Clerk reported that in the quest to evict occupants from the shops who were not paying rentals, the occupants sued the Council and a consent judgment was entered into where the Council was to provide new plots to the occupants. The Council provided the new plots and at the point of showing the occupants the new site it was discovered that the area was not serviced. Therefore, the occupants declined to take possession of the new area until the area was serviced. The occupants opted to continue to occupy the shops without paying rent. The Council informed the Committee that they had started servicing the area by constructing roads and would ensure that all funds due to the Council were collected to avoid such occurrences.

Committee's Observation and Recommendations

The Committee is alarmed at the Council's non-proactiveness in collecting the much needed revenue. The Committee notes that the Council has not provided a timeline for when it will complete servicing the new area. The Committee urges the Council to take serious measures in ensuring that revenue is not lost in such a manner, and ensure that servicing of these plots is expedited without fail. The Committee awaits a progress report on the matter.

f) Unsupported Payments – K81, 557

Submission by the Town Clerk

The Council acknowledged the Auditor's observation and reported that the minute books could not be traced at the time of the audit. The Town Clerk submitted that the minute books that contained the authority for the sponsorship had since been traced and supporting payment vouchers were available for verification. The Committee was assured that going forward, the Council would ensure that all payments are supported and pre-audited.

Committee's Observation and Recommendations

The Committee is disappointed that the Council did not avail these documents to the Auditor at the time of audit. This clearly indicates that there is poor record keeping. The Town Clerk is

urged to ensure that officers are closely supervised to avoid the recurrence of similar irregularities. The Town Clerk is, therefore, directed to avail these documents to the Auditor General for audit verification and disciplinary action taken against erring officers. The matter is recommended for closure.

g) Unretired Accountable Imprest - K90, 727

Submission by the Town Clerk

The Town Clerk reported that the officers who were owing were transferred and laid off during the period under review. However, unretired imprest amounting to K90,727, K84,800 had been retired and details were available for verification. The officer who was transferred had committed to be paying back K500 on a monthly basis towards the remaining balance. The Council had since introduced imprest register and would ensure that all retirements were done within 48hrs after the end of the activity.

Committee's Observation and Recommendations

The Committee is very concerned about the failure by the Council to institute recoveries on officers who fail to retire imprest within the stipulated period in accordance with the Financial Regulations. The Committee urges the Town Clerk to strictly adhere to laid down procedure and ensure that officers are disciplined accordingly for such failures. The Committee awaits a progress report on the matter.

h) Irregular Use of Imprest K317, 305

Submission by the Town Clerk

The Town Clerk reported that goods and services were procured using imprest because the goods and services were urgently needed. He added that the Council had since stopped purchasing goods and services using imprest.

Committee's Observation and Recommendations

While noting the response, the Committee is at a loss to learn that the Council ignored the financial regulations relating to procurement of goods and services. The Committee directs the Council to ensure that officers strictly adhere to procurement guidelines when procuring goods and services. The Committee resolves to close the matter subject to presentation of the cited documents to the Auditor General for verification.

i) Unaccounted for Stores – K148, 723

Submission by the Town Clerk

The Town Clerk reported that the stores documents were missing at the time of audit because of misfiling. The missing documents had since been traced and were ready for verification. The Town Clerk informed the Committee that he would ensure that all stores documents were well maintained and property secured.

Committee's Observation and Recommendations

The Committee observes with concern that financial regulations were being flouted with impunity and this practice was a clear recipe of fraud and validates the view that there are weak internal controls at the Council. The Committee urges the Town Clerk to institute disciplinary action against erring officers and ensure that this attitude is aggressively addressed. The matter is recommended for closure.

j) Failure to Inscribe Council Assets – K51, 734.

Submission by the Town Clerk

The Town Clerk reported that during the period under review, the Ministry of Works and Supply had no ink to inscribe the assets. The assets had since been inscribed and were available for verification. The Council submitted that all its assets would be inscribed immediately they were acquired.

Committee's Observation and Recommendations

The Committee expresses concern at the level of negligence exhibited by the Council. The Committee is in shock that the Council only took action to inscribe the assets after the audit. The Town Clerk is urged to ensure that public property is properly safeguarded from loss by ensuring that it is inscribed upon purchase. The matter is recommended for closure subject to presentation of the cited documents to the Office of the Auditor General for verification.

k) Failure to Recover Salary Advances – K4, 000.

Submission by the Town Clerk

The Town Clerk submitted that the Council did not recover salary advance from one officer because she was transferred. However, the Council had since written to the officer concerned and she had started paying back. The documents were available for verification. Going forward, the Council would ensure that recoveries of salary advances were done within 3 months to avoid such occurrences.

Committee's Observation and Recommendations

The Committee expresses disappointment at the Council for failure to follow Financial Regulations regarding recovery of salary advances. The Committee feels that this is a reflection of laxity on the part of officers concerned and their supervisor. The Committee urges the Council to immediately recover the outstanding balance without any further delay. The Committee resolves to await a progress report on the matter.

l) Over Payment of Subsistence Allowances – K2, 175

Submission by the Town Clerk

The Town Clerk reported that the amount was paid erroneously and had been recovered from the officers' leave days. Documents were available for verification. As a remedy, the Council would ensure that such acts do not reoccur. All payments shall be pre audited.

