



**REPUBLIC OF ZAMBIA**

**REPORT**

**OF THE**

**PUBLIC ACCOUNTS COMMITTEE**

**ON**

**THE REPORT OF THE AUDITOR GENERAL ON THE AUDIT OF UTILISATION  
OF COVID-19 RESOURCES FOR THE PERIOD FROM JULY, 2020 TO OCTOBER,  
2021**

**FOR THE**

**FIRST SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY**

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# **REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE AUDIT OF UTILISATION OF COVID-19 RESOURCES FOR THE PERIOD FROM JULY, 2020 TO OCTOBER, 2021, FOR THE FIRST SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY**

## **1.0 Membership of the Committee**

The Committee consisted of Mr Warren C Mwambazi, MP (Chairperson); Mrs Jacqueline Sabao, MP (Vice Chairperson); Ms Melesiana Phiri, MP; Mr Victor Lumayi, MP; Eng Jonathan Daka, MP; Mr ImangaWamunyima, MP; Mr Likando M Mufalali, MP; Mr Anthony C Mumba, MP; Mr Nicholas M Mukumbi, MP; and Mr Kalalwe A Mukosa, MP.

The Honourable Madam Speaker  
National Assembly  
Parliament Buildings  
**LUSAKA**

Madam

The Committee has the honour to present its Report on the Report of the Auditor General on the Audit of Utilisation of COVID-19 Resources for the period from July, 2020 to October, 2021, for the First Session of the Thirteenth National Assembly.

## **2.0 Functions of the Committee**

The functions of the Committee are set out under Standing Order No. 192 of the National Assembly Standing Orders, 2021.

## **3.0 Meetings of the Committee**

The Committee held seventeen sittings to consider the Report of the Auditor General on the Audit of the Utilisation of COVID-19 Resources for the period from July, 2020 to October, 2021.

## **4.0 Procedure Adopted by the Committee**

The Committee considered both oral and written submissions from ministries and institutions that were cited in the Report of the Auditor General on the Audit of Utilisation of COVID-19 Resources for the period from July, 2020 to October, 2021 namely: the Ministry of Health; Disaster Management and Mitigation Unit; Ministry of Tourism; Ministry of Youth, Sport and Arts; and Secretary to the Treasury. The witnesses who represented these ministries and institutions are listed at Appendix II.

This Report is structured in two parts. Part I of the Report deals with the Auditor General's comments and the response from the Secretary to the Treasury; Part II captures the responses from Controlling Officers on the individual audit queries, the conclusion and the list of witnesses.

## **PART I**

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

#### **a. Introduction**

Public resources, financial or otherwise are subject to audit by the Auditor General in accordance with Article 250 of the *Constitution of Zambia (Amendment) Act, No. 2 of 2016*, the *Public Audit Act, No. 13 of 1994* and the *Public Finance Management Act, No. 1 of 2018*. Under these pieces of legislation, the Auditor General is required to audit public accounts, accounts of statutory corporations and private institutions that receive Government subsidies or subventions in any financial year.

#### **Treasury Response**

The Secretary to the Treasury submitted that the comments of the Auditor General as regards his mandate to audit public accounts on the funds appropriated by Parliament in accordance with Article 250 of the *Constitution of Zambia (Amendment) Act, No. 2 of 2016*, the *Public Audit Act, No. 13 of 1994* and the *Public Finance Management Act, No. 1 of 2018*, were noted.

#### **Committee's Observations and Recommendations**

The Committee notes the response on the matter.

#### **b. Audit Objectives**

The objectives of the audit were to ascertain among other issues whether:

- i. the resources, financial or otherwise allocated or received for the fight against COVID-19, were captured and correctly recorded;
- ii. the resources allocated or received for the fight against COVID-19 had been utilised for the intended purpose(s); and
- iii. the COVID-19 stimulus resources had been utilised for the intended purpose.

#### **Treasury Response**

The Secretary to the Treasury submitted that the objectives of the audit were noted and that the review by the Auditor General of how the Government captured and utilised the COVID-19 resources for the fight against the pandemic and to stimulate the economy was appreciated.

#### **Committee's Observations and Recommendations**

The Committee notes the response on the matter.

**c. Audit Scope**

The scope of the audit covered mainly transactions from July 2020 to October 2021 at the Disaster Management and Mitigation Unit (DMMU); the National Assembly of Zambia; and Ministries responsible for Youth and Sport and Tourism and Arts; while the audit at the Ministry of Health only covered transactions up to 31<sup>st</sup> December, 2020. The audit also covered other institutions that had received and utilised the COVID-19 resources, including beneficiaries of the COVID-19 stimulus package.

**Treasury Response**

The Secretary to the Treasury submitted that the scope of the audit by the Auditor General was appreciated as it covered key institutions that were involved in the fight against the COVID-19 pandemic.

**Committee's Observations and Recommendations**

The Committee notes the response on the matter.

**d. Audit Methodology**

In the execution of the audit, programmes were designed to give reasonable assurance on the utilisation and management of the COVID-19 resources. The programmes included test checks, inspections and examination of accounting and other records maintained by the public officers entrusted with the management of the resources. To ensure optimal utilisation of resources at his disposal, a risk-based audit approach was used.

**Treasury Response**

The Secretary to the Treasury submitted that the scope of the audit by the Auditor General was appreciated as it covered key institutions that were involved in the fight against the COVID-19 pandemic.

**Committee's Observations and Recommendations**

The Committee notes the response on the matter.

**e. Auditor General's Recommendations**

The continued use of emergency in the procurement of COVID-19 materials must be reviewed as COVID-19 procurements can now be planned as the waves are predetermined. In addition, ZPPA must avoid the issuance of blanket authority on emergency procurements.

**Treasury Response**

The Secretary to the Treasury submitted that the Treasury would ensure that Controlling Officers, whose institutions were involved in the fight against COVID-19 pandemic, included all procurements in their Institutional Procurement Plans. He informed the Committee that with regards the issuance of authority for emergency procurements by ZPPA, the process of

emergency procurement had been amended in the newly enacted *Public Procurement Act, No. 8 of 2020*.

### **Committee's Observations and Recommendations**

The Committee expresses dismay that ministries and other spending agencies, cited in the Audit Report, continued to use emergency procurement, way after the COVID 19 was declared a Public Health Emergency of International Concern by the World Health Organisation, on 30<sup>th</sup> January, 2020, when they have room to plan for the procurement of medical supplies ahead of the impending waves. In view of this, the Committee urges the Secretary to the Treasury to take keen interest in the procurement of goods and services in the cited institutions and impress upon the Controlling Officers to ensure that procurements related to medical supplies are integrated in their annual procurement plans, in line with the *Public Procurement, Act, No. 8 of 2020*.

### **Auditor General's Recommendations**

All recipients of the empowerment funds must be made to account for the funds and officers responsible for management / monitoring must account for their actions.

### **Treasury Response**

The Secretary to the Treasury submitted that Treasury shall ensure that the Controlling Officers whose institutions were responsible for empowerment funds enhanced their internal controls so that all beneficiaries of the loans paid back.

### **Committee's Observations and Recommendations**

The Committee urges the Secretary to the Treasury to ensure that Citizens Economic Empowerment and National Arts Council guidelines are fine-tuned and strengthened so that weaknesses in the identification of beneficiaries, disbursement of funds and monitoring of the projects are eliminated. The Committee also urges that all beneficiaries who violated the terms and conditions of contracts have their loans recalled without delay.

### **Auditor General's Recommendations**

The management of youth empowerment funds must be reviewed and strengthened.

### **Treasury Response**

The Secretary to the Treasury submitted that the Treasury shall instruct the Controlling Officers responsible for youth empowerment to review and enhance internal controls by strengthening monitoring and recovery processes of the loans from youth clubs and cooperatives.

### **Committee's Observations and Recommendations**

The Committee urges the Secretary to the Treasury to impress upon the Ministry of Youth, Sport and Arts, to put measures in place which will ensure the undertaking of due diligence, when identifying beneficiaries of youth empowerment funds, without fail. The Committee also urges

the Secretary to the Treasury to propose measures to enhance the loan monitoring and recovery mechanisms in the Ministry.

#### **Auditor General's Recommendations**

A forensic audit must be conducted at Zambia Medicines and Medical Supplies Agency (ZAMMSA) to determine the authenticity of receipt and disposal records up to the point of utilisation.

#### **Treasury Response**

The Secretary to the Treasury submitted that the Accountant General and Controller of Internal Audit shall be on hand to support the conducting of a forensic audit at the Zambia Medicines and Medical Supplies Agency (ZAMMSA) and a progress report shall be availed to the Committee on the matter.

#### **Committee's Observations and Recommendations**

The Committee urges the Secretary to the Treasury to render the necessary support to the Office of the Auditor General in order for the said Forensic Audit to be undertaken on ZAMMSA, without delay. The Committee will await a progress report on the matter.

#### **Auditor General's Recommendations**

There is need for all the relevant investigative wings to conduct further investigations in the procurement and distribution of supplies and the award of empowerment loans and grants.

#### **Treasury Response**

The Secretary to the Treasury submitted that the relevant investigative wings which were conducting investigations in the procurement and distribution of supplies should extend the probe to the award of empowerment loans and grants.

#### **Committee's Observations and Recommendations**

The Committee urges the Secretary to the Treasury to impress upon all Controlling Officers in the cited ministries and spending agencies to ensure that all irregularities on the procurement and distribution of supplies and the award of empowerment loans and grants, which are of criminal nature, are reported to the relevant investigative agencies, for further investigations.

#### **Auditor General's Recommendations**

The youths registered to benefit from empowerment programmes such as fuel tankers and the buses must be identified, and action taken against undeserving beneficiaries.



## Treasury Response

The Secretary to the Treasury submitted that the Treasury would instruct the Controlling Officer responsible for the Ministry of Youth, Sports and Arts to actualise the recommendations and a progress report would be availed to the Committee on the matter.

## Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to impress upon the Controlling Officer in the Ministry of Youth, Sport and Arts, to put measures in place which will ensure the undertaking of due diligence when identifying beneficiaries of youth empowerment funds, without fail. The Committee also urges the Secretary to the Treasury to ensure that all officers who neglected to undertake due diligence during the identification of beneficiaries are disciplined without fail.

## PART II

### 6.0 CONSIDERATION OF SUBMISSIONS ON THE AUDIT FINDINGS AND OBSERVATIONS

#### 6.1 MINISTRY OF TOURISM AND ARTS

##### a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a supplementary provision of K30,000,000 was made to cater for the Presidential Arts Development and Empowerment Scheme (PADES), COVID-19 stimulus package.

In this regard, on 7<sup>th</sup> August 2020, the Treasury released the whole amount of K30,000,000 to the Ministry of Tourism and Arts, which in turn remitted the funds to the National Arts Council (NAC).

NAC subsequently transferred K27,219,944 to Citizens Economic Empowerment Commission (CEEC) and retained the balance of K2,780,056.

As at 30<sup>th</sup> September 2021, amounts totalling K26, 391,780 had been spent. See table 1 below.

**Table1:Disbursement and Expenditure**

Institution	Purpose	Amount Received K	Amount Spent K	Balance K
NAC	Selection, Administration	2,780,056	2,574,659	205,397
CEEC	Business loans to beneficiaries	27,219,944	23,817,121	3,402,823
<b>Total</b>		<b>30,000,000</b>	<b>26,391,780</b>	<b>3,608,220</b>

**b. National Arts Council**

**i. Failure to Follow Tender Regulations - K382,027**

In his response, the Controlling Officer submitted that the query related to the procurement of services from ZNBC and that at the time of procurement, the Director was of the understanding that the transaction was within the provisions of the *Public Procurement Act, No.12 of 2008*, which provided for procuring from a Government agency without the application of any other method of procurement.

In view of this, the Controlling Officer submitted that the K50,000 threshold was understood not to be applicable.

With regard to the procurement of services from ZNBC, the Controlling Officer submitted that as a public entity, ZNBC was selected because it had a wide coverage and offered competitive rates for advertisements across all platforms and in both English and in seven Zambian languages. Also because of limited time, ZNBC was the most appropriate choice.

The Controlling Officer further submitted that the procurement process had been strengthened by employing a procurement officer who was helping the Institution in interpreting the Public Procurement Regulations correctly and that the Council was fully compliant to the procurement procedures.

**Committee's Observations and Recommendations**

The Committee expresses displeasure at the manner in which the Public Procurement Regulations and the *Public Procurement Act, No. 12 of 2008*, were being loosely interpreted and abused. The Committee observes that the Director of the Council is not expressly mandated to approve procurements above K50,000 and that the action taken by the Director was, is in violation of the procurement regulations.

In view of this, the Committee urges the Controlling Officer to institute disciplinary action against the Director for the violation of the laid down Procurement Regulations and ensure that all supporting documents regarding the engagement of ZNBC are submitted to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

**ii. Unretired Accountable Imprest-K42,000**

In his response, the Controlling Officer submitted that the Ministry of Tourism, through the relevant provincial administration instituted recoveries for the unretired amounts from the officers. At the time of the response all officers had retired the imprest.

**Committee's Observations and Recommendations**

The Committee observes, with concern, that the Controlling Officer was being reactive to the audit process, which brings to question the seriousness to uphold the financial regulations.

Therefore, the Committee urges the Controlling Officer to be proactive and to ensure that officers in the Ministry are made familiar with the financial regulations and institute disciplinary action against the said officers for the violation.

The Committee also urges the Controlling Officer to submit all supporting documents showing the full recovery of the imprest, to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

**iii. Weaknesses in the Selection Process**

**“ Irregular Disbursement of Loans - K2,397,130**

**i. Approval by the Independent Projects Selection Committee (IPSC):**

In his response, the Controlling Officer submitted that the cited applications were duly approved by the IPSC according to the signed list of approved projects. However, due to limitations in time, the IPSC signed on a group of selected applicants as opposed to signing on each and every individual selected project. Management was making arrangements to have the forms signed by the IPSC Chairman accordingly. The signed list of selected projects was available for audit verification.

**Committee’s Observations and Recommendations**

The Committee expresses displeasure at the gross violation of the Arts Empowerment Guidelines with impunity and therefore, urges the Controlling Officer to institute disciplinary action against officers who neglected to follow the laid down procedures. The Committee also urges the Controlling Officer to ensure that all loan beneficiaries are compliant with loan repayment conditions and recoveries instituted without fail. The Committee will await a progress report on the matter.

**ii. National Arts Council (NAC) Endorsement**

In his response, the Controlling Officer submitted that National Arts Council being a centralised organisation, did not have country wide representation and yet applications were being received from all districts of the Country. This made it impossible for NAC to endorse on all applications and as a result, the Finance and Screening Committee of the Council resolved to vary the process, for purposes of achieving the objective of the programme, timely. In view of this, the committee varied the process by removing the requirement of NAC to endorse on each and every application from across the Country, by considering all eligible applications without NAC endorsement. The final screening tool and the minutes of the meeting that varied this tool are available for audit verification.

**Committee’s Observations and Recommendations**

The Committee expresses concern that the Arts Empowerment Guidelines did not take into account the administrative structure of the National Arts Council. In view of this, the Committee urges the Controlling Officer to ensure that the Council decentralises its operations up to district level in order to enhance service delivery. The Committee also urges the Controlling Officer to avail the minutes of the meeting that approved the amendment of the guidelines, to the Office of

the Auditor General for audit verification. The Committee will await a progress report on the matter.

“ **Selection of Non - Legal Business Entities- K658,138**

In his response, the Controlling Officer submitted that some groups proof of business establishment was through, receipts for registration, from Patents and Companies Registration Agency (PACRA) and that due to volume of applications, an omission of ensuring that the receipts were verified was identified. However, when the lapse was identified, the three groups were requested to normalise their business registration and they had successfully normalised. Thereafter the fund managers, Citizens Economic Empowerment Commission (CEEC), were as well requested to update their records, accordingly.

<b>Name of Group</b>	<b>Form</b>	<b>Date of Registration</b>
Mungule Cultural Dance Troupe	Cooperative	14.09.2020
Chirundu Association of Gospel Artists (Chirugo Artists Business Solutions)	Business Name	11.10.2021
Mukumbi Chalo	Business Name	28.12.21

**Committee’s Observations and Recommendations**

The Committee expresses displeasure at the *laissez-faire* attitude adopted by the Ministry in the selection of business entities, which has a potential to cause loss of public funds and ultimately not meet the purpose for which the funds were appropriated by Parliament. The Committee, therefore, urges the Controlling Officer to institute disciplinary action against the responsible officers for gross violation of arts empowerment guidelines with impunity. The Committee also urges the Controlling Officer to ensure that the loans disbursed to the associations are recovered in line with the agreed terms and conditions, without fail. The Committee will await a progress report on the matter.