Committee's Observation and Recommendations

The Committee finds the reason given for the overpayment of Subsistence Allowance unacceptable. Further, the Committee is disappointed that the Town Clerk has only instituted recoveries without taking disciplinary action against the erring officers. The Committee notes weaknesses in internal controls resulting to poor supervision of accounting staff. The Committee urges the Town Clerk to aggressively strengthen internal controls to avoid such anomalies in future audits. The Committee also recommends that disciplinary action is meted out against erring officers and instructs the Town Clerk to present the documents cited to the office of the Auditor General for verification. The matter is recommended for closure.

m) Failure to Remit Statutory Obligations – K10, 898, 629

Submission by the Town Clerk

The Town Clerk reported that the failure to remit statutory obligations was due to lack of funds. However, measures had been put in place to pay statutory obligations. The Council further submitted that a payment plan with National Pension Scheme Authority (NAPSA) for the year 2020 was agreed upon. The Council managed to pay ZRA and LASF in the year 2018 and 2019 and was up to date with the current contributions to NAPSA. The Council further reported that K354, 956 had since been paid and documents were available for verification. As a remedy, the Council would ensure that returns and statutory contributions were made in time to avoid penalties and debt accumulation.

Committee's Observation and Recommendations

The Committee notes the payment plan agreed upon with NAPSA for the year 2020. However, it finds it unjustifiable that the Council failed to remit statutory obligations to NAPS A after effecting deductions from officers. The Committee urges the Town Clerk to settle the outstanding balance and henceforth prioritise statutory obligations to avoid recurrence of this matter. The Committee awaits a progress report on the matter.

n) Irregular Payment of Weekday Overtime Allowance – K40, 495

Submission by the Town Clerk

The Town Clerk submitted that the cited officers were written to and their respective councils were instructed to deduct the funds and deposit the funds into Solwezi Council Account. The Council was therefore waiting for deposits from the respective councils. The letters were available for verification.

Committee's Observation and Recommendations

The Committee is disappointed that public funds were lost due to failure to adhere to Terms and Conditions of Service for Local Government Officers No. 167 (c). The Committee notes that there was negligence on the part of the Accounting Officer to pay allowances contrary to the stipulated conditions of service, and that there are weak internal controls at the Council. The Committee urges the Town Clerk to institute recoveries from the affected officers and disciplinary action taken against the erring officer. Progress report is awaited.

o) Environmental Management

Section 56 of the *Environmental Management Act of 2011* requires that among other things, a Local Authority shall, within its area of jurisdiction, collect and dispose of or arrange for the collection and disposal of all household waste in accordance with the Act. The Act also requires that the Local Authority ensures that waste management services are provided within its jurisdiction in a manner which prioritises the recovery, re-use or recycling of waste and provides for the treatment and safe disposal of waste. However, the following were observed in Solwezi:

i. Failure to Prepare an Integrated Waste Management Plan

Submission by the Town Clerk

The Town Clerk submitted that the Department of Public Health was created in the year 2017 and, therefore, it was new at the time of the audit and the waste management plan was still being formulated to address this anomaly. The Town Clerk reported that it had started formulating the integrated waste management plan with data collection from all the premises in town and sensitisation on waste management had been done in all the markets. It was further submitted that other stakeholders like ZEMA were being consulted on the formulation of the plan. The draft Integrated Waste Management Plan had been done and the draft document was available for verification.

Committee's Observation and Recommendations

The Committee is dismayed that the Council has been illegally operating without an Integrated Waste Management Plan contrary to Regulation No. 56 (f) of the *Environmental Management Act of 2011*. The Committee urges the Town Clerk to finalise and implement the plan as a matter of urgency. The Committee awaits a progress report on the matter.

ii. Irregularities in the Management of a Contract with Wana Cleaning and Refuse Collection Services

- **Failure to Conduct Evaluation of the Services of Wana Cleaning and Refuse Collection Services**

Submission by the Town Clerk

The Council did not conduct an evaluation on WANA cleaning and Refuse Collection Services because there was no Public Health Department and hence there was no technical personnel to do the evaluation. The Town Clerk further reported that the contract for garbage collection for WANA Cleaning and Refuse Collection Services had expired and the Council had not renewed the contract. As a result, WANA Cleaning and Refuse Collection Services was, therefore, only maintaining the dumpsite. Going forward, the Council would ensure that all the waste management companies were audited every month, and that terms of the contract were adhered to.

Committee's Observation and Recommendations

The Committee expresses concern over the manner in which the Council is managing waste and refuse collection and the failure by the Council to establish a Public Health Department. The Committee finds it unacceptable that the Council did not engage the Ministry of Local Government over this matter. The Committee strongly urges the Council to ensure that all matters relating to waste management are adequately managed, and that contact provisions are adhered to by both parties. The Committee resolves to close the matter subject to presentation of the cited documents to the Office of the Auditor General for verification.

- **Failure to Conduct Medical Examination of Staff**

Submission by the Town Clerk

The Town Clerk reported that at the time of audit the medical reports were not availed to the auditor because the Director for WANA Cleaning and Refuse Collection Services who was responsible for keeping the records was out of the country. The Council submitted that, however, WANA Cleaning and Refuse Collection Services had submitted the medical reports and they were available for verification. As a remedy the Council would ensure that all the companies working with the local authority submitted medical reports for their employees at the time of engagement.