“ **Selection of Applicants not Registered With the National Arts Council- K354,712  
Glory Hands Events**

In his response, the Controlling Officer submitted that the Zambia Association of Musicians endorsed the Music Academy. The proprietor was at the time of application, the Secretary General of the Association. The disbursement was, therefore, not irregular according to the guidelines because applicants were expected to have either the NAC registration or membership to a National Arts Association.

**Committee’s Observations and Recommendations**

The Committee observes that this information should have been availed to the auditors at the time of the audit and therefore, urges the Controlling Officer to take the audit process seriously

to avoid such queries. The Committee also urges the Controlling Officer to avail the supporting documents on this matter to the Office of the Auditor General, for audit verification. The Committee will await a progress report on the matter.

### **Mukumbi Chalo**

In his response, the Controlling Officer submitted that Mukumbi Chalo's application was submitted through the Lukulu District Cultural Office. However due to limited presence of the Council and National Arts Associations in the district, their application was considered valid even without the endorsement from the National Arts Association. Mukumbi Chalo had since normalised their registration with the National Arts Council of Zambia. Supporting documents were available for audit verification.

### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the impunity with which the Arts Empowerment Guidelines are being violated. In view of this, the Committee urges the Controlling Officer to institute disciplinary action against officers who approved Mukumbi Chalo's application for the gross violation of the Arts Empowerment Guidelines. The Committee also urges the Controlling Officer to ensure that the loan disbursed is fully recovered in line with the repayment guidelines. The Committee will await a progress report on the matter.

#### **c. Citizens Economic Empowerment Commission**

##### **i. Underfunding of Loan Disbursements – K30,000,000**

In his response, the Controlling Officer submitted that the administration process of the loans was a huge task. As a result, NAC and CEEC estimated the expected cost of the process.

The Committee was informed that the Secretary to the Treasury was engaged by requesting for Treasury Authority to apply part of the disbursement towards administrative costs.

The Controlling Officer submitted that authority was granted to use K2,726,212 for administrative costs, in line with the estimates provided.

The Controlling Officer, however, submitted that knowing that the approved amount was less by K30,000, a request was made by the Ministry to the Secretary to the Treasury to refund the K2,726,212 in order to balance the disbursement of K30,000,000. However, funds were not released in the financial year under consideration.

In light of the transfer of NAC to the Ministry of Youth, Sport and Arts, the Controlling Officer submitted that Management would continue to request for additional funds from the Treasury. The Controlling Officer also submitted that Management was monitoring the disbursement to ensure no applicant was disadvantaged due to the underfunding and that supporting documents were available for audit verification.

## Committee's Observations and Recommendations

The Committee expresses concern that the National Arts Council did not undertake due diligence before arriving at the final cost of meeting the approved gross loan disbursement obligations. In view of this, the Committee urges the Controlling Officer to put measures in place that will prevent the recurrence of the deficit on the approved projects. The Committee also urges the Controlling Officer to submit the Treasury Authority granted on the K2,726,212, to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

### ii. Failure to Disburse Funds to Approved Beneficiaries - K2,076,399

In his response the Controlling Officer submitted that whilst the projects were approved and submitted for disbursement to the Commission, disbursements of funds were only taking place when the client had fully submitted all relevant documentations of their businesses and provided valid quotations, the basis for payment upon which CEEC proceeded to disburse funds to clients. CEEC had, to date, funded 139 projects amounting to K23,821,244.40, as follows:

S/No	Disbursement details	No. disbursed	Amount
1.	Fully Disbursed	54	K8,999,401.01
2.	Partially Disbursed	85	K14,821,843.39
	<b>TOTAL DISBUSED</b>	<b>139</b>	<b>K23,821,244.40</b>

CEEC had not disbursed for the thirteen projects amounting to K1,877,787.50 due to the reasons as explained in the table below, for failing to comply with the Commission's credit policy regarding Know Your Customer (KYC) loan documents. Supporting documents are available for audit verification.

No	Applicant Name	Name of Project	Project Amount (ZMW)	Total Loan (ZMW)	Comment
1	Chifubu Osawe Kalela Dance	Dance	29,200	35,719.20	Provincial office wrote to the client requesting for submission of quotations but to no avail
2	Diversity Expression	Visual Arts	24,000	30,124	Loan offer was declined as the amount was too little to

					implement the project
3	Fibale Film Studio	Film	169,000	186,144	Loan offer was declined as the amount was too little to implement the project
4	Isubilo Youth Cooperative	Music Studio	16,000	21,516	Loan offer was declined as the amount was too little to implement the project
5	Nshinge MPCs Limited	Arts Promotion	112,065	124,881.94	Undisbursed
6	Nshingu Arts MPCs Limited	Music Studio	72,500	82,310	Client always submitted quotations with issues either figures not adding up or quotations worth more than the project amount
7	Twafwane MPCs Limited	Crafts	36,492	43,565.39	Client declined loan offer
8	CVLTR Fashion	Fashion	207,754.50	227,843.84	Client declined loan offer
9	Zambia Choral Music Initiative MPCs	Choral Music	751,000	812,376	Client still searching for suppliers
10	Kalangali Cultural Group	Music Studio	60,570	69,473.32	No quotations on file

11	Mangwengwe Cultural Group	Dance	15,600	21,085.60	Quotation exceeded the approved project amount. Re submitted quotation with items that were out of the approved value chain line
12	W.M Audio-Video Clinic	Music Academy	80,000	90,380	Defaulter under old portfolio. Disbursement withheld
13	WayiWayi Art Studio and Gallery	Crafts (Pottery)	303,606	330,980.06	Client declined the loan offer. Communicated formally through NAC

### **Committee's Observations and Recommendations**

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

#### **iii. Transfer of Funds for Loan Charges**

- **Insurance Fees - K709,113**

In his response, the Controlling Officer submitted that at the time of disbursement of funds, the insurance company to insure the loan portfolio was already identified and the contract was drafted which was submitted to the Attorney General's office for clearance and vetting. The clearance from the Attorney General was received and CEEC proceeded to executing the contract.

### **Committee's Observations and Recommendations**

The Committee expresses concern that loans were disbursed to beneficiaries without insurance cover, a move that has the potential to cause the loss of public funds. In this regard, the Committee urges the Controlling Officer to be proactive and put measures in place to ensure that all loans are insured before disbursement. The Committee also urges the Controlling Officer to submit all supporting documents pertaining to this matter to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.



- **Debenture Cover - K438,700**

In his response, the Controlling Officer submitted that the CEEC and NAC decided to change the type of debenture registration with PACRA, to apply Movable Properties Registry System (MPRS) from the normal debenture registration. This was going to cut costs considering that equipment that was being purchased for artists was in large quantities. The normal debenture registration process was going to cost K4,100 per equipment, while NAC opted for the cheaper approach of K120 per client, which resulted in savings amounting to K568,960. In addition, following the enactment of *Movable Property (Security Interest) Act, No. 3 of 2016*, the equipment procured for the artists qualified to be registered under the Act, unlike in the past where such movable assets were registered under the fixed property debenture registration system.

At the time of reporting, 51 debentures had been registered and secured on MPRS.

### **Committee’s Observations and Recommendations**

The Committee expresses displeasure that less than 50 percent of the debenture registration was undertaken to secure loan assets when the requisite funding was secured for the exercise. The Committee is of the strong view that this has a potential to cause loss of public funds as assets were vulnerable to various risks.

In view of this, the Committee urges the Controlling Officer to be proactive and ensure that all debenture registration processes are finalised without any further delay. The Committee also urges the Controlling Officer to avail supporting documents on this matter to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

#### **iv. Undelivered Project Equipment - K1,095,544**

In his response, the Controlling Officer submitted that the failure to deliver equipment and instruments was due to the reasons tabulated below:

No	Name of Beneficiary	Project funded	Response
1	Luampa Arts and Media	Film Production Studio	The matter was reported to DEC and DEC was pursuing the matter
2	Grand Supplies and General Dealers	Arts Promotion	The Client communicated on the variation of the budget due to price changes
3	Chipango Mukuku Enterprise	Pottery	The Commission to terminate and recall the loan facility as the client had failed to submit receipts to account for undelivered item
4	Kopala Empire Limited	Film Production	Officers had been on the ground to verify the project existence but the client had not complied. The Commission would proceed to terminate the loan contract and recall the loan facility demanding full repayment of the loan

5	Distro Kuomboka	Music Equipment	The Commission to terminate and recall the loan facility as the client had failed to submit receipts to account for undelivered items
6	Mufulira focus creative arts Limited	Film production	The Commission to terminate and recall the loan facility, demanding full repayment of the loan facility
7	Dynasty Empire Sounds	Sound and Creative Arts	The quotation for items undelivered had been paid for
8	Gopes Media	Film Hub	Commission would proceed to terminate the loan contract and recall the loan facility, demanding full repayment of the loan
9	Music Loop Academy	Music Academy	The client reported of the undelivered project item and the client was advised to report the matter to police. Feedback was being awaited.
10	Good life Investment		The Commission to terminate and recall the loan facility, demanding full repayment of the loan facility
11	Lusaka Theatre Cooperative Society	Theatre	The Commission to terminate and recall the loan facility, demanding full repayment of the loan facility
12	Njira Skills Youth Centre	Crafts	By the time of the visit, by NAC and auditors, the artist claimed that the equipment was verified and no issues were raised, this was in agreement with what was on the file
13	Step up youth group	Film	
14	Voltex Animations Studio	Digital Arts	The loan contract would be terminated and the loan facility would be recalled and full repayment demanded
15	XampleYapa (z)	Music Studio	The client had not been compliant, therefore, the Commission shall terminate and recall the loan facility and full repayment of the loan demanded

16	Innovation Link	Crafts	The client had originally submitted the quotation from a supplier in the United States of America, However the Commission experienced difficulties making payments to the American Supplier. Hence, the funds had to be recalled and the client submitted new quotations from a British supplier to whom the payment was made
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### **Committee’s Observations and Recommendations**

The Committee notes, with concern, that funds were released to suppliers without undertaking any due diligence on their capacity to deliver on time. The Committee finds this unacceptable and urges the Controlling Officer to ensure that all the loan facilities with suppliers who have failed to deliver are terminated and recalled without fail. The Committee will await a progress report on the matter.

- **Physical Verifications**
- **Magumwi Sipelu Culture Multi-Purpose Co-operative Society – Mwandu District - K74,750**

In his response, the Controlling Officer submitted that vigorous efforts will be made by management to conduct regular monitoring and evaluation programmes to ensure that the group maintains its business model.

### **Committee’s Observations and Recommendations**

The Committee expresses displeasure that the Controlling Officer is reacting to the audit process instead of being proactive. In view of this the Committee sternly cautions the Controlling Officer to desist from taking action after the audit process.

The Committee also urges the Controlling Officer to ensure that the equipment is delivered to the cooperative without any further delay. The Committee also urges the Controlling Officer to report the said supplier to the Anti-Corruption Commission for further investigations failure to declare interest. The Committee will await a progress report on the matter.

- **Questionable Projects**

In his response, the Controlling Officer submitted that CEEC wrote to Mukumbi Chalo to recall the whole loan and demanded full repayment of the loan in accordance with clause 8.3 of the signed loan agreement, because the client had not complied with the terms of the signed loan agreement.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to be proactive and put measures in place that will ensure due diligence is undertaken during the identification of beneficiaries and before funds are released. The Committee will await a progress report on the full recovery of the loan.

- **Komboni Talent Hub: Setting up of Film Studio–Lusaka District**
- **Lack of a Bill of Quantities and Certification of Works**

In his response, the Controlling Officer submitted that the Bill of Quantities for the Komboni Talent Hub Project rehabilitation of the building could not be provided at the point of loan application because it was not part of the requirements. However, the contractor provided the quotation to support the request for renovations and proof for the completion of the renovations would be confirmed by the certificate of completion to be provided by the contractor once the works were completed. This would be followed up by CEEC's monitoring and evaluation exercise to inspect the completed renovation works.

### **Committee's Observations and Recommendations**

The Committee finds it unacceptable that the loan for the rehabilitation works was approved in the absence of the Bill of Quantities which is critical in determining the exact scope and specifications of works expected to be executed.

The Committee, therefore, urges the Controlling Officer to put measures in place which will ensure that projects are evaluated and actual costs established before they are funded. The Committee also urges the Controlling Officer to put in place project implementation monitoring mechanisms for purposes of certification of completion of works. The Committee will await a progress report on the matter.

### **Partial Securing of Loan- K156,000**

In his response, the Controlling Officer submitted that there was a lapse in securing the loan. However, since the loan agreement included cover by personal assets of the directors in such an event, Management had engaged the Fund Manager CEEC to request the group to provide additional asset cover as detailed in the Fund Management Agreement.

The Controlling Officer also submitted that CEEC would fully secure the loan through a lien placed on the equipment that would be fixed in the premises under renovation. This would be done through enacting the signed personal guarantee and would extend it to any possible and available property/ies of the directors as prescribed in the directors' signed guarantee, failure to which the Commission would invoke section 8.3 of the signed loan agreement and recall the loan. The signed directors' guarantees placed liability on the directors of Komboni Talent Hub to repay the liabilities owed to the Commission, where the business failed to raise revenue to meet the loan obligations.

### **Committee's Observations and Recommendations**

The Committee notes, with concern, the effort by the Controlling Officer to justify the failure by the Ministry to provide an insurance cover for the renovation works, a move which has a negative effect on the recovery of the loan. In view of this, the Committee urges the Controlling Officer to ensure that the loan in respect of the renovation works on the project is secured without fail. The Committee will await a progress report on the matter.

- **Ideas Incorporated Company Limited – Construction of Film Studio**
- **Unsecured Loan**

In his response, the Controlling Officer submitted that the borrower signed directors guarantee to extend the liability to the personal assets. Additionally, CEEC had a lien on the equipment in line with the loan agreement.

### **Committee's Observations and Recommendations**

The Committee notes, with concern, that CEEC is operating outside the laid down scheme guidelines with regard to security of the loans. The Committee finds this unacceptable and urges the Controlling Officer to put measures in place that will ensure that all loans disbursed by the Commission are secured, without fail. The Committee will await a progress report on the matter.

- **Failure to Commence Recovery of the Loan**

In his response, the Controlling Officer submitted that CEEC policy was that the grace period for any project engaged in building construction expired when construction of such a building was completed. However, Ideas Incorporated Limited could not complete the construction of the studio within the two months grace period. Therefore, the artist was given a waiver, in line with the credit policy of starting to pay after the studio construction was completed and started generating revenue to be used for settling loan instalments. In addition, CEEC's credit policy provided that all projects which were not operational were not due for loan repayments until the business started generating revenue. The studio works for Ideas Incorporated Limited were almost done and would soon be completed.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to review the CEEC credit policy to make it beneficial to both the lender and the borrower so that public funds are not held at the convenience of the beneficiary.

The Committee also urges the Controlling Officer to ensure that the said studio works are expeditiously completed and loan recoveries effected without delay. The Committee will await a progress report on the matter.

- **Uncertified Funded Works**

In his response, the Controlling Officer submitted that certification would be done when the works were completed.

### **Committee's Observations and Recommendations**

The Committee will await a progress report on the completion of construction works.

- **Ombwe Enterprises–Establishment of a Music Studio**
- **Questionable Purchase of a Motor Vehicle**

In his response, the Controlling Officer submitted that the client appealed against the decision to drop the purchase of a vehicle from the budget and justified why the Commission should authorise the buying of car for the project, which the Commission authorised.

The Controlling Officer also submitted that the client was allowed to purchase a third hand vehicle as the loan amount approved was small and could not allow for the purchase of a brand-new vehicle.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to avail the minutes on the appeal to purchase the vehicle and the authority granted by the Commission to the Office of the Auditor General for audit verification.

### **Registration of Project Vehicle in Private Name**

In his response, the Controlling Officer submitted that the change of ownership for the vehicle to make the Commission an absolute owner had already begun and the letter from the CEEC to allow RTSA to endorse CEEC as an absolute owner on the vehicle white book had been written.

### **Committee's Observations and Recommendations**

The Committee observes, with concern, the *laissez-faire* attitude adopted by the Commission towards the management of public assets and the gross violation of fund management agreements, with impunity. The Committee, therefore, urges the Controlling Officer to ensure that the vehicle in question is urgently registered in the CEEC name without any further delay. The Committee will await a progress report on the matter.

- **Hlupeko Printers – Lusaka District**

In his response, the Controlling Officer submitted that CEEC engaged the artist to explain the cause of the change in prices and was informed that the prices up-scaled as a result of the sharp rise in the foreign exchange rates between the time the quotations were issued and the date of payment by CEEC to the supplier.

### **Committee's Observations and Recommendations**

The Committee observes, with concern, that the loan approval processes are taking too long thereby impacting negatively on the funding of the already approved projects due to price escalation. The Committee, therefore, urges the Controlling Officer to expeditiously put measures in place that will ensure the timely funding of the approved projects. The Committee

also urges the Controlling Officer to effect the recovery of the loan awarded to Hlupeko Printers, without any further delay. The Committee will await a progress report on the matter.

- **Unauthorised Variation and Irregular Withdrawal of Loan Funds**
- **Zam Graphic Studio - Zambezi District**

In his response, the Controlling Officer submitted that the CEEC policy allowed all empowerment loan beneficiaries to vary their budgets after consent by the CEEC. However, CEEC refused to oblige to the clients' requests to vary the budget but proceeded to pay the suppliers for the items as submitted by the client at the point of loan application as evidenced by the said budget and Technological Evaluation Committee (TEC) decision. The same items were as they appeared on the quotations.

#### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to engage Zam Graphic Studio, through CEEC, on the matter and ensure that it is normalised. The Committee will await a progress report on the matter.

- **Fraudulent Withdrawal of Cash: Priers General – Monze District**

In his response, the Controlling Officer submitted that indeed the artist abrogated the terms and conditions of the loan facility. The Commission had since written to Priers General Dealers to recall the whole loan and demand full repayment of the loan in accordance with clause 8.3 of the signed loan agreement, because the client had not complied with the terms of the signed loan agreement.

#### **Committee's Observations and Recommendations**

The Committee notes the response and will await a progress report on the matter.

- **Failure to Avail Equipment: Eastern Rhythms Multi-Purpose Cooperative Society - Chipata**

In his response, the Controlling Officer submitted that Eastern Rhythms Multi-Purpose Cooperative Society of Chipata, had since been paid working capital. However, the Provincial Cultural Officer and the CEEC Provincial Coordinator confirmed that the equipment was procured and was available for verification hence the payment of working capital following the submission of receipts and inspection report to credit unit for purposes of paying working capital.

#### **Committee's Observations and Recommendations**

The Committee observes, with concern, the inability of the beneficiary to account for the hire of equipment. In this regard, the Committee urges the Controlling Officer to come up with deliberate measures to train loan beneficiaries in basic accounting and project management skills. The Committee also urges the Controlling Officer to avail supporting documents

regarding this matter, to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

- **Unaccounted for Equipment: Fyakushala Music Promotion – Chinsali District**

In his response, the Controlling Officer submitted that CEEC was in possession of the receipts and delivery notes from suppliers for all the equipment paid for and according to the Commission's accounting records, all the equipment purchased had been accounted for.

#### **Committee's Observations and Recommendations**

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

In his response, the Controlling Officer submitted that the supplier had not yet received equipment from China. However, the supplier issued the receipt even for items that were not yet delivered.

#### **Committee's Observations and Recommendations**

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

- **Poor Storage of Equipment**

In his response, the Controlling Officer submitted that the Citizens Economic Empowerment Commission was not mandated to provide storage facilities to the project. The client took full responsibility for storage of the equipment. CEEC had engaged the District Cultural Officers across the country to constantly monitor how the equipment was stored and managed. However, the Chinsali District Cultural Officer had confirmed that Fyakushala Music Promotion had since moved the equipment from the Chairperson's house to the project site.

#### **Committee's Observations and Recommendations**

The Committee observes, with displeasure, that equipment procured at great cost was not being taken care of and was prone to damage due to poor storage facilities. The Committee also observes that such situations occur due to lack of due diligence when awarding loans to beneficiaries. In view of this, the Committee urges the Controlling Officer to put in place robust monitoring mechanisms that will ensure that funded projects are regularly followed up to ensure safe custody of various procured equipment. The Committee will await a progress report on the matter.



## **v. Unauthorised Relocation of Projects**

### **Triangle Clan**

In his response, the Controlling Officer submitted that Triangle Clan had already relocated to the Copperbelt at the time they wrote a letter to the Commission. After noticing this anomaly by the client, CEEC suspended all further loan disbursements towards working capital for Triangle Clan until the new location was known and equipment inspected and verified. However, the artist had since made it known to CEEC that the new location of the business and arrangements had been made to verify the new location and have the equipment inspected.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to recall the loan given to Triangle Clan and ensure that all the paid funds towards working capital are recovered without fail. The Committee will await a progress report on the matter.

### **Shalawambe Band**

In his response, the Controlling Officer submitted that the client communicated with the CEEC Provincial Officer on the ground about the relocation. However, prior to relocating, CEEC had already inspected and verified equipment which was procured.

### **Committee's Observations and Recommendations**

The Committee finds it unacceptable that the loan beneficiary relocated from the place for which the loan was approved and paid, a move which was against the Arts Empowerment Guidelines. In this regard, the Committee urges the Controlling Officer to recall the loan and recover all the money already paid to the beneficiary without fail. The Committee will await a progress report on the matter.

### **Northern Film and Arts Association**

In his response, the Controlling Officer submitted that CEEC was in receipt of the letter from Northern Film and Arts Association notifying the Commission about relocation to Lusaka. CEEC Lusaka Provincial Office was managing the project.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to recall the loan and recover all the money already paid to the beneficiary without fail. The Committee will await a progress report on the matter.

### *Kasama Blessings Band*

In his response, the Controlling Officer submitted that CEEC would respond to the letter of relocation from Kasama Blessings Band after verifying through the Provincial Coordinator for Northern Province.

## Committee's Observations and Recommendations

The Committee finds it unacceptable that the Commission was still not aware of the location of the band way after the audit process. In view of this, the Committee urges the Controlling Officer to strengthen the internal controls in the Commission to ensure easy tracking of funded projects.

The Committee also urges the Controlling Officer to ensure that the loan is recalled and all funds paid recovered, without fail. The Committee will await a progress report on the matter.

### vi. Failure to Commence Recovery of Disbursed Loans

- **Outstanding Repayments on Fully Disbursed Loans**

In his response, the Controlling Officer submitted that the responses were as tabulated in the following table.

<i>No.</i>	<i>Beneficiary</i>	<i>Loan Amount (K)</i>	<i>Accumulated Repayment Due (K)</i>	<i>Period Elapsed from Repayment Due Date</i>	<i>Comments</i>
1	Mungule Culture Dance Group	352,924.00	58,613.10	6	Items purchased were confiscated due to breach of contract
2	Distro Kuomboka Band	339,426.53	50,977.57	7	Funds not fully disbursed, according to credit policy on fully disbursed projects are due for recovery
3	Gopes Media and Technology Limited	191,125.88	29,755.98	6	Demand notices have been written for repayments due, the client has been avoiding the commission officer, however,

					efforts to pursue him are still being made.
4	Ideas Incorporated Limited	729,725.24	94,626.49	7	Not fully disbursed, according to credit policy only fully disbursed projects are due for recovery
5	Ndola Theatre Limited	81,184.00	8,200.86	3	Demand notices have been written for repayment due, the client has been avoiding the commission officer, however efforts to pursue him are still being made
6	Arch tech Digital Studio	67,839.46	13,246.76	3	Not fully disbursed, according to credit policy only fully disbursed projects are due for recovery
7	Afendi Enterprises	27,165.00	3,237.94	2	It was discovered that the client has not brought the equipment, hence the client has since been summoned to explain the diversion on funds

8	Kayo trading	864,992.44	16,666.36	1	Demand notice was issued and client is making repayments and is on course
9	Mize Chibolya Dance MPC	273,300.00	7,601.55	1	Demand notice was issued
10	Peter Malanda	227,570.00	12,673.16	2	Demand notice was issued
11	Samusu General Dealers	148,120.31	8,248.68	2	Demand notice issued, client is making repayments and is on course
12	Shakarongo Music	359,481.16	8,150.52	1	Not fully disbursed, according to credit policy only fully disbursed projects due for recovery
13	Ombwes Enterprise	143,411.00	8,014.26	2	Not fully disbursed, according to credit policy only fully disbursed projects are due for recovery
14	Mucho Music Production	152,367.60	12,726.96	3	Demand notice was issued
15	O.M Crafts	31,200.00	1,859.45	1	Demand notice was issued
16	Ras Jack Art	31,200.00	1,859.45	1	Not fully disbursed, according to credit policy only fully

					disbursed projects are due for recovery
		4,021,022.62	336,459.09		

### **Committee’s Observations and Recommendations**

The Committee urges the Controlling Officer to ensure that recoveries from all beneficiaries whose working capital was released in full, in line the credit policy, are effected without any further delay. The Committee also urges that those who benefitted and are due for repayment but were not paying, should have their loans recalled and all the funds recovered without fail. The Committee will await a progress report on the matter.

- **Failure to Commence Recoveries Due to Incomplete Disbursement**

In his response, the Controlling Officer submitted that according to CEEC Credit Policy, recovery of loan could only commence once the loan was fully disbursed. The undisbursed amounts were paid as working capital, only then did the commencement of loan recovery commence. Disbursement of working capital was done only after registration of 70 percent debenture cover had been met. The debenture registration was in progress and physical verification of the items was being undertaken.

After disbursing working capital, the artists would be granted the grace period depending on the loan terms and conditions, after which such credit facilities shall fall due for recoveries in line with CEEC's credit policy.

### **Committee’s Observations and Recommendations**

The Committee urges the Controlling Officer to expedite the full disbursement of working capital to the beneficiaries and ensure that they are operational. The Committee will await a progress on the matter.

## **6.2 DISASTER MANAGEMENT AND MITIGATION UNIT**

### **a. Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2020 and 2021, a total budget provision of K940,400,000 (K450,000,000 in 2020 and K490,400,000 in 2021, were made to cater for COVID-19 operations.

In this regard, the Ministry of Finance released a total amount of K787,731,267 (K297,331,267 in 2020 and K490,400,000) as at 31st October 2021, representing 84 percent of the total budget. See table 1 below.

**Table 1: Budget Funding and Expenditure**

<b>Years</b>	<b>Authorised Budget K</b>	<b>Releases K</b>	<b>Expenditure K</b>
2020	450,000,000	297,331,267	297,331,171
2021	490,400,000	490,400,000	490,330,000
<b>Total</b>	<b>940,400,000</b>	<b>787,731,267</b>	<b>787,661,171</b>

As at 30th September 2021, a total amount of K787,661,171 had been spent.

### **Management Response**

In his response, the Controlling Officer submitted that the underfunding was as a result of the Treasury releases being less than the authorised provision for DMMU. The Controlling Officer also submitted that, going forward, Management would ensure that Treasury was engaged on the possibility of funding their budget fully with the prevailing limited fiscal space.

### **Committee's Observations and Recommendations**

The Committee notes the response on the matter.

#### **b. Failure to Operationalise National Disaster Relief Trust Fund**

In his response, the Controlling Officer submitted that DMMU completed all the steps to operationalise the Fund such as opening of the Bank Accounts and the preparation of draft guidelines. The guidelines were submitted to Cabinet and Treasury for validation on 19th April, 2021 and that once the guidelines were validated, the Trust Fund would be fully operational.

### **Committee's Observations and Recommendations**

The Committee expresses concern at the undue delay by the Unit to operationalise the National Disaster Relief Trust Fund, a Fund which is critical to the national disaster preparedness response for the Country. In view of this, the Committee urges the Controlling Officer to follow-up on the validation process of the guidelines with the Secretary to the Treasury and Cabinet and ensure that the National Disaster Relief Trust Fund is operationalised without any further delay. The Committee will await a progress report on the matter.

#### **c. Failure to Avail Expenditure Returns for Disbursed Funds to Government Institutions-K1,845,025**

In his response, the Controlling Officer submitted that the audit of COVID-19 funds was an ongoing exercise and at the time of audit verification, some institutions had not fully utilised the funds. Therefore, the reported amount of K1,845,025, without expenditure returns was made up of unspent funds.

However, following the full utilisation of the funds, expenditure returns were collected and were available for audit verification.

## **Committee's Observations and Recommendations**

The Committee observes that the Controlling Officer was being reactive to the audit process and questions the authenticity of the expenditure details which are purported to be available after the audit. The Committee finds this unacceptable and urges the Controlling Officer to put measures in place that will avert this practice with fail. The Committee also urges the Controlling Officer to submit all supporting documents to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

### **d. Questionable Use of Emergency Procurement**

In his response, the Controlling Officer submitted that the COVID-19 pandemic was still a mysterious and bizarre disease and had been globally acknowledged as such by public health authorities, notably the World Health Organisation. While it was true that COVID-19 waves were predictable, the turn of events were unpredictable and could not be planned for.

The Controlling Officer also submitted that the provision of response materials was based on how the unpredictable events were unfolding. Therefore, DMMU applied for and used emergency procurement to procure COVID-19 materials to promptly respond. For instance, schools opening and re-opening determined the procurement of reusable face masks.

## **Committee's Observations and Recommendations**

The Committee urges the Unit to desist from engaging in emergency procurement for activities which could be planned for before being undertaken. The Committee also urges the Controlling Officer to avail the information on this matter to the Office of the Auditor General for audit verification subject to which it must be closed.

### **e. Supply and Distribution of Reusable Face Masks**

#### **i. Non-Transparency in the Invitation of Suppliers for the Supply of Reusable Face Mask-K50,456,850**

In his response, the Controlling Officer submitted that the announcements regarding the procurement of reusable face masks were made on radio and television. The time frame in which these masks were to be acquired and distributed to schools was short. The announcement to provide masks for pupils in examination classes was made on 8<sup>th</sup> May, 2020 and schools were opening on 1<sup>st</sup> June, 2020, Hence, announcements on radio and television were made to invite potential suppliers to DMMU Headquarters and Provincial Administrations.

The Controlling Officer also submitted that the procurement of reusable face masks, was new and thus the suppliers could not have dealt with DMMU before in similar supplies.

Regarding the 10,000 reusable washable face masks, which were delivered on 8<sup>th</sup> June, 2020, by Enerstin General Dealers, the Committee was informed that the Local Purchase Order No. 1328398 JD was issued to the supplier in question on 27<sup>th</sup> May, 2020 and not 15<sup>th</sup> June, 2020.

### **Committee's Observations and Recommendations**

The Committee expresses dismay at the failure by the Unit to avail this information to the auditors at the time of the audit. The Committee, therefore, is of the view that the said supporting documents were manufactured for purposes of presenting them before it. In view of this, the Committee urges the Controlling Officer to institute disciplinary action against the procurement officers involved and further urges the Controlling Officer to report the matter to the appropriate investigative wings for further investigations. The Committee will await a progress report on the matter.

#### **ii. Over Procurement of Reusable Face Masks-K10,084,150**

In his response, the Controlling Officer submitted that the procurement of reusable face masks was a new activity. Therefore, it was anticipated that not all the orders that were issued would be fulfilled and as such, a contingency number of masks was needed to meet the anticipated short fall. Further, the Unit needed a buffer stock that would be issued out in times of need as part of preparedness.

### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the move by the Unit to procure more masks than needed, when the used funds could have been channelled to other needy areas. The Committee also observes that the practice renders the need for a Needs Assessment Report irrelevant. In view of this, the Committee urges the Controlling Officer to impress upon the Unit officers to be prudent in the utilisation of scarce resources by ensuring adherence to the institution's Needs Assessment Report at all times. However, the Committee resolves to close the matter subject to audit verification.

#### **f. Failure to Avail Information-K200,000**

In his response, the Controlling Officer submitted that there was no formal contract with Zambia National Service (ZNS) and Zambia Correctional Services (ZCS) regarding production of reusable face masks at Mulungushi Textiles and Zambia Correctional Services, respectively. However, there was an informal agreement through correspondence between DMMU and the two institutions.

The Controlling Officer also submitted that Mulungushi Textiles and Zambia Correctional Services shared the bales of fabrics equally and documentation was available showing the number of bales allocated to each institution.

The Committee was informed that the information regarding how many reusable face masks each institution was expected to produce was vague, as the production of face masks was new to both institutions. Therefore, the expected number of masks could not be ascertained at the time. However, documentation indicating the number of reusable face masks produced and delivered by the two institutions was available. Furthermore, expenditure returns for the K200,000 sent to each of the two institutions were available for verification.



The Committee was informed that going forward, DMMU would ensure that agreements with other arms of Government were properly formulated, specifying roles, responsibilities and obligations of the parties involved.

#### **Committee's Observations and Recommendations**

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

#### **g. Questionable Identification of Suppliers-K63,090,000**

In his response, the Controlling Officer submitted that DMMU was procuring Personal Protective Equipment for the first time and thus could not have dealt with the suppliers of the said equipment. In identifying suppliers, DMMU used the supplier database, Zambia Public Procurement Authority (ZPPA) registration certificates and information from the Ministry of Health, in line with section 108 (2) (4) of the Public Procurement Regulation of 2011.

The Controlling Officer further submitted that, contrary to the Report, requests for quotations and quotations for the twenty suppliers in question were provided and were available for verification.

#### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to put measures in place which would ensure that due diligence is conducted when selecting suppliers of medical equipment, going forward. The Committee also urges the Controlling Officer to ensure that supporting documents are submitted to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

#### **h. Irregular Engagement of Supplier-K330,000**

In his response, the Controlling Officer submitted that some of the evaluated suppliers were not willing to supply before payment.