Committee's Observation and Recommendations

The Committee is disappointed that the Council failed to avail the medical reports at the time of audit which confirms poor record management. The Committee urges the Council to avail the documents for verification before the matter is closed.

- **Failure to Provide Protective Clothing**

Submission by the Town Clerk

The Town Clerk admitted to the Auditor's observation that Wana Cleaning and Refuse Collection Services did not provide protective clothing to its staff. The Town Clerk submitted that WANA Cleaning and Refuse Collection Services had procured protective clothing for its employees. To avoid this anomaly, the Council would ensure that all the companies working with the Local Authority provide protective clothing to their staff.

Committee's Observation and Recommendations

The Committee finds it unacceptable that the Council allowed Wana Cleaning and Refuse Collection Services to continue operating while subjecting personnel to health risk. The Committee notes that this was negligence on the part of the Council and strongly urges the Council to strictly adhere to waste management regulations. The Committee awaits a progress report on the matter.

- **Failure to Provide Safe and Secure Sitting Facilities on Dump Trucks**

Submission by the Town Clerk

The Town Clerk reported that Wana did not provide safe and secure sitting facilities on the dump truck for its employees. However, the company had since provided secure sitting facilities on the truck for its employees. Going forward, the Council would ensure that all the companies working with the Local Authority met the required standard for the dump trucks.

Committee's Observation and Recommendations

The Committee notes the Submission by the Council Secretary and recommends it for closure subject to presentation of the cited proof to the office of the Auditor General for verification.

- **Indiscriminate Dumping of Medical waste**

Submission by the Town Clerk

The Council acknowledged the Auditor's observation and reported that the dumpsite was not used for disposal of medical waste. However, there was only one time when the Council allowed Ministry of Health Provincial Office to destroy the expired drugs. The Council had since advised the Ministry of Health to be incinerating its waste.

Committee's Observation and Recommendations

The Committee is generally unsatisfied with the management of environmental health at the Council. However, it notes that the Council has not been supervising the contracted services from Wanna Cleaning Services. The Committee urges the Council to be proactive and eliminate this lasser-faire attitude from the officers concerned. The Committee further sternly warns the Town Clerk to effectively supervise his subordinates and take matters relating to public health with the seriousness they deserve. The matter is recommended for closure.

iii. Burning of Waste

Submission by the Town Clerk

In noting the Auditor's observation, The Town Clerk reported that the open air burning that happened at that time was an accident, and it could have been due to some waste that was dumped containing ash which had fire. To address this anomaly, the Council submitted that WANA Cleaning and Refuse Collection Services was advised to guard against possible future open air burning and the Council does daily monitoring.

Committee's Observation and Recommendations

The Committee expresses concern that no measures have been put in place to avoid future open air burning. The Committee urges the Council to strictly adhere to the conditions established by ZEMA to avoid such anomalies in future. The Committee awaits a progress report on the matter.

iv. Failure to Fence Dumpsite

Submission by the Town Clerk

The Town Clerk reported that fencing of the dumpsite was not complete due to the fact that the contractor abandoned the site and the matter was under litigation. The Town Clerk further submitted that the contractor who was engaged to construct the wall fence had abandoned the construction and disappeared after being paid for the contract and the Council took the matter to court. The documents were available for verification. The matter is recommended for closure.

Committee's Observation and Recommendations

The Committee is disappointed that the Council illegally paid the contractor a full contract sum before completion of the works. The Committee notes that the matter is under litigation, and urges the Council to sternly caution the concerned officers. The Committee awaits a progress report.

AUDIT QUERY

PARAGRAPH 38

ZAMBEZI DISTRICT COUNCIL

a) Lack of a Strategic Plan

Submission by the Council Secretary

The Council Secretary submitted that there was a directive by the Ministry of Local Government Circular MLG/52/12/4 dated 31st October, 2018, to all Councils which currently did not have strategic plans not to initiate the strategic planning process until after the roll out of the Performance Management Package (PMP) Program by Management Development Division, Cabinet Office. The Council wrote to the Ministry of Local Government on 7th January, 2019 to consider Zambezi District Council as a special case by authorising to proceed with the initiation of District Strategic Planning Process, because the Council secured the sponsorship from OXFAM International to fund the activity. However, the Ministry of Local Government in response advised the Council not to proceed with the initiation of District Strategic Planning Process as the procedures and techniques used in the preparation of Strategic Plan in the Public Service were different from the ones used by Consultants, Non-Governmental Organisations and Co-operating Partners. Thereafter the Council was advised to wait for the roll out of Public Service Strategic Planning.

Committee's Observations and Recommendations

The Committee observes with concern the lack of seriousness and laxity on the part of officers tasked with the responsibility of managing local authorities. The Committee does not accept the reason as instructions from the Ministry came after the period under review and the Committee wonders how the Council has been operating without direction. The Committee urges the Controlling Officer, Ministry of Local Government to consider helping all local authorities by

expediting the process of rolling out the Public Service Strategic Planning. The Committee resolves to await a progress report on the matter.

b) Failure to Update the Valuation Roll

Submission by the Council Secretary

The Council Secretary submitted that failure to update the valuation roll was due to inadequate financial resources currently faced by the Council. The Council consulted the Government Valuation Department responsible for determining property rates on the cost efficient way of valuing the properties. The Council had since been quoted K80, 000 for the preparation of the valuation roll by the Government Valuation Department. The Council was sourcing for funds for this exercise and would ensure that the provisions of the *Rating Act No. 21 of 2018 of the Laws of Zambia* were adhered to in the updating and preparation of the valuation roll.