The Controlling Officer also submitted that, other suppliers did not have readily available stock and that the same Procurement Committee which considered the evaluation of the aforementioned bidders, also granted authority to engage any other suppliers willing to supply and deliver the fabrics within the prevailing market prices. Thus, Arcades Agencies Limited was covered by this caveat.

#### **Committee's Observations and Recommendations**

The Committee expresses concern at the uncoordinated manner adopted by the Unit on the engagement of Arcades Agencies Limited. The Committee is of a strong view that the said supplier could have been evaluated together with other shortlisted suppliers. In this regard, the Committee urges the Controlling Officer to put measures in place which will augment the laid

down tender procedures in the Unit. The Committee also urges the Controlling Officer to ensure that all fabrics to be supplied by Arcades Agencies Limited are delivered without fail. The Committee will await a progress report on the matter.

**i. Uncompetitive Procurement - Lusaka Provincial Administration-K4,006,040**

In his response, the Controlling Officer submitted that DMMU was granted authority by the National Disaster Management Procurement Committee to procure face masks at K10 each and to engage any supplier willing to supply at that price.

The Controlling Officer also submitted that in order to determine the prevailing market price for the face masks, competitive quotations were obtained from different suppliers. All provincial offices were later directed to procure reusable face masks from any supplier willing to supply at a price of K10 per mask.

The Committee was informed that DMMU set the price for reusable face masks and therefore, dictated the price to suppliers willing to supply at that price.

**Committee's Observations and Recommendations**

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

**j. Uncompetitive Procurement - Northern Province-K1,456,760**

In his response, the Controlling Officer submitted that DMMU was granted authority by the National Disaster Management Procurement Committee to procure face masks at K10 each and to engage any supplier willing to supply at that price.

The Controlling Officer further submitted that in order to determine the prevailing market price of the face masks, competitive quotations were obtained from various suppliers. DMMU thereafter directed all provincial offices to procure reusable face masks from any supplier willing to supply at a price of K10 per mask.

**Committee's Observations and Recommendations**

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

**k. Award of Contract for Supply and Delivery of Nasopharyngeal Swabs-K51,000,000**

**i. Questionable Shortlisting of Bidders**

In his response, the Controlling Officer submitted that the names of the two companies in question suggested that they were in construction business. This notwithstanding, the companies had experience in supplying of medical supplies as they had supplied to the Ministry of Health before and documentation was available for verification.

**Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to put measures in place which would ensure that due diligence is conducted when selecting suppliers of medical equipment. The Committee also urges the Controlling Officer to ensure that supporting documents are submitted to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

**ii. Questionable Constitution of the Evaluation Committee**

In his response, the Controlling Officer submitted that the Evaluation Committee did not comprise all relevant members, especially those with technical skills relevant to the procurement regulations. .

The Controlling Officer also submitted that, the specifications were provided by the Ministry of Health and that the goods were received and tested by the Ministry of Health before acceptance. Even though the composition of the Evaluation Committee did not fully comply with Procurement Regulation No. 64(4) of 2011, the Committee was informed that going forward, Management would ensure that evaluation committees were fully in compliance with the Public Procurement Regulation No. 64(4) of 2011.

**Committee's Observations and Recommendations**

The Committee notes, with concern, the attempt by the Controlling Officer to justify the gross violation of procurement regulations on the constitution of the Evaluation Committee. The Committee finds this unacceptable and strongly cautions the Controlling Officer to desist from this practice but ensure adherence to the regulations, as provided, without exception. The Committee also urges the Controlling Officer to submit all relevant information on this matter to the Office of the Auditor General for audit verification, subject to which the matter must close.

**iii. Failure to Pay the Supplier-K15,320,400**

In his response, the Controlling Officer submitted that the supplier had not been paid in full despite full execution of the contract due to inadequate funding. However, Management had written to the Ministry of Finance requesting for the dismantling of arrears funds to liquidate outstanding bills including the one that was in question.

**Committee's Observations and Recommendations**

The Committee notes, with concern, that the supplier was not paid despite having fully executed the contract, a situation that the Committee observes could lead to generation of interest charges,

which could be an extra drain on public resources. In this regard, the Committee urges the Controlling Officer to re-engage the Treasury on the matter and ensure that funding is secured and paid without any further delay. The Committee will await a progress report on the matter.

**l. Failure to Avail Solicitation Documents-K43,400,000**

In his response, the Controlling Officer submitted that on 19<sup>th</sup> January, 2021, the Disaster Management and Mitigation Unit requested for a “No Objection” from Zambia Public Procurement Authority (ZPPA) to deviate from using full solicitation documents and use simplified Request for Quotations (RFQs).

The Controlling Officer further submitted that Request for Quotations (RFQs) were provided and were available for verification.

The Committee was informed that an Evaluation Committee was granted authority to use simplified bidding. This meant that DMMU used Requests for Quotations and evaluated the quotations, in line with Section 110 (1) (2) (3) of Public Procurement Regulations of 2011.

**Committee’s Observations and Recommendations**

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

**m. Award of Contract for Supply and Delivery of Reusable Face Masks Lot 2-K1,000,000**

**i. Questionable Shortlisting of Bidders**

In his response, the Controlling Officer submitted that whereas the name of the company suggested that it was in the advertising business, it dealt in other supplies as per ZPPA registration. In identifying suppliers, DMMU used the database and ZPPA registration certificates, in line with Section 108 (2) (4) of the Public Procurement Regulation of 2011.

**Committee’s Observations and Recommendations**

The Committee urges the Controlling Officer to put measures in place which would ensure that due diligence is conducted when selecting suppliers of medical equipment. The Committee also urges the Controlling Officer to ensure that supporting documents are submitted to the Office of the Auditor General for audit verification subject to which, the matter must close.

**ii. Delivery Before Contract Signing**

In his response, the Controlling Officer submitted that there was pressing need for reusable face masks to be delivered to schools at the time. As a result, after the Procurement Committee approved and awarded the contract to the bidder, management decided to issue instructions to the

successful bidder to enable them deliver the 100,000 reusable face masks while they awaited clearance of the contract by Office of the Attorney General.

The Controlling Officer further submitted that payment was only made after the contract was duly signed and supporting documents were available for audit verification.

The Committee was informed that going forward, Management would endeavour to exhaust the due process of the contract approval and signing prior to receiving goods and services from suppliers.

### **Committee's Observations and Recommendations**

The Committee expresses concern at the wilful violation of the procurement procedures, and therefore, strongly cautions the Controlling Officer to desist from this practice and urges that all contract provisions with the suppliers are followed to the letter, without exception.

The Committee also urges the Controlling Officer to submit all supporting documents on this matter to the Office of the Auditor General for audit verification, subject to which, the matter must close.

#### **n. Contract for the Supply and Delivery of 200,000 Reusable Face Masks - Lot 1-K2,000,000**

##### **i. Engagement of Supplier before Incorporation of Company**

In his response, the Controlling Officer submitted that Moremo General Dealers was first registered as a Sole Trader with PACRA on 29<sup>th</sup> June, 2012.

The business converted from Sole Trader to Private Limited Company on 26<sup>th</sup> March, 2021.

The Committee was informed that, there were no restrictions as to what type of business registrations could be considered for business with the Government.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to put measures in place which would ensure that due diligence is conducted when selecting suppliers of medical equipment. The Committee also urges the Controlling Officer to ensure that supporting documents on this matter are submitted to the Office of the Auditor General for audit verification subject to which, the matter must close.

#### **ii. Delivery of Supplies before Contract Date-K2,000,000**

In his response, the Controlling Officer submitted that, there was a pressing need for reusable face masks to be delivered to schools at the time. As a result, after the procurement committee approved and awarded the contract to the bidder, Management decided to issue an instruction to successful bidders to enable them deliver the masks while they awaited clearance of the contracts by office of the Attorney General. The Controlling Officer also submitted that payment was only made after the contract was duly signed.

The Committee was informed that going forward, management would endeavour to wait for the due process of contract signing prior to receiving goods and services from suppliers.

#### **Committee's Observations and Recommendations**

The Committee expresses concern at the wilful violation of the procurement procedures, therefore, strongly cautions the Controlling Officer to desist from this practice and urges that all contract provisions with the suppliers are followed to the letter, without exception.

The Committee also urges the Controlling Officer to submit all supporting documents on this matter to the Office of the Auditor General for audit verification, subject to which, the matter must close.

**o. Delivery Prior to Signing of Contract - Supply and Delivery of Surgical Face Masks-K2,850,000**

In his response, the Controlling Officer submitted that, there was pressing need for 3-ply face masks. As a result, after the procurement committee approved and awarded the contract to the bidder, Management decided to issue an instruction to a successful bidder to deliver the masks while awaiting clearance of the contract by Office of the Attorney General.

The Controlling Officer further submitted that payment was only made after the contract was duly signed.

The Committee was informed that, going forward, Management would endeavour to wait for the due process of contract signing, prior to receiving goods and services from suppliers.

#### **Committee's Observations and Recommendations**

The Committee expresses concern at the impunity with which procurement procedures, are violated and therefore, strongly cautions the Controlling Officer to desist from this practice and urges that all contract provisions with the suppliers are followed to the letter, without exception.

The Committee also urges the Controlling Officer to submit all supporting documents on this matter to the Office of the Auditor General for audit verification, subject to which, the matter must close.

**p. Supply and Delivery of Hydrogen Peroxide-K1,283,250**

**i. Delivery Before Contract Signing**

In his response, the Controlling Officer submitted that there was pressing need for Hydrogen Peroxide for disinfection of Government office buildings. As a result, after the procurement committee approved and awarded the contract to the bidder, Management decided to issue an instruction to successful bidders to enable them deliver while they awaited clearance of the contracts by the Office of the Attorney General. The Controlling Officer also submitted that payment was only made after the contract was duly signed.

The Committee was informed that, Management going forward, would endeavour to wait for the due process of contract signing prior to receiving goods and services from suppliers.

### **Committee's Observations and Recommendations**

The Committee expresses concern at the impunity with which the procurement procedures are violated, and therefore, strongly cautions the Controlling Officer to desist from this practice and urges that all contract provisions with the suppliers are followed to the letter, without exception.

The Committee also urges the Controlling Officer to submit all supporting documents on this matter to the Office of the Auditor General for audit verification, subject to which, the matter must close.

#### **ii. Irregular Selection of Supplier**

In his response, the Controlling Officer submitted that the supplier went through all the three evaluation stages namely; preliminary, technical and commercial. Supporting documents were available for audit verification.

### **Committee's Observations and Recommendations**

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

#### **q. Outstanding Debt Arising from Supply and Delivery of Face Masks-K394,686,450**

In his response, the Controlling Officer submitted that the suppliers were not paid in full despite full execution of the contract due to inadequate funding. However, Management wrote to the Ministry of Finance and National Planning requesting for dismantling of arrears funds to liquidate outstanding bills, including the ones in question. The Controlling Officer also submitted that procurement proceedings were initiated prior to the procurement unit ensuring that funds were budgeted for.

The Committee was informed that going forward, Management would ensure that procurements were only initiated after confirmation that funds were available.

Further, management would engage ZPPA, Ministry of Finance and National Planning on the encumbrances that DMMU was facing as a result of the available legal provisions.

### **Committee's Observations and Recommendations**

The Committee expresses dismay at the failure by the Unit to avail the necessary information to the auditors at the time of the audit. The Committee, therefore, contends that the said supporting documents could have been manufactured for purposes of presenting them before the Members. In view of this, the Committee urges the Controlling Officer to institute disciplinary action against the procurement officers involved and also urges the Controlling Officer to report the matter to the appropriate investigative wings for further investigations. The Committee further urges the Controlling Officer to engage the Treasury on the unpaid outstanding bills and ensure

that suppliers are paid to avoid generation on interest charges. The Committee will await a progress report on the matter.

**r. Unaccounted - For Face Masks-K7,030,570**

In his response, the Controlling Officer submitted that disposal details for reusable face masks at Disaster Management and Mitigation Unit Headquarters, Lusaka Provincial Administration and North Western Provincial Administration, were not submitted to the auditors in time. This was because some records had not yet been submitted to the Centre by various districts.

The Controlling Officer also submitted that Lusaka Provincial Administration, through the district administration offices, engaged suppliers to supply re-usable face masks worth K526,600, which were supplied and delivered direct to the six districts namely; Lusaka, Chilanga, Kafue, Chirundu, Chongwe and Luangwa.

At the time of audit verification, the records had not yet been submitted to the Province. However, some of the records were available for audit verification.

**Committee's Observations and Recommendations**

The Committee expresses concern at the *laissez faire* attitude adopted by the Unit in accounting for procured reusable face masks. In view of this, the Committee urges the Controlling Officer to be proactive and ensure that measures are put in place to augment records management at the Unit. The Committee also urges the Controlling Officer to ensure that distribution records of face masks are availed to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

**s. Northern Province – DMMU Provincial Office**

**i. Uncompetitive Procurements – Cover Bidding-K300,000**

**• Award of Contract for the Supply and Delivery of 10,000 Face Masks**

In his response, the Controlling Officer submitted that his office sent the request for quotations to all the districts in Northern Province, through District Commissioners, to invite capable suppliers to submit their quotations for possible consideration. However, upon receipt of quotations the Procurement Unit failed to relate and note that these set of quotations coming from Mporokoso District had the same Directors. This was due to the fact that each quotation had its own unique Tax Payer Identification Number (TPIN) and all the quotations submitted were appearing under the list of suppliers in Integrated Financial Management Information System (IFMIS) and Zambia Revenue Online portal, hence treating each quotation as a separate entity.

The Committee was informed that to avoid the recurrence his office had directed the Procurement Unit to closely work with the Patents and Companies Registration Agency (PACRA) as they continued utilising their existing platforms like IFMIS and Electronic Government Procurement system.



## **Committee's Observations and Recommendations**

The Committee notes, with concern, that there was no due diligence which was conducted during the award of the contract to supply the face masks. The Committee is of the view that if due diligence was conducted, suppliers that shared the same contact persons and numbers and same directors, were going to be identified during the tender review process. In view of this, the Committee urges the Controlling Officer to ensure that due diligence is conducted during the tender approval process to avoid this occurrence. The Committee also urges the Controlling Officer to report the concerned suppliers to the ZPPA for appropriate action. The Committee further urges the Controlling Officer to submit all supporting documents to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

### **Award of Contract for the Supply and Delivery of 20,000 Face Masks-K200,000**

In his response, the Controlling Officer submitted that his Office sent the Request for Quotations to all the districts in Northern Province through District Commissioners to invite capable suppliers to submit their quotations for possible consideration. However, upon receipt of quotations, the Procurement Unit failed to relate and note that the quotations coming from Kasama District had the same directors. This was due to the fact that each quotation had its own unique Tax Payer Identification Number (TPIN) and all the quotations submitted were appearing under the list of suppliers in Integrated Financial Management Information System (IFMIS) and Zambia Revenue Online portal, hence treating each quotation as a separate entity.

The Committee was informed that to avoid the recurrence the Procurement Unit was directed to closely work with the Patents and Companies Registration Agency (PACRA), as they continued utilising their existing platforms like IFMIS and Electronic Government Procurement system (e-GP).

## **Committee's Observations and Recommendations**

The Committee notes with concern that due diligence was not conducted prior to the awarding of the contract to supply the face masks. The Committee is of the strong view that if due diligence was conducted, suppliers that shared the same contact persons and numbers; and same directors, would have been identified during the tender process. In view of this, the Committee urges the Controlling Officer to ensure that due diligence is conducted during the tender approval process to avoid this occurrence. The Committee also urges the Controlling Officer to report the concerned suppliers to the ZPPA for appropriate action. The Committee further urges the Controlling Officer to submit all supporting documents to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

### **6.3 Ministry of Health**

#### **a. Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K1,767,700,288 for pharmaceutical services was made, against which amounts totalling K1,369,700,288 were released to cater for COVID-19 related activities and other medical supplies thereby resulting in underfunding of K398,000,000 on this budget line.

In addition, amounts totalling K84,374,273 were credited to the Emergency Account thereby bringing the total available funds relating to COVID-19 to K1,454,074,561. See table 1 below.

**Table 1: Total Available Funds**

No.	Source	Amount K
1	Treasury	1,369,700,288
2	DMMU	83,744,000
3	Various	630,273
	<b>Total</b>	<b>1,454,074,561</b>

As at 31<sup>st</sup>December 2020, amounts totalling K1,369,700,288 had been spent.

**b. Procurement Matters**

**i. Questionable Continued Use of Authority from ZPPA**

In his response, the Controlling Officer submitted that all procurements were done using the authority which was granted by the Zambia Public Procurement Authority (ZPPA). Further, the ZPPA continuously monitored the situation to evaluate and assess the application of the granted authority.

The Controlling Officer also submitted that, it was widely known that the COVID-19 Pandemic had never ceased to be an emergency because the virus had continued to evolve. Considering the pandemic, on 4<sup>th</sup> June, 2021, ZPPA extended the authority for another year.

Nevertheless, the ZPPA authority stated above was carefully applied in the year 2021. Supporting documents were available for audit verification.

**Committee’s Observations and Recommendations**

The Committee observes, with concern, that the procurements at the Ministry of Health were being conducted outside the procurement regulations and based on an expired authority from the ZPPA. The Committee, therefore, urges the Controlling Officer to desist from the practice and institute necessary disciplinary action against all the procurement officers for the violation of the procedures with impunity. The Committee also urges the Controlling Officer to develop a COVID-19 Emergency Response Plan which should be a basis for procurement of COVID-19 materials. The Committee will await a progress report on the matter.

**ii. Lack of Transparency in the Invitation for Request for Quotations- K1,324,850,970**

In his response, the Controlling Officer submitted that there were some suppliers who were awarded more than one contract due to the fact that the instructions issued to the bidders did not limit the number of contracts to be awarded to successful bidders.

The Controlling Officer also submitted that when responding to the emergency of COVID-19 magnitude and considering the global market distortions caused by the lockdowns, walk in

clients were considered for the supply and delivery of COVID-19 commodities, which were critically and urgently required and the suppliers in question had them readily available. The Controlling Officer stressed that transparency and accountability should never have been compromised at all costs and that the observations made by the Auditor General led them to question on how transparent the processes were and for those accountable, disciplinary actions were taken against them.

### **Committee's Observations and Recommendations**

The Committee finds it unacceptable that the provisions of the *Public Procurement Act, No.12 of 2008*, were violated with impunity. The Committee, therefore, urges the Controlling Officer to report all the involved officers to relevant investigative agencies, for failure to follow procurement procedures. The Committee will await a progress report on the matter.

#### **iii. Questionable Identification of Suppliers- K344,900,000**

In his response, the Controlling Officer submitted that the observations made by the Auditor General were part of the issues raised in questioning the integrity of the procurement process, and those that were found wanting in the process were subjected to disciplinary actions. Nevertheless, their choice of suppliers was not based on the name of the supplier but on PACRA Certificate of Incorporation, valid tax clearance certificate and other terms which made them eligible to participate.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to put measures in place which would ensure that due diligence is conducted when selecting suppliers of medical equipment, going forward. The Committee also urges the Controlling Officer to ensure that supporting documents are submitted to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

#### **iv. Supply and delivery of KN-95 Face Masks and 3-ply Disposable Surgical Face Masks- K210,200,000**

##### **• Failure to Provide Performance Security Documents- K209,900,000**

In his response, the Controlling Officer submitted that lapses were present in contract management by the Ministry and disciplinary actions such as, termination of contracts, demotions and transfers were instituted against the concerned officers.

The Controlling Officer also submitted that despite failure to provide the performance security as provided for in the contract, the suppliers managed to deliver the goods in full and within the contract period. Further, Management had continued to insist to all eligible suppliers in such dealings to provide the performance security as a requirement.

### **Committee's Observations and Recommendations**

The Committee expresses concern at the *laissez faire* attitude adopted by the Ministry during the procurement process, especially that performance security was not provided by ten suppliers to

secure their obligations to fulfil the contract, posing the risk of loss of public funds. The Committee finds this unacceptable and urges the Controlling Officer to ensure that all suppliers to provide performance security during the procurement process as mandated by the *Zambia Public Procurement Act, No.12 of 2008*. The Committee also urges the Controlling Officer to submit all supporting documents on this matter to the Office of the Auditor General for audit verification, subject to which, the matter must close.

- **Failure to Claim Liquidated Damages**

In his response, the Controlling Officer submitted that there were lapses in the administration of contracts. This was caused by the lack of appointment of contract managers.

The Controlling Officer also submitted that disciplinary actions had been taken against the officers concerned.

The Committee was informed that in view of the foregoing, the Ministry had put a system in place to ensure that contract managers were appointed for each contract awarded to look into the management of contracts and ensure proper execution and adherence to all contract provisions to avoid such irregularities.

#### **Committee's Observations and Recommendations**

The Committee finds it unacceptable that the Ministry failed to claim liquidated damages from suppliers as provided for in the contracts, attributing it to poor contract management. The Committee urges the Controlling Officer to desist from this *laissez faire* attitude adopted by the Ministry and ensure that all contract provisions with the suppliers are followed to the letter, without exception. The Committee also urges the Controlling Officer to ensure that appropriate contract managers are appointed on all the contracts before execution. The Committee further urges the Controlling Officer to submit all supporting documents on this matter to the Office of the Auditor General for audit verification, subject to which, the matter must close.

- **Irregular Bid Responsiveness- K13,250,000**

In his response, the Controlling Officer submitted that indeed there were irregularities in the evaluation and award of contracts and that the Ministry took responsibility and acted swiftly in meting out disciplinary action against the concerned officers.

The Committee was informed that the Ministry had further put a system in place to ensure that the Procurement Unit conducted thorough assessment of quotations and all relevant attachments to ensure that no contracts were awarded to bidders not meeting the requirements.

#### **Committee's Observations and Recommendations**

The Committee expresses concern at the impunity with which procurement procedures are violated and observes that this is due to the *laissez faire* attitude adopted by the Ministry during the procurement process. However, the Committee urges the Controlling Officer to submit all supporting documents on this matter to the Office of the Auditor General for audit verification, subject to which, the matter must close.

- **Questionable Change of Delivery Terms**

In his response, the Controlling Officer submitted that the instructions to bidders were that the highest weighting would be given to the bidder with ex-stock and if there were no quantities available (ex-stock), the priority was to be given to the suppliers with superior delivery periods. Therefore, the contract delivery terms did not change but were as stipulated in the purchase enquiry.

The purchase enquiry with the said instructions was available for verification.

#### **Committee's Observations and Recommendations**

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

- **Cover Bidding – Unfair and Uncompetitive Procurements- K5,000,000**

In his response, the Controlling Officer submitted that the failure to point out anomalies by the Evaluation Team, even in the presence of an astronomic frequency of MPCs and excessive pressure for medical and surgical commodities in the midst of a pandemic, was unfortunate. This omission on the part of the Evaluation Team justified the actions taken by the Ministry to terminate employment contracts, demotions and transfers of involved officers.

The Committee was informed that the Ministry had since put a system in place where bidders were required to sign a non-collusion clause and certificate of independent bids to discourage suppliers against agreeing with rivals to submit cover bids and other cartel activities.

#### **Committee's Observations and Recommendations**

The Committee notes, with concern, that some of the officers reported to be involved in the unfair and uncompetitive procurement practices, a move which is contrary to the procurement regulations, were transferred to other ministries of government. The Committee observes that this act is tantamount to transferring a problem from one ministry to the other. The Committee, therefore, urges the Controlling Officer to ensure that due diligence is conducted by way of following all the disciplinary procedures. The Committee also urges the Controlling Officer to report the concerned suppliers to the ZPPA for appropriate action. The Committee further urges the Controlling Officer to submit all supporting documents to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

- **Hebrizzy Construction and General Dealers Limited**

The Controlling Officer submitted that approval should have been sought from the Ministerial Procurement Committee prior to substitution of the products for the reason that at the time of receiving masks, the N-95 and KN-95 face masks were considered as equivalent and thus acceptable.

The Controlling Officer also submitted that the description N-95 Face Mask was being used in contracts to denote masks that could filter at least 95 percent of airborne particles. The N-95 Face Masks were only manufactured in the United States of America. However, there were many other types of face masks manufactured in other parts of the world that could filter at least 95 percent of airborne particles. Therefore, the description N-95 Face Mask was at the time used in most contracts only as a benchmark and KN-95 were accepted at the time when the Ministry had a critical shortage of the medical masks in the health facilities. However, the debate on this matter had brought out the fact that, whereas in terms of particle filtration N-95 and KN-95 may have similar qualities, the price and other parameters may not have been the same.

In this regard, the Controlling Officer submitted that the Ministry made follow ups to establish the actual cost of importing the KN-95, but the efforts seemed futile due to the volatility of the global market during the first wave of the pandemic, when the whole world experienced lockdowns.

The Committee was informed that the Ministry sought for Attorney General's opinion on the matter and was advised that because the goods were received, accepted and utilised by the Ministry and Goods Acceptance Certificates issued, the Ministry was liable to pay the suppliers regardless. However, disciplinary action was taken against the erring officers.

#### **Committee's Observations and Recommendations**

The Committee expresses concern at the *laissez faire* attitude adopted by the Ministry officials in receiving materials contrary to specifications, a move which is fraudulent and suspicious. In view of this, the Committee urges the Controlling Officer to report the involved suppliers to the ZPPA for appropriate action. The Committee also urges the Controlling Officer to ensure that the actual cost of N-95 is established against KN-95, so that the difference is paid back by the suppliers without fail. The Committee will await a progress report on the matter.

#### **v. Contract for the Supply and Delivery of Personal Protective Equipment-N-95 Respiratory Face Masks-US\$211,479 (K3,478,605)**

##### **• Questionable Identification of Supplier**

In his response, the Controlling Officer submitted that during the response to an emergency of the COVID-19 magnitude, especially with the global market faced with lockdowns, walk in suppliers were considered for the supply and delivery of commodities, which were critically and urgently required, as long as they demonstrated capacity to deliver. Most of the suppliers in question had these items readily available which was the main and most important prerequisite.

#### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to put measures in place which will ensure that due diligence is conducted when selecting suppliers of medical equipment, going forward. The Committee also urges the Controlling Officer to ensure that supporting documents on this matter are submitted to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

- **Lack of Competition in the Procurement of Masks-US\$250,000**

In his response, the Controlling Officer acknowledged the irregularity and submitted that there was need to subject the procurement to competition in order to obtain value for money. However, disciplinary actions were taken against the concerned officers, leading to termination of employment contracts, demotions and transfers.

The Committee was informed that the Ministry had since put in place measures to ensure adherence to competitive methods of procurements.

#### **Committee's Observations and Recommendations**

The Committee finds it unacceptable that public procurement regulations are being violated with impunity. The Committee, therefore, urges the Controlling Officer to report all the involved officers to the relevant investigative agencies, for failure to follow procurement procedures. The Committee will await a progress report on the matter.

- **Delivery of Goods before Signing of Contract-US\$39,900**

In his response, the Controlling Officer submitted that the anomalies resulted in a number of disciplinary actions being taken against the concerned officers, leading to termination of employment, demotions and transfers.

The Committee was informed that the Ministry had since put in place measures to ensure non-recurrence of such.

#### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to desist from this *laissez faire* attitude adopted by the Ministry and ensure that all contract provisions with the suppliers are followed to the letter, without exception. The Committee also urges the Controlling Officer to ensure that appropriate contract managers are appointed on all the contracts before execution. The Committee further urges the Controlling Officer to submit all supporting documents on this matter to the Office of the Auditor General for audit verification, subject to which, the matter must close.

vi. **Contract for the Supply and Delivery of COVID-19 PCR Test Kits and Humidifiers -US\$456,558.96 (K8,430,498.10)**

- **Questionable Identification of Supplier**

In his response, the Controlling Officer submitted that during the response to an emergency of the COVID-19 magnitude, especially with the global market faced with lockdowns, walk-In suppliers were considered for the supply and delivery of commodities which were critically and urgently required and most of the suppliers in question, had these items readily available which was the main and most important prerequisite.

The Controlling Officer also submitted that the high demand for commodities associated with COVID-19 made several vendors, ordinarily associated with other commodities, to build

capacity and seize the opportunity that lay before them. However, the Committee was informed that officers that committed the omission and identified by the Auditor General were appropriately dealt with.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to put measures in place which will ensure that due diligence is conducted when selecting suppliers of medical equipment, going forward. The Committee also urges the Controlling Officer to ensure that supporting documents on this matter are submitted to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

- **Uncompetitive Procurement**

In his response, the Controlling Officer submitted that there was need to subject the procurement process to competition in order to obtain value for money. For this reason, disciplinary actions were taken against the concerned officers.

The Committee was informed that the Ministry had strengthened the system to ensure adherence to competitive methods of procurements. This had been done by:

- i. running of tenders through the Electronic Government System (e-GP);
- ii. ensuring adequate representation in the procurement evaluation committees; and
- iii. placing emphasis on signed documentation.

### **Committee's Observations and Recommendations**

The Committee finds it unacceptable that public procurement regulations are being violated with impunity. The Committee, therefore, urges the Controlling Officer to report all the involved officers to the relevant investigative agencies, for failure to follow procurement procedures. The Committee will await a progress report on the matter.

- **Undelivered Goods-US\$2,374,800**

In his response, the Controlling Officer submitted that the failure by the supplier to deliver the goods in full was attributed to the Ministry's failure to pay the 25 percent contract advance in full. However, despite the failure by the Government to meet its obligation, the supplier managed to deliver almost 37 percent of the Consignment.

The Controlling Officer also submitted that on 5<sup>th</sup> May, 2020, the Ministry requested the supplier to show cause why clause 23.1 could not be invoked for failure to deliver the consignment in full. However, the Supplier cited non-payment of 25 percent advance payment and non-settlement of earlier invoices as the reason for the inability to deliver the commodities in full.

The Committee was informed that the Ministry was following up with the Treasury for funding to settle the debt. Supporting documents were available for verification.



### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to re-engage the Secretary to the Treasury on the required funding and ensure that once the supplier is paid all contract obligations are fulfilled by the supplier. The Committee will await a progress report on the matter.

#### **vii. Contract for the Supply and Delivery of Surgical Face Masks-K45,500,000**

- **Questionable Identification of Supplier**

In his response, the Controlling Officer submitted that during the response to an emergency of the COVID-19 magnitude, especially with the global market faced with lockdowns, walk in suppliers were considered for the supply and delivery of commodities which were critically and urgently required. The high demand for commodities associated with COVID-19 made several vendors, ordinarily associated with other commodities, to build capacity and seize the opportunity that lay before them. However, the officers that committed the omission and identified by the Auditor General were appropriately dealt with.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to put measures in place which would ensure that due diligence is conducted when selecting suppliers of medical equipment, going forward. The Committee also urges the Controlling Officer to ensure that supporting documents on this matter are submitted to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

- **Failure to Claim Liquidated Damages**

In his response, the Controlling Officer submitted that such was part of the lapses identified in the administration of contracts, including appointment of contract managers. In view of this, disciplinary actions were, therefore, taken against the concerned officers, leading to termination of employment contracts, demotions and transfers.

The Committee was informed that the Ministry had put a system in place to ensure that the contract managers were appointed for each contract awarded to look into the management of contracts and ensure proper execution and adherence to all contract provisions.

### **Committee's Observations and Recommendations**

The Committee finds it unacceptable that the Ministry failed to claim liquidated damages from suppliers as provided in the contracts, attributing it to poor contract management. The Committee urges the Controlling Officer to desist from this *laissez faire* attitude adopted by the Ministry and ensure that all contract provisions with the suppliers are followed to the letter, without exception. The Committee also urges the Controlling Officer to ensure that appropriate contract managers are appointed on all the contracts before execution. The Committee further urges the Controlling Officer to submit all supporting documents on this matter to the Office of the Auditor General for audit verification, subject to which, the matter must close.

- **Failure to Pay Supplier-K20,000,000**

In his response, the Controlling Officer submitted that non-payment was due to inadequate funding from the Ministry of Finance, which was attributable to the fiscal challenges that the nation experienced in the period under review.

The Controlling Officer also submitted that in 2021, the Treasury released funds and was ready to release more to enable the Ministry of Health settle some of the debt, including the ones cited in the Report. However, verification of the debt stock took longer as a result part of the money was transferred to Zambia Medicines and Medical Supplies Agency (ZAMMSA), to support fresh procurement of drugs. The opportunity to receive more was also lost as a result.

### **Committee's Observations and Recommendations**

The Committee notes, with concern, that K20,000,000 was not paid to the supplier, thirteen months after the submission of an Invoice, a situation that could lead to generation of interest charges which could be a drain of public resources. In this regard, the Committee urges the Controlling Officer to re-engage the Treasury on the matter and ensure that funding is secured and paid without any further delay. The Committee will await a progress report on the matter.

### **viii. Supply and Delivery of Specialised Medical Equipment-K20,750,000**

- **Questionable Justification for Direct Bidding the Supplier**

In his response, the Controlling Officer submitted that the Direct Bidding was based on the fact that the Ministerial Procurement Committee, at its 13<sup>th</sup> meeting of 2020, approved the procurement of ten ventilators from Nsochita General Contractors and Suppliers Limited. For continuity and standardisation, the Ministry decided to Direct Bid Nsochita General Contractors and Suppliers and had to fall back on Section 32(2) of the *Zambia Public Procurement Act, No. 12 of 2008*, which provided that Direct Bidding may be used where; (c) additional goods, works or services must be procured from the same source because of the need for compatibility, standardisation or continuity.