Committee's Observations and Recommendations

The Committee observes with concern the lack of seriousness and laxity on the part of officers tasked with the responsibility of managing local authorities. The Committee does not accept the reason and provided by the Council Secretary. They urge him to be proactive as the failure to have an updated valuation roll will result in other failures including low revenue base and difficulties in preparing financial statements. The Committee urges the Controlling Officer, Ministry of Local Government to consider helping all local authorities to update their valuation rolls by providing the expertise lacked by the Councils. The Committee resolves to await a progress report on the matter.

c) Lack of Title Deeds

Submission by the Council Secretary

The Council Secretary submitted that lack of title deeds was as a result of the Council properties not being surveyed in order for the application for title deeds to be launched with Ministry of Lands. The Council Secretary submitted that the matter was reported to the full Council meeting for adoption of the properties to be on title and that the annexure forms (Land Application forms) were submitted to Ministry of Lands. Three of the Council properties have had their offer letters processed and the Council has paid for the same, whilst awaiting processing of title deeds. Further, some payments for processing of formal offer letters have also been made. The Council will endeavor to process the title deeds within six months from the time the property is acquired.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by the Council to secure its properties with title deeds. The Council Secretary is reminded that it will be difficult to defend the Councils in case of disputes in the court of laws that may arise in relation to any of its properties. He is also urged to ensure that all its properties are secured with title deeds without any further delay. The Committee awaits a progress report on the matter.

d) Failure to Collect Shop Rentals K34, 424

Submission by the Council Secretary

The Council Secretary submitted that there was a delay in collecting rentals as a result of the negotiations by some tenants who had done some renovations on the shops, and they wanted to convert the cost for renovations into rentals. Another tenant was being owed some terminal benefits by the Council and he was negotiating to consider debt swap with rentals hence the delay to collect rentals by the Council. The Council also reported that rentals amount totalling K20, 000 had been collected out of the K 34,424 leaving a balance of K14, 424. For some tenants a payment plan had been agreed upon. The Council had considered a debt swap with some tenants who were being owed their terminal benefits and the amount owed had since been settled. All the tenants signed new tenancy agreements and they had been secured in the filing cabinets. The Council would ensure that rentals were collected as they fell due in line with what was contained in the tenancy agreements.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by the Council to collect their much needed revenue from their tenants. The Council Secretary is reminded that this failure may result in liquidity problems. The Council is urged to ensure that property management is given much attention in order to avoid similar irregularities. The Committee resolves to close the matter subject to the presentation of the cited documents to the Office of Auditor General.

e) Missing Receipts Books - forty-nine (49)

Submission by the Council Secretary

The Council Secretary informed the Committee that at the time of Audit, the receipts were not made available for verification because the Store Officer was not around to avail the documents. The Council, however, reported that 55 receipt books out of 101 receipt books had been found. The balance of 46 receipt books was still being looked for. Documentation was available for verification. The Council also reported that the register for the accountable documents was being manned by the Council Treasurer, and the used receipts books were returned through Internal Audit who checked before the new receipt book was issued.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by the Council to keep receipt books and the Committee wonders how one could then ascertain how much was collected in the period under review. The Council Secretary was urged to ensure that the matter is reported to law enforcement agencies for further probe as circumstances that led to their disappearance are not clear.. The Committee resolves to await a progress report on the matter.

f) Unaccounted For Revenue K177,870

Submission by the Council Secretary

At the time of the audit the banking details were misfiled. The Council reported that banking details amounting to K162, 075 had since been traced leaving a balance of K15, 795. The Council would ensure that the remaining banking details were traced for audit verification. The Council also added that the Treasurer had assigned an officer to be responsible for filling banking details and the documents were now kept secure under a lock and key.

Committee's Observations and Recommendations

The Committee notes the submission but urges the Council Secretary to ensure that disciplinary action is taken against erring officers who failed to avail the documents during the time of audit. The Council Secretary is cautioned to desist from the habit of getting involved seriously in resolving matters only when called upon by the Auditor General and the Committee. The Committee resolves to await a progress report on the remaining documentation and for disciplinary action against erring officers.

g) Unsupported Payments K2,708,235

Submission by the Council Secretary

The Council Secretary submitted that the unsupported payment was as a result of misfiling. The Council reported that supporting documents amounting to K78, 874 had since been traced and they had been attached, filed properly and they were available for verification by the Auditor General. The Council also reported that officers had been assigned to be filing all the supporting documents to the payment voucher, and the Internal Auditor was now conducting both pre audit and post audit exercises on all the payments.

Committee's Observation and Recommendations

The Committee is disappointed that the Council did not avail these documents to the Auditor General at the time of audit. This clearly indicates that there is poor record keeping or the lack of it at the Council. The Council Secretary is urged to ensure that officers are closely supervised to avoid recurrence of similar irregularities. The Council Secretary is, therefore, directed to avail these documents for audit verification and disciplinary action taken against erring officers. The Committee will await a progress report on the remaining documents.

h) Missing Payment Vouchers K2, 673,898

Submission by the Council Secretary

The Council reported that missing payment vouchers were as a result of misfiling. Management also reported that Zambezi District Council had since traced 39 payment vouchers amounting to K815, 588.27 and these had been properly filed, leaving the balance of 133 amounting to K1, 858,309.73. Documentation was available for verification. The Council Secretary further

submitted that officers had been assigned to be filing all the supporting documents to the payment vouchers, and the Internal Auditor was now conducting both pre - audit and post- audit exercises on all the payments so that such irregularities can be addressed on time and in house.