### **Committee's Observations and Recommendations**

The Committee expresses concern at the violation of the Public Procurement Regulation No.39, with impunity. The Committee finds this unacceptable and urges the Controlling Officer to enhance the procurement management processes of the Ministry in order to avert, this irregularity. The Committee will await a progress report on the matter.

### **Issuance of Addendum on an Expired Contract**

In his response, the Controlling Officer submitted that the delivery was not done within the agreed period of thirty to forty-five days due to the process of specification amendments and that in the letter dated 21<sup>st</sup> May, 2020, Nsochita General Contractors and Suppliers Limited requested to substitute the SynoVent E3 Ventilators with the more versatile Sepray OH-70C in view of the exponential rise in demand for Ventilators. In the same letter, Nsochita General Contractors and Suppliers Limited proposed to increase the quantity of Ventilators from fifty to sixty due to a change in specifications.

According to the letter, the Sepray OH-70C Ventilator had been used and recommended for treatment of COVID-19 as it was non-invasive and provided high flow oxygen therapy with an additional humidifier function.

The Director for Clinical Care and Diagnostic Services, in a memo dated 22<sup>nd</sup> May, 2020, consented to the recommendation from Nsochita General Contractors and Suppliers Limited.

Further in a letter dated 28<sup>th</sup> May, 2020, the Director for Clinical Care and Diagnostic Services (DCCDS) submitted a technical report on the proposed alternative, namely Sepray OH-70C. The technical report was in favour of the alternative.

The Committee was informed that an addendum to enable an amendment to the contract was presented in the Ministerial Procurement Committee (Minutes MPC Paper No. 211) and approval from the Ministry of Justice was sought.

The Committee was also informed that supporting documents were available for audit verification.

### **Committee's Observations and Recommendations**

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

#### **ix. Supply and Delivery of Laboratory Consumables - K919,640**

##### **Questionable Survey of Suppliers**

In his response, the Controlling Officer submitted that the market and players therein, for laboratory consumables was very well known to the Ministry of Health. However, non-production of reports to support procurement decisions was a lapse and as mentioned in many parts of the submission, such were some of the anomalies that informed the disciplinary actions that were taken.

The Committee was informed that a system had been put in place to ensure that survey reports were generated to support such decisions.

##### **Committee's Observations and Recommendations**

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

##### **Questionable Identification of Supplier**

In his response, the Controlling Officer submitted that the Ministry had been dealing with FOBS Scientific Limited in the supply and delivery of laboratory consumables and laboratory

equipment even before COVID-19 outbreak. The supplier was, therefore, well known to the Ministry in that regard.

### **Committee’s Observations and Recommendations**

The Committee urges the Controlling Officer to put measures in place to ensure that due diligence is conducted when selecting suppliers of medical equipment, going forward. The Committee also urges the Controlling Officer to ensure that supporting documents on this matter are submitted to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

### **Questionable Justification for Direct Selection**

In his response, the Controlling Officer submitted that despite the reported delay, the supplier managed to deliver within the reasonably acceptable period, which implied that the items were actually ex-stock.

### **Committee’s Observations and Recommendations**

The Committee observes, with concern, the lack of adherence to the contract obligations by the Ministry and the supplier and therefore, sternly warns the Controlling Officer for the omission. The Committee also urges the Controlling Officer to ensure that all supporting documents are submitted to the Office of the Auditor General for audit verification, subject to which the matter must close.

### **Irregular Payment of Supplier - K919,640**

In his response, the Controlling Officer submitted that the payment was only made after the full delivery of the consignment by FOBS Scientific. The details of the deliveries were indicated in the table below:

<b>Date</b>	<b>QTY Received 1000s 960s</b>		<b>Delivery Note</b>	<b>GRN</b>	<b>Received by</b>
01.06.2020	30	80	1426	1470	ZNPFI
03.06.2020	10	10	1448	1490	ZNPFI
05.06.2020	77	70	1451	2672	ZAMMSA
<b>Total</b>	<b>117</b>	<b>160</b>			

The Committee was informed that supporting documents were available for audit verification.

### **Committee’s Observations and Recommendations**

The Committee observes that this information should have been made available to the auditors at the time of the audit. In view of this, the Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail the information and supporting documents during the audit process. The Committee also urges the Controlling Officer to submit all

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

**x. Supply and Delivery of Specialised Medical Equipment-K10,900,500**

**Failure to Provide Pre-Evaluation Information**

In his response, the Controlling Officer submitted that all the suppliers quoted did not submit evidence of warranty, after sale support and manufacturers authorisations as per enquiry. Therefore, these omissions too were part of the anomalies that led to the disciplinary actions meted out on some of the Ministry officials.

**Committee's Observations and Recommendations**

The Committee observes, with concern, the lack of adherence to the laid down procurement procedures by the Ministry and therefore, sternly warns the Controlling Officer for the omission. The Committee, therefore, urges the Controlling Officer to put measures in place which will avert the non-adherence to the procurement procedures. The Committee also urges the Controlling Officer to ensure that all supporting documents including disciplinary measures taken are submitted to the Office of the Auditor General for audit verification, subject to which the matter must close.

**Failure to Conduct Technical Evaluation**

In his response, the Controlling Officer submitted that whilst there could have been an omission of names of the officers who provided their technical input, the procurement of equipment was done in consultation with the relevant departments responsible to ensure that the correct items were delivered. Even though this was so, there were disciplinary actions taken against the concerned officers, leading to termination of employment contracts, demotions and transfers.

**Committee's Observations and Recommendations**

The Committee expresses concern at the *laissez faire* attitude adopted by the Ministry, conducting technical evaluations, before the procurement of critical specialised medical equipment. The Committee observes that this attitude could lead to wasteful expenditure as equipment procured may not serve its purpose and, in some instances, could lead to loss of lives. In view of this, the Committee urges the Controlling Officer to be proactive and ensure that due diligence is conducted during the procurement of specialised medical equipment. The Committee also urges the Controlling Officer to avail all supporting documents on this matter to the Office of the Auditor General for audit verification subject to which the matter must close.

**Questionable Identification of Supplier**

In his response, the Controlling Officer submitted that the main criteria used in the evaluation of the procurements in question was not the name of the supplier but the PACRA Certificate of Incorporation, valid Tax Clearance Certificate, and other terms which made the company eligible to participate and also the high demand for commodities associated with COVID-19 made several vendors who were ordinarily associated with other commodities, to build capacity and seize the opportunity that laid before them.

The Committee was informed that the erring officers were appropriately dealt with.

### **Committee’s Observations and Recommendations**

The Committee urges the Controlling Officer to put measures in place to ensure that due diligence is conducted when selecting suppliers of medical equipment. The Committee also urges the Controlling Officer to ensure that supporting documents on this matter are submitted to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

#### **Failure to Claim Liquidated Damages**

In his response, the Controlling Officer submitted that such were part of the lapses identified in the administration of contracts, mainly attributable to failure to appoint contract managers. Therefore, disciplinary actions were meted out on the concerned officers.

The Committee was informed that the Ministry had put in place a system to ensure that contract managers were appointed to ensure proper execution and adherence to all contract provisions.

### **Committee’s Observations and Recommendations**

The Committee finds it unacceptable that the Ministry failed to claim liquidated damages from suppliers as provided for in the contracts, attributing it to poor contract management. The Committee urges the Controlling Officer to desist from this *laissez faire* attitude adopted by the Ministry and ensure that all contract provisions with the suppliers are followed to the letter, without exception. The Committee also urges the Controlling Officer to ensure that appropriate contract managers are appointed on all the contracts before execution. The Committee further urges the Controlling Officer to submit all supporting documents on this matter to the Office of the Auditor General for audit verification, subject to which, the matter must close.

#### **Payment for Undelivered Equipment-K2, 366,100**

In his response, the Controlling Officer submitted that the accessories valued K810,000 had not been delivered. However, the invoices received from the Supplier and paid for by the Ministry did not include the said undelivered items. See contract execution details in the table below:

<b>ITEM</b>	<b>DATE</b>	<b>DETAILS</b>	<b>DEBIT</b>	<b>CREDIT</b>
1.	09.04.2020	Invoice 238	5, 162 400	
2.	21.04.2020	Invoice 240	1, 107 000	
3.	13.07.2020	Payment-Treasury Single Account Drug 19/20		6, 269 400
4.	13.07.2020	Invoice 265	2, 265 000	
5.	30.07.2020	Payment-Treasury Single		2, 265 000

		Account Drug 19/20		
		<b>Totals</b>	<b>8, 534 400</b>	<b>8, 534 400</b>

Execution details of contract No. MOH/SP/COVID-19/002/20-04

Therefore, the Ministry only paid for the delivered goods. However, the reconciliation revealed that the 25 percent advance payment of K2,366,100 had not been established when the invoices were settled.

The Committee was informed that the overpayment of K2,366,100 had been recovered against the outstanding amounts that the Ministry still owed the supplier and accordingly the supplier accepted and confirmed.

The Committee was informed that supporting documents were available for audit verification.

### **Committee’s Observations and Recommendations**

The Committee expresses concern that supporting documents on this matter could not be availed to the auditors at the time of the audit. The Committee is of the view that this puts in questions the authenticity of the available documents. In view of this, the Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail supporting evidence to the auditors at the time of the audit. The Committee also urges the Controlling Officer to avail the supporting documents to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

#### **xi. Overpayment due to Product Substitution-K64,839,700**

In his response, the Controlling Officer submitted that the understanding at the time of receiving the masks was that N-95 and KN-95 face masks were considered as equivalent and that the KN-95 face masks were accepted at the time when the Ministry had a critical shortage of the medical masks in health facilities.

However, the debate over this matter had brought out the fact that, whereas in terms of particle filtration, N-95 and KN-95 may have the similar qualities, the price and other parameters may not have been the same. The Ministry made follow ups but efforts to establish the actual cost of importing the KN-95 proved futile due to the volatility of the global market during the first wave of the pandemic, when the whole world experienced lockdowns.

The Committee was informed that, Management decided to seek the Attorney General’s opinion on the matter. The Attorney General advised that the fact that the goods were received, accepted and utilised by the Ministry, which even issued Goods Acceptance Certificates, the Ministry was liable to pay the suppliers. Furthermore, despite the explanations given, disciplinary actions were meted out against the concerned officers, leading to termination of employment contract, demotions and transfers.

## **Committee's Observations and Recommendations**

The Committee expresses concern at the *laissez faire* attitude adopted by the Ministry officials in receiving materials contrary to specifications, a move which the Committee deems fraudulent and suspicious. In view of this, the Committee urges the Controlling Officer to report the involved suppliers to the ZPPA for appropriate action. The Committee also urges the Controlling Officer to ensure that the actual cost of N-95 is established against KN-95, so that the difference is paid back by the suppliers without fail. The Committee will await a progress report on the matter.

### **xii. Contract for Supply and Delivery of Portable Immune Analysers (WIZ-A1010) with Covid Testing Reagents-K42,280,000**

#### **Questionable Identification of Supplier**

In his response, the Controlling Officer submitted that during the response to an emergency of the COVID-19 magnitude, especially with the global market faced with lockdowns, walk in clients were considered for the supply and delivery of commodities which were critically and urgently required.

The Controlling Officer also submitted that the high demand for commodities associated with COVID-19 made several vendors, ordinarily associated with other commodities, to build capacity and seize the opportunity that was laid before them. However, the erring officers on this matter were appropriately dealt with.

## **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to put measures in place to ensure that due diligence is conducted when selecting suppliers of medical equipment. The Committee also urges the Controlling Officer to ensure that supporting documents on this matter are submitted to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

#### **Cover Bidding – Unfair and Uncompetitive Procurements**

In his response, the Controlling Officer submitted that despite the astronomic frequency of MPCs and excessive pressure for medical and surgical commodities in the midst of a pandemic, the evaluation team should have pointed out these anomalies. The omissions on the part of the evaluation committee led to disciplinary action meted out by the Ministry on the erring officers, such as termination of employment contracts, demotions and transfers.

The Committee was informed that the Ministry of Health had since put a system in place which compelled bidders to sign a non-collusion clause and certificate of independent bids to discourage suppliers against agreeing with rivals to submit cover bids and other cartel activities.

## **Committee's Observations and Recommendations**

The Committee notes, with concern, that the tendency by some being that some of the officers reported to be involved in the unfair and uncompetitive procurement practices, a move which is



contrary to the procurement regulations, was transferred to other ministries of Government. The Committee observes that this act is tantamount to transferring a problem from one ministry to the other. The Committee, therefore, urges the Controlling Officer to ensure that due diligence is conducted by way of following all the disciplinary procedures. The Committee also urges the Controlling Officer to report the concerned suppliers to the ZPPA for appropriate action. The Committee further urges the Controlling Officer to submit all supporting documents to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

### **Irregular Variation of Contract-K87,000,000**

In his response, the Controlling Officer submitted that the 300,000 testing reagents costing K87,000,000 were procured together with the thirty-portable immune analysers as these machines could not have functioned without the testing reagents and these were subjected to competition as three quotations were obtained.

The Committee was informed that supporting documents were available for audit verification.

### **Committee's Observations and Recommendations**

The Committee expresses concern that supporting documents on this matter could not be availed to the auditors at the time of the audit. The Committee is of the view that this question put in the authenticity of the available documents. In view of this, the Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail supporting evidence to the auditors at the time of the audit. The Committee also urges the Controlling Officer to avail the supporting documents to the Office of the Auditor General for audit verification.

### **xiii. Contract for Supply and Delivery of SAR-Cov-2 Nucleic Acid Detection Kits-K9,435,000**

#### **Questionable Identification of Supplier**

In his response, the Controlling Officer submitted that during the response to an emergency of COVID-19 magnitude, especially with the global market faced with lockdowns, walk in clients were considered for the supply and delivery of commodities which were critically and urgently required.

The Controlling Officer also submitted that the high demand for commodities associated with COVID-19 made several vendors ordinarily associated with other commodities, to build capacity and seize the opportunity that laid before them. However, the erring officers were appropriately dealt with.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to put measures in place to ensure that due diligence is conducted when selecting suppliers of medical equipment. The Committee also urges the Controlling Officer to ensure that supporting documents, including evidence of

disciplinary action taken on this matter are submitted to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

### **Cover Bidding – Unfair and Uncompetitive Procurements**

In his response, the Controlling Officer submitted that, despite the astronomic frequency of MPCs and excessive pressure for medical and surgical commodities in the midst of a pandemic, the evaluation team should have pointed out these anomalies. This omission on the part of the evaluation committee justified the actions taken by the Ministry of Health to terminate contracts of employment, demotions and transfer of the concerned officers.

The Committee was informed that the Ministry of Health had since put a system in place which compelled bidders to sign a non-collusion clause and certificate of independent bids to discourage suppliers against agreeing with rivals to submit cover bids and other cartel activities.

### **Committee’s Observations and Recommendations**

The Committee notes, with concern, that some of the officers who were involved in unfair and uncompetitive procurement practices were transferred to other ministries of Government, a move which is contrary to the procurement regulations. The Committee finds this tendency unacceptable and retrogressive as it is tantamount to transferring a problem from one ministry to the other. The Committee, therefore, urges the Controlling Officer to ensure that the correct disciplinary action is taken against erring officers. The Committee also urges the Controlling Officer to report the concerned suppliers to the ZPPA for appropriate action. The Committee further urges the Controlling Officer to submit all supporting documents to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

### **Delivery of Supplies before Contract Date-K9,435,000**

In his response, the Controlling officer submitted that indeed the delivery was made as the procurement process was on going. This was to mitigate the risk of losing lives during the crises.

However, the Controlling Officer acknowledged that there could have been a better way of dealing with the circumstance without flouting the procurement procedures.

The Committee was informed that disciplinary action was instituted against officers that were behind these anomalies.

### **Committee’s Observations and Recommendations**

The Committee urges the Controlling Officer to desist from this *laissez faire* attitude adopted by the Ministry and ensure that all contract provisions with the suppliers are followed to the letter, without exception. The Committee also urges the Controlling Officer to ensure that appropriate contract managers are appointed on all the contracts before execution. The Committee further urges the Controlling Officer to submit all supporting documents on this matter to the Office of the Auditor General for audit verification, subject to which, the matter must close.

**xiv. Contract for Supply and Delivery of Gloves and Thermometers - Delivery of Different Specification-K32,500,000**

- **Questionable Identification of Supplier**

In his response, the Controlling Officer submitted that during the response to an emergency of COVID-19 magnitude, especially with the global market faced with lockdowns, walk in clients were considered for the supply and delivery of commodities which were critically and urgently required.

The Controlling Officer also submitted that the high demand for commodities associated with COVID-19 made several vendors, ordinarily associated with other commodities, to build capacity and seize the opportunity that laid before them. Even though this was so, the erring officers were appropriately dealt with.

**Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to put measures in place to ensure that due diligence is conducted when selecting suppliers of medical equipment. The Committee also urges the Controlling Officer to ensure that supporting documents on this matter are submitted to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

- **Non-delivery of Nitrile Inspection Gloves**

In his response, the Controlling Officer submitted that ZAMMSA noted the anomaly and issued a Discrepancy Report with regards to the delivery of Latex Gloves instead of Nitrile Gloves. However, the Ministry decided to utilise the items as they were needed the most before the supplier could collect them. Therefore, the supplier issued an invoice using the correct price of K225 per unit.

The Committee was informed that the acceptance of goods without variation of contract was part of the anomalies identified in the entire management of COVID-19 resources, which pointed out the disciplinary actions that took place.

**Committee's Observations and Recommendations**

The Committee expresses displeasure at the non-adherence to the contract provisions by the supplier and the Ministry on the supply and delivery of gloves. Therefore, the Committee sternly warns the Controlling Officer to desist from this practice and ensure that measures are put in place to avert this practice. The Committee also urges the Controlling Officer to ensure that appropriate remedial measures are taken so that the appropriate gloves are delivered without undue delay. The Committee will await a progress report on the matter.

**xv. Delayed Deliveries of Medical Supplies – Various Contracts- K20,884,835**

In his response, the Controlling Officer submitted that the suppliers were indeed in default of the contract terms. It was, however, submitted that this was mainly due to the Government's inability to pay 25 percent advance payment, in line with the contractual provisions.

The Committee was informed that despite the failure by the Ministry to honour its obligations, the suppliers managed to deliver 53 percent and 94 percent of the Kwacha and United States Dollar contract values, respectively, as at the time of the audit. The Committee was also informed that suppliers were still owed huge sums of money.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to engage the Secretary to the Treasury on the required funding and ensure that once the suppliers are paid all contract obligations are fulfilled by the suppliers without any further delay. The Committee will await a progress report on the matter.

#### **xvi. Contract for Supply and Delivery of Specialised Medical Equipment**

- **Questionable Identification of Supplier**

In his response, the Controlling Officer submitted that during the response to an emergency of the COVID-19 magnitude, especially with the global market faced with lockdowns, walk in clients were considered for the supply and delivery of commodities which were critically and urgently required.

Furthermore, the high demand for commodities associated with COVID-19 made several vendors, ordinarily associated with other commodities, to build capacity and seize the opportunity that lay before them. However, the erring officers were appropriately dealt with.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to put measures in place to ensure that due diligence is conducted when selecting suppliers of medical equipment. The Committee also urges the Controlling Officer to ensure that supporting documents on this matter are submitted to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

- **Failure to Pay the Supplier-US\$1,125,000**

In his response, the Controlling Officer submitted that the non-payment was due to inadequate funding from Ministry of Finance, which was attributed to the fiscal challenges the Country experienced during the period under review.

The Committee was informed that the Treasury was ready to fund the Ministry of Health with sufficient money to settle some of the debt such as this one. However, verification of the debt stock took long. As a result, part of the money was transferred to Zambia Medicines and Medical Supplies Agency (ZAMMSA) to support fresh procurements of drugs. The opportunity to receive more funding was also lost, as a result.

### **Committee's Observations and Recommendations**

The Committee notes with concern the delay by the Ministry to pay the said supplier, after delivering the requisite medical equipment, a situation that had the potential to lead to generation

of interest charges which could be a drain of public resources. In this regard, the Committee urges the Controlling Officer to engage the Treasury on the matter and ensure that funding is secured and paid without any further delay. The Committee will await a progress report on the matter.

- **Supply of Faulty Ventilators (VG70 ICU Ventilators)**

- *Oxygen Sensor Failure*
- *Limited Functionalities*

In his response, the Controlling Officer submitted that ventilators were according to specifications. However, the issue was lack of training which the supplier could not provide as the manufacturing engineers could not travel due to the COVID-19 movement restrictions. However, the supplier was engaged and virtual technical training was arranged and conducted. The training manuals and service manuals were given after the training and the ventilators were all in good working condition.

However, during the Committee's verification tour of the University Teaching Hospital, on the VG 70 Ventilators, the Committee established that the end users were not given approval to provide an input into the specifications of the ventilators required by the Hospital. It was also established that the supplied ventilators developed oxygen sensor failures, a few months after being supplied. Further, the Committee established that by the time most ventilators were being delivered, the life span of the oxygen sensors was expiring.

The Committee was informed that some hospital officials underwent training on the operations of the ventilators after the equipment were supplied.

### **Committee's Observations and Recommendations**

The Committee observes with concern that the ventilators which were bought at a huge cost developed oxygen sensor faults only a few months after delivery. In view of this, the Committee urges the Controlling Officer to ensure that contracts signed for the supply of ventilators should include the replacement of the oxygen sensors, so that a supplier is liable to service and replace the sensors if they malfunction within a specific period after installation. The Committee also urges the Controlling Officer to ensure that a mechanism is put in place to service the ventilators on a regular basis to avoid loss of lives. The Committee also urges the Controlling Officer to ensure that the end users are involved in the procurement of equipment such as ventilators. The Committee will await a progress report on the matter.

#### **xvii. Unaccounted for Stores**

- **Levy Mwanawasa Teaching Hospital-K7,875,000**

In his response, the Controlling Officer submitted that only ten (10) ventilators worth K3,492,857,20 were distributed to Levy Mwanawasa University Teaching Hospital (LMUTH) and not nineteen as reported.

The Committee was informed that a review of the schedule provided by the auditors indicated an error where one was recorded as ten. As a result of this error, the total addition read as nineteen instead of the ten ventilators which were actually delivered.

The Controlling Officer also submitted that as for the indicated infrared thermometers, a review showed that this was a wrong description, an error attributed to system failure. The correct description was latex examination gloves which were delivered and received by Levy Mwanawasa University Teaching Hospital, in line with order numbers EM829005E and EM829002E. Supporting documents were available for audit verification.

### **Committee's Observations and Recommendations**

The Committee expresses concern that supporting documents on this matter could not be availed to the auditors at the time of the audit. The Committee is of the strong view that this brings into question the authenticity of the available documents. In view of this, the Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail supporting evidence to the auditors at the time of the audit. The Committee also urges the Controlling Officer to avail the supporting documents to the Office of the Auditor General for audit verification.

- **University Teaching Hospital (UTH)-K1,083,193.60**

In his response, the Controlling Officer submitted that their reconciliation showed that all items issued and delivered by the ZAMMSA were received by the University Teaching Hospital (UTH) and supporting documents were available for audit verification.

### **Committee's Observations and Recommendations**

The Committee wonders why supporting documents on this matter could not be availed to the auditors at the time of the audit. The Committee is of the strong view that this brings into question the authenticity of the available documents. In view of this, the Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail supporting evidence to the auditors at the time of the audit. The Committee also urges the Controlling Officer to avail the supporting documents to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

- **Zambia National Public Health Institute (ZNPHI)-K42,674,037**

In his response, the Controlling Officer submitted that the total items with valued at K42,674,037.02 could not be identified during the time of audit because the wrong descriptions were used resulting from system error. The error was rectified, items identified as delivered and traced to relevant documents; and supporting documents were available for audit verification.

### **Committee's Observations and Recommendations**

The Committee expresses concern that supporting documents on this matter could not be availed to the auditors at the time of the audit. The Committee is of the strong view that this brings into question the authenticity of the available documents. In view of this, the Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail supporting

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

- **Chinsali Provincial Health Office-K1,240,000**

In his response, the Controlling Officer submitted that Muchinga Provincial Health Office (PHO) did not receive any ventilators during the period under review. The details on the audit schedule related to internal documents and could not be traced to any deliveries to Muchinga PHO.

However, using the receipt number 000002709, Management was able to retrieve the distribution list for all the 50 SEPRAY OH-70C HFNC Oxygen Therapy Ventilators acquired during the period under review and Muchinga PHO was not among them. The table below shows how the 50 Ventilators were distributed.

ITEM	RECEIVING INSTITUTION	QTY
1.	Ndola Teaching Hospital	3
2.	Kabwe General Hospital	2
3.	Levy Mwanawasa University Teaching Hospital	10
4.	UTH Adult Hospital	25
5.	UTH Childrens Hospital	10
	<b>Total</b>	<b>50</b>

### **Committee’s Observations and Recommendations**

The Committee expresses concern that supporting documents on this matter could not be availed to the auditors at the time of the audit. The Committee finds this unacceptable and urges the Controlling Officer to institute disciplinary action against officers who failed to avail supporting evidence to the auditors at the time of the audit. The Committee also urges the Controlling Officer to avail the supporting documents to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

## **6.4 MINISTRY OF YOUTH, SPORT AND ARTS**

### **1.1 Budget, Funding and Expenditure-K3,837,143**

In the Estimates of Revenue and Expenditure for the Financial Years Ended 31<sup>st</sup> December, 2020 and 2021, a total budget provision of K580,000,000 (K470,000,000 in 2020 and K110,000,000 in 2021) was made to cater for youth empowerment funds. In this regard, the Ministry of Finance released a total amount of K580,000,000 (K470,000,000 in 2020 and K110,000,000 in 2021) representing 100 percent of the total budget.

As at 31<sup>st</sup> October, 2021, a total amount of K576,162,857 had been spent, leaving a balance of K3,837,143. See table 2.

**Table 2: Budget, Funding and Expenditure**

<b>No.</b>	<b>Programme</b>	<b>Adjusted Estimate K</b>	<b>Expenditure as of October 2021 K</b>	<b>Over/Under Expenditure K</b>
1	Timber and Honey	15,000,000	6,857,535	8,142,465
2	Plastic Recycling Plants	30,069,930	33,177,671	(3,107,741)
3	Establishment of Milling Plants	20,000,000	4,551,344	15,448,656
4	Youth Internships	117,000,000	97,399,657	19,600,343
5	Small scale mining and Constructions	20,000,000	7,370,590	12,629,410
6	Support to Micro small and Medium Youth skills	81,000,000	163,282,168	(82,282,168)
7	General Agriculture and Resettlement of Youth in Youth Resettlement Schemes	5,000,000	1,105,000	3,895,000
8	Support to Youth with Agriculture inputs	30,000,000	29,785,722	214,278
9	Youth Innovations	10,000,000	4,944,091	5,055,909
10	Skills training programs (ZNS Plus 23 Youth Resource	19,000,000	17,256,694	1,743,306
11	Pave Zambia Youth Empowerment Programme	5,000,000	-	5,000,000
12	Procurement of new paving and brick making machines	17,000,000	-	17,000,000
13	Support to Youths in the transport Sector	194,930,070	194,627,241	302,829
14	Development of robust and comprehensive communication	2,500,000	2,498,150	1,850
15	Youth In Sports	9,000,000	7,038,984	1,961,016
16	Administrative Costs	4,500,000	6,268,009	(1,768,009)
	<b>TOTAL</b>	<b>580,000,000</b>	<b>576,162,857</b>	<b>3,837,143</b>

As can be seen from table 2, the Ministry over spent on some budget lines such as administrative costs - K1,768,009, plastic recycling plants ó K3,107,741 and support to micro small and medium youth skills - K82,282,168, without authority to vary the funds.

### **Management Response**

In his response, the Controlling Officer submitted that Authority was sought by the Head of Department and granted to vary funds within the programmes amounting to K153,087,470 as follows:

- i. K 82,282,168 was spent on support to micro small and medium youth skills;
- ii. K3,107,741 was spent on plastic recycling plants; and
- iii. K1,768,009 was spent on administrative costs.

The Committee was informed that the remaining balance went to other needy programmes which needed adjustments. The variation was done within the programme and according to the guidelines, which were in line with section 31 (a) of the *Public Finance Management Act, No.1 of 2018* which was available for verification.



## **Committee's Observations and Recommendations**

The Committee expresses displeasure at the casual manner in which the variation of funds was undertaken, without any due consideration of the laid down procedures. In view of this, the Committee urges the Controlling Officer to put measures in place which will familiarise Ministry officers with the provisions of the *Public Finance Management Act, No.1 of 2018* and its regulations. The Committee also urges the Controlling Officer to ensure that funds for the affected activities due to the variation are secured and activities implemented, without fail. The Committee will await a progress report on the matter.

### **Failure to Develop Communication Strategy - K2, 498,150**

In his response, the Controlling Officer submitted that the Ministry had started the process of developing a communication strategy and the Terms of Reference (ToRs) had since been developed.

The Controlling Officer also submitted that the Ministry was in the process of finalising the development of the Communication Strategy before the end of 2022.

The Committee was informed that the Ministry held various consultative meetings with the Ministry of Information and Media to develop the Terms of Reference for the Communication Strategy. The Ministry would, therefore, endeavour to develop the Communication Strategy before the end of 2022.

## **Committee's Observations and Recommendations**

The Committee bemoans the *laissez faire* attitude adopted by the Ministry, in the development and operationalisation of a robust and comprehensive Communication Strategy, meant for the Government youth empowerment programmes. The Committee also finds it unacceptable that this critical activity which was funded was not developed and operationalised. In view of this, the Committee sternly cautions the Controlling Officer on the failure to develop the Communication Strategy and urges that the said strategy be developed and operationalised without any further delay. The Committee will await a progress report on the matter.

## **2.0 Support to Youth in the Transport Sector**

### **2.1.1.1 Procurement of Mechanical Horses and Fuel Tankers-K180,233,603**

#### **2.1.1.2 Failure to Assess the Capacity of the Youths**

In his response, the Controlling Officer submitted that the needs assessment was carried out by the Ministry through consultations with stakeholders in the energy sector. It was established that there was a deficit of fuel tankers in the country thereby necessitating the empowerment of fuel tankers.

The Controlling Officer also submitted that the Ministry engaged Oil Marketing Companies (OMCs) as stipulated in the guidelines, to manage fuel tankers on behalf of the Ministry, for the youth cooperatives. The OMCs were engaged to incubate and build capacity in the youths to

manage the fuel tankers.

The Controlling Officer further submitted that the Fuel Tanker Youth Empowerment Project, was developed to address the poor and low participation of youths and in particular, Zambians, in the fuel transportation business. The idea was to build capacity among the Zambian youths and in the process address the challenge of foreigners controlling the sector. As a result, the Ministry held capacity building meetings for all beneficiary youth cooperatives/groups while the OMCs continued the hands-on training.

### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the manner in which the needs assessment was conducted, without consultation with targeted beneficiaries. The Committee contends that while there was low participation of Zambian, especially youths in the fuel transportation business, it was not justification enough to impose a project of this nature on the beneficiaries. In view of this, the Committee urges the Controlling Officer to evaluate the project and ensure that the identified threats and weaknesses are addressed without exception. The Committee also urges that where appropriate, some beneficiaries must be removed and replaced with others who are able to manage the fuel transportation business, based on their areas of need. The Committee will await a progress report on the matter.

### **Purchase of Mechanical Horses and Fuel Tankers without Authority from the Secretary to the Cabinet Office**

In his response, the Controlling Officer submitted that the Ministry had initially written to the Plant, Vehicle and Equipment Committee (PVEC) of Cabinet Office, to seek for authority to procure twenty-five fuel tankers in 2021. The Ministry also sought for guidance from Cabinet Office on how to proceed with the entire procurement system under the Youth Empowerment Programme.

The Controlling Officer also submitted that the Ministry received guidance from the Zambia Public Procurement Authority that items to be procured were to be disbursed as loans to beneficiary youth cooperatives. In this regard, the Ministry also wrote to Cabinet Office to seek for further guidance on how to handle these procurements, administratively.

The Controlling Officer also submitted that in the letter dated 19<sup>th</sup> April, 2021, Cabinet Office guided that, once the funds were available to be disbursed to the youths as loans, through procurement of items, such items would eventually become private and as such, the said items would not be sitting on the Government inventory and would not be for Government official use.

The Controlling Officer further submitted that according to the guidance from Cabinet Office, the Ministry was of the understanding that Cabinet Office had guided that the fuel tankers would be given as loans to youth beneficiaries hence proceeding with an alternative procurement for the continued disbursement of loans. Supporting documents were available for audit verification.

### **Committee's Observations and Recommendations**

The Committee expresses extreme disappointment at the manner in which the procurement of mechanical horses and fuel tankers was conducted, without due consideration of the laid down

procurement procedures and authority from Secretary to the Cabinet. The Committee also expresses concern as to why the Ministry did not seek for guidance from Secretary to the Cabinet on the authority which was purported to have been granted to them and the Attorney General on the matter. In this regard, the Committee urges the Controlling Officer to report the matter to the relevant investigative agencies for further investigations. The Committee will await a progress report on the matter.

### **Procurement of Mechanical Horses and Fuel Tankers – Phase One (1)-US\$7,946,000**

#### **Uncompetitive Procurement of Fuel Tankers - US\$7,946,000**

In his response, the Controlling Officer submitted that the fuel tanker project was crafted in such a way that the Ministry would source for a supplier who would be agreeable to enter into a tripartite agreement with the Ministry and beneficiary youth groups for the supply and delivery of the fuel tankers, on a down payment contract and allow the beneficiary youth groups to operate the trucks and offset the loans in a specified period of time.