Committee's Observation and Recommendations

The Committee is disappointed that the Council did not avail these documents to the Auditor General at the time of audit and that the amount involved is too big. As already alluded to above, this clearly indicates that there is very poor record keeping or the lack of it at this council. The Council Secretary is urged to ensure that officers are disciplined for this failure to avoid recurrence of similar irregularities. The Council Secretary is, therefore, directed to avail these documents for audit verification and disciplinary action taken against erring officers. The Committee will await a progress report on the remaining documents.

i) Unaccounted For Stores K310,978 (General Stores – K290,643 And Fuel – K20,335)

Submission by the Council Secretary

The Council Secretary submitted that unaccounted for stores was as a result of misfiling of receipt and disposal details. The Council Secretary submitted that receipt and disposal details amounting to K272, 310 were found out of K310, 978 leaving a balance of K38, 668 yet to be found. Documentations were available for verification. The Council Secretary submitted that Officers had been assigned to be filing all the receipt and disposal details properly, and now the Internal Auditor was conducting both pre - audit and post - audit on all the payments so that such irregularities could be addressed on time and in house.

Committee's Observation and Recommendations

The Committee is disappointed that the Council did not avail these documents to the Auditor at the time of audit, and that the amount involved is too much. This clearly indicates that there is very poor record keeping and internal controls. The Council Secretary is urged to ensure that officers are disciplined for this failure to avoid recurrence of similar irregularities. The Council Secretary is, therefore, directed to avail these documents for audit verification. The Committee will await a progress report on the remaining documents.

j) Unretired Accountable Imprest K371, 023

Submission by the Council Secretary

The Council Secretary submitted that unretired accountable imprest was due to non-adherence to the rules governing accountable imprest. The Council Secretary submitted that all the 29 unretired imprest amounting to K371, 023 had been dully retired and retirement forms had been properly filed .The documentation was available for verification. The Council Secretary submitted that officers had been assigned to be filing all the receipt and disposal details properly and now the Internal Auditor was conducting both pre - audit and post - audit on all the payments so that such irregularities can be addressed on time and in house.

Committee's Observation and Recommendations

The Committee is disappointed that the Council did not avail these documents to the Auditor General at the time of audit, and also that similar queries resulting from misfiling were too many involving huge amounts. The Council Secretary is, therefore, directed to avail these documents for audit verification.

k) Irregular Use of Accountable Imprest K826, 113

Submission by the Council Secretary

The Council Secretary submitted that in Zambezi District there was only one bank, National Savings and Credit Bank which currently did not issue cheque books because it was not on the Clearing House. As a result the Council used cash to procure goods and services. However, the bank had advised that in the meantime the Council should consider doing bank transfers at a fee of K100 per transaction which proved to be expensive for the Council. The Council Secretary submitted that it had stopped the practice of irregular use of accountable imprest and was now considering transferring some funds from NATSAVE Zambezi to Atlas Mara Bank Kabompo to enable them make cheque payments for goods and service. Further Zambezi District Council was sensitising the business community on the need to have bank accounts so that payments can either be by cheque or bank transfers. The Council Secretary submitted that goods and services whose value could be obtained on the market, shall have their payments by cheque or bank transfers.

Committee's Observation and Recommendation

The Committee does not accept the reason given and is disappointed by the Council's failure to comply with Financial Regulation No. 86 (c) with impunity. The Committee urges the Council Secretary to ensure that officers are closely supervised and to institute disciplinary action against those who had erred. The Committee resolves to close the matter subject to presentation of the cited documents to the office of the Auditor General for verification.

l) Irregular payment of sitting allowances k7, 100

Submission by the Council Secretary

The Council Secretary submitted that from the K7, 100, K1500 was paid to the Provincial Local Government Officer to facilitate for movement back to Solwezi when he came for official duties, leaving a balance of K5, 600 which was the regular payment for sitting allowances. The payment was done due to failure by the officers to follow the contents of Cabinet Circular No. 11 of 2013. The Council Secretary submitted that the recoveries from the affected officers would be carried out within the month of October 2019. Letters had been written to the cited officers to reimburse the amounts. The box file had been created for all the circulars in the registry which circulate to all the Heads of Departments on the monthly basis on instructions received for implementations.

Committee's Observations and Recommendations

The Committee finds the reason given for this anomaly unacceptable as the officers who processed the payments have not been disciplined for this failure to deter others. The Committee notes that this lapse is also due to poor supervision of officers in the Accounts Department coupled with failure to adhere to clear regulations on the part of the officers. The Committee urges the Council Secretary to institute disciplinary action against erring officers and also to strengthen internal controls to avoid recurrence of this matter. The Committee awaits a progress report on the matter.

m) Irregular Payment of Night Duty and Responsibility Allowances K17, 380

Submission by the Council Secretary

The Council Secretary submitted that the query was due to the fact that the officer did not have the latest Conditions of Service which abolished the Night Duty and Responsibility Allowance. The payment of Responsibility Allowance had been stopped and the recoveries from the cited officers would be made in the month of October 2019. The box file had been created for all the circulars and conditions of service in the registry which circulated to all the Heads of Departments on the monthly basis.

Committee's Observations and Recommendations

The Committee observes with concern the failure by management to interpret circulars and Conditions of Services correctly. The Committee sternly cautions management to desist from disregarding clearly written instructions and for their failure to consult for clarifications where they are not clear. The Committee urges the Council Secretary to ensure that management follows strictly the provisions of the Conditions of Service applicable to officers. The Committee, however, resolves to await a progress report on the matter for full recovery of funds.

n) Irregular Payment of Subsistence Allowances K52, 990

Submission by the Council Secretary

The Council Secretary submitted that the officer did not follow the laid down guidelines on the payments of Subsistence Allowance. The Council Secretary submitted that the practice had been stopped and the recovery letters had been written to the cited officers to recover from them with effect from October 2019 salaries. An amount totaling to K7, 150 was paid to Councilors who were attending Committee meetings. The Conditions of Service will be strictly followed in administering payments of subsistence allowances.

Committee's Observations and Recommendations

While noting the submission, the Committee expresses concern at the failure by management to seek authority prior to undertaking the activities. It displeases the Committee and finds the transaction unacceptable as there was no urgency on the activities that were undertaken. The Council Secretary is sternly cautioned to desist from the habit of seeking retrospective authority,

and the Committee urges him to ensure that the amount is recovered from the officers without further delay. The Committee resolves to await a progress report on the matter.

o) Un-Acquitted Allowances K59, 705

Submission by the Council Secretary

The Council Secretary submitted that an acquitted allowances was as a result of misfiled information. The Council Secretary submitted that all un-acquitted allowances had been fully acquitted and acquittal details were available for verification. The Council Secretary submitted that financial regulation would be adhered to when payments were being processed, and that the beneficiaries acquit payment upon receiving the money.

Committee's Observations and Recommendations

In noting the submission, the Committee sternly cautions management to desist from disregarding the Auditor during audit period. The Committee urges the Council Secretary to ensure that all erring officers are sternly cautioned for this failure only then would the matter be closed.

p) Unapproved Payment K183,731

Submission by the Council Secretary

The Council Secretary submitted that unapproved payments were as a result of principle officers being out of the office at the same time of payment and when they got back the responsible officers forgot to regularize the payments with them. The Council Secretary submitted that the unapproved payments numbering 11 had been approved in retrospective amounting to K94, 523. The remaining 22 unapproved vouchers were being looked for due to misfiling. The approved payment vouchers were available for verification. The financial regulations would be strictly adhered to and no payments shall be made before the payment voucher was approved.

Committee's Observations and Recommendations

The Committee does not accept the reason given and sternly cautions management to desist from disregarding Auditors during the audit period. The Committee urges the Council Secretary to ensure that all erring officers are sternly disciplined for this failure and that all the remaining documents are availed for verification before 31st December, 2019. The Committee would await a progress report on the matter.

q) Wasteful Expenditure K4, 800

Submission by the Council Secretary

The Council Secretary submitted that due to liquidity challenges the other officers took advantage of taking the vehicle to Lusaka for service and to perform other Council duties such as

Deputy Treasurer who travelled to Lusaka to submit Madison Insurance forms. The Director of Works travelled to Lusaka to handover office after transfer. In the same vein the Council Secretary requested the Director of Works while in Lusaka to buy spare parts for vehicle registration No ABT 9417. Documentation was available for verification. All the documents had been attached to the payment voucher to support the accompanying of the driver by the Deputy Treasurer and Director of Works. All the supporting documents for the payments would be attached to the payment vouchers and the narrations on the voucher would be well explained.

Committee's Observations and Recommendations

In noting the submission, the Committee sternly cautions management to desist from disregarding Auditor General during audit period. The Committee urges the Council Secretary to ensure that all erring officers are sternly cautioned for this failure only then would the matter be closed.

r) Questionable Payment Of Subsistence Allowances K26, 000 (K6,000 Unapproved)

Submission by the Council Secretary

The Council Secretary submitted that the questionable payment was as a result of an over sight by the concerned officers. The Council Secretary submitted that no action had been taken since the payment voucher had not been found to ascertain the officers who were paid. Management was still searching for the payment voucher to ensure that the matter was brought for the verification by the Auditor General. Council also reported that financial regulations would be adhered to and proper filing system had been established.

Committee's Observation and Recommendations

The Committee is disappointed that the Council did not find the documents from the time of audit to date which is a clear indication that there is a total collapse of internal controls at this council. The Council Secretary is urged to ensure that officers are disciplined for this failure, and to avoid recurrence of similar irregularities. The Council Secretary is, therefore, directed to avail these documents for audit verification without any further delay and the officers must be surcharged to resolve the matter. The Committee will await a progress report on the remaining documents.

s) Failure To Insure Motor Vehicles

Submission by the Council Secretary

The Council Secretary submitted that failure to insure motor vehicles was due to inadequate financial resources. The Council Secretary submitted that the cited vehicles had since been insured with Zambia State Insurance Cooperation (ZSIC). The Council would ensure that in future insurance of vehicles was prioritised.

Committee's Observations and Recommendations

The Committee resolves to close the matter subject to presentation of the cited documents for verification.

t) Failure To Account For A Motor Vehicle

Submission by the Council Secretary

The Council Secretary submitted that the Vehicle Registration No. ABD 9229 had been in the garage since the time it was involved in a road accident. It was taken to Lusaka for repair. Management resolved to recommend for the disposal of the vehicle as the cost of repair was higher than the anticipated benefits. The matter was to be reported to the Finance Committee and Full Council during December 2019 sittings. The incidences involving motor vehicle accidents would be reported on time to the police and Full Council to make a decision.

Committee's Observations and Recommendations

The Committee does not accept the reasons given by the Council Secretary as efforts to follow up with the process of seeing the vehicle proved futile during audit period. The Council Secretary is cautioned for this and urged to ensure that erring officers are disciplined for this failure and only then will the matter be closed.

u) Employment of Casual Workers

Submission by the Council Secretary

The Council Secretary submitted that the employment of casual workers was due to shortage of manpower at the local authority. The Council Secretary submitted that the authority was sought and granted by the ministry to employ division (IV) workers. The Council Secretary submitted that there was no employment of casual workers on permanent basis without authority from Ministry of Local Government.

Committee's Observations and Recommendations

The Committee resolves to close the matter subject to audit verification

v) Double Payment Of Salary K2, 743

Submission by the Council Secretary

The Council Secretary submitted that the amount in question was not double payments but October 2016 and December 2016 paid together in the Month of December 2016. The salary could not be paid in November 2016 because of liquidity problems. The Council Secretary submitted that the matter had been clarified by the Chief Human Resource Officer in writing informing the Council Secretary and the Council Treasurer of the alleged double payment. The Council Secretary submitted that it would endeavor to keep record straight to avoid ambiguity in any payments and the Human Resource Department would ensure that all payments related to payroll are handled by the unit.

Committee’s Observations and Recommendations

The Committee resolves to close the matter subject to presentation of the cited documents to the office of the Auditor General for verification.

w) Employees Without Requisite Qualifications

Submission by the Council Secretary

The Council Secretary submitted that the mandate to employ was vested in the Local Government Service Commission as provided for under the *Service Commissions Act*. The Council Secretary submitted that officers were appointed by the Local Government Service Commission. The Officers had been advised to upgrade their qualifications and they had been given the time frame in which to complete their studies. The officers who were under-qualified were being encouraged to go to school and they were included in the training plan.

Committee’s Observation and Recommendations

The Committee expresses concern at the failure by council management to coordinate with the Local Government Service Commission resulting in employment of staff at this council who are under-qualified contrary to staff establishment and a serious breach of guidelines by the Commission. The Local Government Service Commission is urged to ensure that the Council Secretary is consulted each time new officer are deployed so as to avoid recurrence. The Council Secretary is also urged to ensure that all staff under the Council are correctly placed and where necessary consider helping them to acquire training to fit in their positions. The Committee awaits a progress report.

x) Outstanding Staff Entitlements K6, 652,074

Submission by the Council Secretary

The Council Secretary submitted that non-payment of outstanding staff entitlements was due to financial constraints that the Council was facing. The Council has made the following payments.

Outstanding Staff Entitlements Summary

No	Details	Outstanding Amounts	Paid Amounts	Balance
1	Terminal Benefits	2,236,887.00	84,300.00	2,152,587.00
2	Long Service Bonus	1,266,034.00	0	1,266,034.00
3	Salary Areas	2,589,057.00	245,914.00	2,343,143.00
4	Leave Days	560,095.00	58,002.00	502,093.00

The Council would ensure that staff entitlements are paid as they fall due depending on the

availability of funds.

Committee’s Observation and recommendation

The Committee notes the efforts made to dismantle the outstanding obligations but expresses concern at the huge debt stock owed by the Council. It worries the Committee that this huge debt stock is besides the current obligations the Council is expected to meet and hence if nothing happened, the Council may suffer from possible litigation costs. The Committee urges the Council Secretary to explore more revenue sources and ultimately enhance its revenue base in order to reduce the huge burden. The Committee also urges the Office of the Secretary to the Treasury to consider helping the Councils with dismantling some of these arrears to relieve them of this burden. The Committee resolves to await a progress report on the matter.

y) Failure To Remit Tax And Statutory Contributions

Submission by the Council Secretary

The Council Secretary submitted that failure to remit tax and statutory contributions was due to financial constraints that the Council was facing. The Council has made the following payments:

Payment summary

Institution	Outstanding	Paid	Balance
ZRA	860,919.00	523,165.06	337,753.94
NAPSA	616,547.00	390,728.34	225,818.66
LASF	444,252.00	343,857.03	100,394.97

The Council Secretary submitted that the Council Treasurer had made a payment plan towards payment of ZRA, NAPSA and LASF as while as paying for the current dues.

Committee’s Observation and Recommendations

The Committee contends that the reasons submitted for this omission is unacceptable as the Council had already deducted the money from employees. The Committee is concerned that the failure by the Council to remit these tax obligations, as required by law could result in loss of revenue to the Government and it denied the employees social protection. The Committee urges the Town Clerk to desist from diverting money meant for statutory obligations to other unrelated activities. The Committee further recommends that the Council should strictly adhere to the payment plans agreed upon to avoid further litigations. The Committee awaits a progress report on the matter.

z) Failure To Avail Activity Reports

Submission by the Council Secretary

The Council Secretary submitted that failure to avail activity reports was due to misfiling of the reports. The Council Secretary submitted that all the activity reports had been traced, properly filed and were available for verification. The Council Secretary submitted that the Treasurer

would make sure all the officers' attach activity reports as soon as the activities were completed.

Committee's Observations and Recommendations

In noting the submission, the Committee sternly cautions management to desist from disregarding the Auditor during audit period. The Committee urges the Council Secretary to ensure that all erring officers are sternly cautioned for this failure, and only then would the matter be closed

aa) Misapplication Of Equalization Funds

Submission by the Council Secretary

The Council Secretary submitted that the cause of misapplication of the Equalization Funds was due to liquidity problems the Council was facing. The Council Secretary submitted that Zambezi District Council would reimburse the misapplied funds when funds were available. Further the Council engaged the Ministry of Local Government to consider upwards adjustment of the grant as it could not sustain its operations smoothly from the local resources. The Council Secretary submitted that it would ensure to adhere to the roles governing the operation of the Equalisation fund. Further, the Council had opened a separate account for the 20 (%) percent capital component and the funds were being used for the intended purpose.

Committee's Observation and recommendation

The Committee does not accept the reasons given by the Council Secretary concerning the borrowing of the Local Government Equalisation Fund (LGEF). The Committee sternly cautions the Council Secretary to desist from misleading it. The Secretary to the Treasury is particularly urged to ensure that stiffer penalties are put in place to deter councils from perpetuating this vice. The Committee resolves to await a progress report on full recovery of the funds.

bb) Management Of the Constituency Development Funds (CDF)

During the period under review, the Council received Constituency Development Funds in amounts totaling K1, 400,000 while amounts totaling K14, 982 were brought forward as unspent funds from the year 2015 and prior years bringing the total funds available to K1, 414,982. However, the following were observed to which the Council Secretary responded as set out below.

i. unspent funds K699, 143

Submission by the Council Secretary

The Council Secretary submitted that the unspent funds were as a result of bad terrain and impassible roads for contractors to reach to the project site. It was recommended to wait until after the rain season hence the money remained unspent. The Council Secretary submitted that for Zambezi West & East Constituencies' projects, the contracts had since been executed. For Zambezi West all the funds had since been exhausted. For Zambezi East the balance of K125,

637.02 at that time was 10% retention fees which were paid after the expiration of the retention period of six (6) month. The Council Secretary submitted that once funds were received the procurement procedures would be followed as provided for in the *Public Procurement Act of 2008*. The Contractors who would be awarded the contracts would now be urged to deliver the materials before the onset of the rains.

Committee's Observation and recommendation

The Committee observes with concern that the Council Secretary failed to use the funds resulting in delaying the completion of projects in the constituencies affected. The Committee sternly cautions the Council Secretary to desist from taking a laser fare approach and strongly urged to ensure that the funds outstanding are reimbursed without any further delay. The Committee resolves to await a progress report on the matter.

ii. Misapplication of Funds K16, 030

Submission by the Council Secretary

The Council Secretary submitted that misapplication of funds was due to lack of information governing the operations of Constituency Development Fund by the officers during the period under review. The sitting allowances were paid to officers who were not members of the Constituency Development Committee due to failure by Council management to follow the laid down procedures as provided by Ministry of Local Government. The Council Secretary submitted that the matter was with the Anti-Corruption Commission and most of the documents which included payment vouchers were taken for investigation. The Council Secretary submitted that it would ensure to strictly adhere to the guidelines on the management of the Constituency Development Fund.

Committee's Observation and recommendation

As the matter was before investigative wings, the Committee resolved to wait for a progress report on the matter while the Council Secretary is urged to ensure that he follows up the matter to its logical conclusion.

AUDIT QUERY

PARAGRAPH 39

Overall Audit Recommendation

The following are the overall recommendations:

- i. All Councils should prepare financial statements as required by the Local Government Act.
- ii. All Councils should ensure that all books of accounts and appropriate records are maintained and retained in line with regulations.
- iii. All Councils should ensure that all revenue is collected and accounted for appropriately.
- iv. All Councils should ensure that statutory obligations are settled as they fall due.

- v. All Councils should update their valuation rolls as these form the basis of charging rates.
- vi. All Councils should ensure that they obtain title deeds for properties under their charge.
- vii. The Councils should ensure that all positions key to their operations are filled to enable them provide quality and sustainable social services.
- viii. All Councils should ensure that properties under their charge are well maintained.
- ix. All Councils should ensure that they adhere to the provisions of the Environmental Management Act.

Treasury Response

In noting the recommendations that were made, the Secretary to the Treasury had since developed the Public Sector Governance for Service Delivery Project which was aimed at building the capacity of local authorities' administration in financial management. It would also, among other things, improve local service delivery. The Treasury would soon conclude the development of a Standard Integrated Financial Management Information System to improve accountability and transparency in financial reporting in local authorities. The project would help implement the recommendations made above.

Committee's Observation and Recommendation

The Committee notes the submission by the Secretary to the Treasury and impresses upon his office to ensure that all the recommendations are fully implemented to improve the current challenges being faced by the councils. The matter is recommended for closure while the Office of the Auditor General is urged to keep it in view during future audits.

CONCLUSION

40. 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, 2020
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 E K Zgambo, Committee Clerk

Ms C K Muyunda, Typist

Mr M Chikome, Committee Assistant