The Controlling Officer also submitted that at the time of sourcing for supply, the Ministry already had an existing Memorandum of Understanding, dated 1<sup>st</sup> March, 2016, which it entered into with the Public and Private Drivers Association of Zambia (PPDAZ) and Higer Bus Limited, a subsidiary of Kinglong Motors (Z) Limited; for the supply of 100 Higer Buses. At that time, only twenty-five buses had been supplied by Higer Bus Limited, leaving a balance of seventy-five.

The Controlling Officer also submitted that the Ministry was to make an initial part payment of 40 percent of the total cost of the buses and then the supplier would release the buses and allow the beneficiary youth groups to operate them. Thereafter, the beneficiary youth groups would be given thirty-six months to settle the remaining 60 percent balance, while also servicing the loan to the Ministry.

The Committee was informed that the Ministry negotiated with the supplier to supply fuel tankers instead of buses on similar contractual terms and conditions. It was established that the price of a fuel tanker was lower than that of a bus, hence the decision to procure the fifty fuel tankers from Kinglong Motors (Z) Limited, a subsidiary of Higer Bus Limited. The Committee was also informed that the supplier proved to be the most favourable, hence writing to ZPPA for authority to direct bid Kinglong Motors (Z) Limited for the supply and delivery of the fuel tankers instead of buses, which authority was granted on 16<sup>th</sup> September, 2020.

Meanwhile, the Committee learnt that the Ministry engaged Kinglong Motors (Z) Limited to supply and delivery of the fuel tankers tracks, when the Invitation for Bids advertisement was running in the media and had not closed.

#### **Committee's Observations and Recommendations**

The Committee finds it unacceptable that public procurement regulations were being violated with impunity. The Committee also finds it unacceptable that the Contract on the procurement of buses was varied without approval from the Attorney General. In view of this, the Committee urges the Controlling Officer to report all the involved officers to the relevant investigative agencies, for failure to follow procurement procedures. The Committee also calls on the

investigative agencies to take keen interest and establish how the tender was awarded to the said Kinglong Motors (Z) Limited. The Committee will await a progress report on the matter.

○ **Wasteful Expenditure– Change in Invoice Amount-K1,986,202**

In his response, the Controlling Officer submitted that, the bid for the supply and delivery of fuel tankers was quoted in United States Dollars. At the time of the first invoice, the exchange rate was at K20.70 against US\$1, amounting to K82,241,000. Therefore, in the process of the Ministry seeking all the necessary approvals, clearance procedures and finally making the payment on the 9<sup>th</sup> November, 2020, there was a currency fluctuation and the Kwacha depreciated against the US dollar.

This made the supplier to issue a revised invoice, which was paid according to the exchange rate prevailing at time of payment.

**Committee’s Observations and Recommendations**

The Committee expresses displeasure that this information was not availed to the auditors at the time of the audit. In view of this, the Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail supporting documents to the auditors at the time of the audit. The Committee also urges the Controlling Officer to submit all the supporting documents to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

○ **Non-Remittance of 50 Percent Balance**

In his response, the Controlling Officer submitted that, the non-payment of the 50 percent balance, was as a result of the delay in operationalising fuel tankers, by way of registration; signing of Memoranda of Understanding; procedures in clearance; and certification from Energy Regulation Board (ERB) and the Road Transport and Safety Agency (RTSA).

The Controlling Officer also submitted that as at 10<sup>th</sup> February, 2022, the Ministry had remitted a total of K12,000,000 to Kinglong Motors (Z) Limited, towards the 50 percent balance leaving a balance of K72,227,202.

**Committee’s Observations and Recommendations**

The Committee expresses disappointment at the delay in the operationalisation of fuel tankers, a move the Committee contends is an indication of lack of preparedness to manage the project. In view of this, the Committee urges the Controlling Officer to be proactive and ensure that all registration processes, clearance and the signing of Memoranda of Understanding with regard to fuel tankers are finalised and the remaining balance of K72,227,202 is settled without any further delay. The Committee will await a progress report on the matter.

**Failure to Avail Ownership Records for Mechanical Horses and Fuel Tankers**

In his response, the Controlling Officer submitted that the delay in the submission of ownership details was due to the lengthy issuance procedures of white books by the designated authorities, longer processes involved in inspection of tankers by the Energy Regulation Board (ERB),

Zambia Environmental Management Agency (ZEMA) and Road Transport and Safety Agency (RTSA). However, the Controlling Officer submitted that the white books had since been submitted to the Office of the Auditor General for audit verification.

The Committee was informed that going forward, requested documents would be provided in good time.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to take the audit process seriously and desist from the practice of availing documents after the audit process. The Committee, therefore, sternly cautions the Controlling Officer and urges that measures are put in place to avert recurrence. The Committee will await a progress report on the matter.

- **Questionable Award of a Fuel Tanker Truck loan to Gishy Multi-purpose Cooperative. -K450,000**

In his response, the Controlling Officer submitted that it was highly regrettable that Gishy Multi-Purpose Cooperative benefited from two different empowerment loans namely; Higer Bus Scheme and Fuel Tanker Empowerment. However, the guidelines did not disqualify a cooperative/group from accessing two or more empowerments.

The Controlling Officer also submitted that the fuel tanker trucks were managed by the Oil Marketing Companies, on behalf of the youth beneficiaries and therefore were insulated from defaulting.

The Committee was informed that the Ministry had revised the guidelines to ensure that there was no default, going forward, and that the Ministry had repossessed the Higer Bus from the Youth Cooperative/group in question.

### **Committee's Observations and Recommendations**

The Committee expresses extreme disappointment that due diligence was not undertaken when identifying beneficiaries of the fuel tankers. The Committee also finds it unacceptable that a defaulting youth cooperative, benefitted twice when there were so many other serious youth groups who were not considered due to the failure by the Ministry to undertake due diligence. In view of this, the Committee urges the Controlling Officer to put measures in place to ensure that due diligence is undertaken whenever beneficiaries of empowerment programmes are being identified. The Committee also urges the Controlling Officer to institute disciplinary action against the officers who approved the award of fuel tankers to Gishy Multi-Purpose Cooperative without undertaking due diligence. The Committee will await a progress report on the matter.

- **Delivery of Fuel Tanker Trucks with Specifications Contrary to Zambian Standards**

- *Mudguards*
- *Battery Master Switch*
- *Offloading Valves*
- *Omitted Components*

## **Delivery of Fuel Tanker Trucks with Specifications Contrary to Zambian Standards**

In his response, the Controlling Officer submitted that the Ministry did not incur any costs for any modifications on fuel tankers instead the cost was transferred back to the supplier.

The Committee was informed that the fuel tankers were operational and that going forward, the Ministry would ensure that the right specifications were considered before procurement and that relevant departments were engaged in the consultation processes. The fifty fuel tankers that were procured were ready for distribution as they met all specifications that were given to the supplier and the Ministry had finalised the new guidelines.

### **Committee's Observations and Recommendations**

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

#### **○ Failure to Benefit Youth Groups**

In his response, the Controlling Officer submitted that after the 2021 polls, fuel tanker trucks had stopped operating for a period of two months due to the change of Government. To this effect, all fuel tanker trucks under the OMCs were parked for security reasons. This affected the repayment of the arrears to the supplier. In addition, the Ministry had to undertake a verification exercise of the youth beneficiaries which was still in the process. Therefore, the Ministry prioritised the repayment of the loan to the supplier to cover up for the lost months when the trucks were not operating.

The Committee was informed that the trucks were fully operational and the Ministry was on course with the loan repayment to the supplier. Following this development, the Ministry had prioritised payment of youth beneficiaries under the fuel tanker programme.

### **Committee's Observations and Recommendations**

The Committee finds it unfortunate that the operations of fuel tanker trucks were halted due to the 2021 General Elections. The Committee finds this unacceptable, as it creates an impression that the identification of beneficiaries was highly questionable and politically motivated. The Committee also observes, with concern, that the beneficiary youths were not directly participating in the operations of the fuel tanker trucks but were merely waiting to receive funds generated by the OMCs on their behalf. In view of this, the Committee urges the Controlling Officer to put robust measures in place to ensure that due diligence is undertaken when identifying beneficiaries of empowerment funds. The Committee also urges the Controlling Officer to ensure that the intended youth beneficiaries are paid the empowerment funds without any further delay. The Committee further urges the Controlling Officer to put measures in place to integrate the beneficiary youth in the operations of the fuel tanker trucks in order for them to acquire the necessary skills to operate the machines. The Committee will await a progress report on the matter.

○ **Questionable Allocation of Fuel Trucks to Limited Companies**

In his response, the Controlling Officer submitted that the guidelines for the youth empowerment loans stated that youth cooperative, company, club and youth groups were entitled to a loan, provided the members were youths who were aged between eighteen and thirty-five years.

The Controlling Officer also submitted that in the new guidelines, consultations with other ministries or Government departments would be done to ensure that cooperatives, companies or groups that owed the Government would not benefit from the empowerment funds.

**Committee's Observations and Recommendations**

The Committee observes that due diligence was not undertaken when identifying beneficiaries of the fuel tanker trucks. The Committee also finds it unacceptable that the company which was already in business with the Government, benefitted from the Youth Empowerment Funds, at the expense of other needy youth groups. In view of this, the Committee urges the Controlling Officer to put measures in place which will ensure that due diligence is undertaken whenever beneficiaries of empowerment programmes are being identified. The Committee also urges the Controlling Officer to withdraw the two fuel tanker trucks from the two companies and identify other needy youth groups to be given the trucks. The Committee will await a progress report on the matter.

**Execution of MOUs without Clearance from the Attorney General**

In his response, the Controlling Officer submitted that the MOUs with Kapesika Petroleum Limited and Kinglong Motors and the Ministry, were cleared by the Attorney General.

**Committee's Observations and Recommendations**

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

- **Management of Fuel Tankers–Kapesika Energy and Petroleum Limited**
- **Questionable Engagement of Kapesika Energy and Petroleum Limited**

In his response, the Controlling Officer submitted that the engagement of Kapesika Energy and Petroleum Limited was done with guidance from the Ministry of Energy, as it was identified as a local and licensed oil marketing company.

**Committee's Observations and Recommendations**

The Committee expresses concern and finds it questionable that a company without proven experience of managing Energy Regulations Board (ERB) licensed and authorised trucks, was recommended to manage the fuel tanker trucks. The Committee also wonders if Kapesika Energy and Petroleum Limited was the only licensed local oil marketing company in Zambia, at the time it was identified. In view of this, the Committee urges the Ministry of Energy to ensure that due

diligence is undertaken when identifying petroleum transporters to participate in such empowerment programmes. The Committee also urges the Controlling Officer to ensure that such MoUs are entered into based on the due diligence report from a recommending line ministry. The Committee further urges the Controlling Officer to take keen interest in the operations of Kapesika Energy and Petroleum Limited, with the view to reviewing the MoU. The Committee will await a progress report on the matter.

### **Questionable Remittance of Funds - K2,274,374**

In his response, the Controlling Officer submitted that at the time of the audit, the trucks did not have Geographic Positioning Systems (GPS). In addition, payments were determined by the number of trips each fuel tanker truck made hence the variations in remittances.

The Committee was informed that the trucks were installed with GPS and the Ministry had access to the same GPS and was monitoring movements and location of each fuel tanker truck under the Oil Marketing Companies. The invoices, delivery notes and GPS reports were available for audit verification.

### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the *laissez faire* attitude adopted by the Ministry on the management and operations of the thirty fuel tankers. The Committee wonders why the Ministry rushed into releasing the thirty fuel tankers to Kapesika Petroleum and Energy Limited, when the Ministry had not put measures in place to monitor the operations of the tankers. In view of this, the Committee urges the Controlling Officer to ensure that permanent monitoring measures are put in place to avoid the recurrence of this matter. The Committee also urges the Controlling Officer to avail supporting documents on this matter to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

#### **○ Questionable Discount Rates**

In his response, the Controlling Officer submitted that the 50 percent discount was part of the MoU that was signed between the Ministry and Kapesika Energy and Petroleum Limited.

The Committee was informed that the Ministry would revisit the MoU to ensure that financial obligations towards the Ministry, the beneficiary and the OMC were sufficiently met. The Ministry had since written a letter to Kapesika Petroleum to review the 50 percent discount rate.

### **Committee's Observations and Recommendations**

The Committee notes, with dismay that the MoU entered into by the Ministry with Kapesika Petroleum and Energy Limited seems to be more favourable to the Oil Marketing Company and not the Ministry and the targeted beneficiary youths. The Committee finds this collaboration questionable and therefore, urges the Controlling Officer to review the MoU with the OMC and ensure that the 50 percent discount rate component is eliminated so that the money saved could be channelled to the targeted beneficiary youths. The Committee will await a progress report on the matter.



## **Failure to Avail Information to the Ministry of Finance and National Planning-K1,274,374**

In his response, the Controlling Officer submitted that at the time of the first submission, his office did not attach the documentation. The Ministry of Youth, Sport and Arts later on and as guided by the Ministry of Finance and National Planning, submitted all the relevant supporting documentation regarding the clearance of payments for Kapesika Energy and Petroleum Limited and Kinglong Motors Limited and clearance was granted.

The Committee was informed that going forward, the Ministry would improve communication among departments and that any requested information would be submitted in good time. The Committee was also informed that the Ministry had written a memo directing the officers to provide information whenever Government institutions requested for any information, failure to which disciplinary action would be taken against them.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail supporting documents on this matter during the audit process. The Committee also urges the Controlling Officer to ensure that all supporting documents on this matter are availed to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

## **Management of Fuel Tankers–Mount Meru Petroleum Zambia Limited**

### **○ Questionable Signing of the Agreement**

In his response, the Controlling Officer submitted that the identification of Mount Meru Petroleum Zambia Limited as an OMC to work with the Ministry was done by the youth cooperatives/groups. In response to the request by the youth cooperatives/groups, Mount Meru Petroleum Zambia Limited wrote a letter of intent to partner with the youth cooperatives/groups on the Youth Empowerment Programme.

The Committee was informed that the Ministry had revisited the MoU to address all outstanding issues in line with the new guidelines and had submitted the draft tripartite MoU between the Ministry, Mount Meru Petroleum Zambia Limited and the beneficiaries, to the Ministry of Justice for clearance.

The Committee was also informed that the Ministry wrote to Mount Meru Petroleum Zambia Limited to label all fuel tanker trucks and to revisit all outstanding matters in the MoU.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to be proactive and ensure that the Memorandum of Understanding is revised so that it is beneficial to all stakeholders. The Committee will await a progress report on the matter.

- **Failure to Remit Funds**

In his response, the Controlling Officer submitted that Mount Meru Petroleum Zambia Limited had not remitted any funds at the time of the audit and submitted that as at 30<sup>th</sup> January, 2022, Mount Meru Petroleum Zambia Limited had remitted a total of K3,256,000.

The Controlling Officer also submitted that Mount Meru Petroleum Zambia Limited was served with the letter of demand to start remitting the funds. Thereafter, a meeting was held with Mount Meru Petroleum Zambia Limited who had since started remitting funds to the Ministry.

### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the *laissez faire* attitude adopted by the Ministry in the management of fuel tankers. The Committee finds it unacceptable that the Ministry only acted after the audit process. In view of this, the Committee urges the Controlling Officer to be proactive and ensure that measures are put in place to compel Mount Meru Petroleum Zambia Limited to remit funds within a prescribed timeframe. The Committee will await a progress report on the matter.

- **In addition, the truck with Registration No. BBA 5053 though under Mount Meru Petroleum Zambia Limited, was not being monitored by the GPS system to track its movements.**

In his response, the Controlling Officer submitted that fourteen trucks were sitting on one GPS platform while the other three were installed on a different GPS platform.

The Committee was informed that the Ministry had access to both GPS platforms and was monitoring their movements.

### **Committee's Observations and Recommendations**

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

- **Non-Operationalisation of two (2) Mechanical Horses and Fuel Tankers**

In his response, the Controlling officer submitted that the correct position was that the Ministry should have ensured that the two beneficiaries signed a contract with the OMC.

The Controlling Officer also submitted that public property was safeguarded but it was unfortunate that the two tanker trucks with identified beneficiaries were not registered with ERB.

The Committee was informed that the Ministry had engaged the two beneficiaries and Mount Meru to start the process of registering the two tankers with ERB.

### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the *laissez faire* attitude adopted by the Ministry in the management of fuel tankers. The Committee finds it unacceptable that the Ministry only took action after the audit process. In view of this, the Committee urges the Controlling Officer to be proactive and ensure that the said trucks are registered, favourable agreements signed between the OMC and the youth groups, and have the trucks operationalised without fail. The Committee will await a progress report on the matter.

- **Failure to Report Theft to the Police.**

In his response, the Controlling Officer submitted that, according to the report from Mount Meru Petroleum Zambia Limited, the battery was removed for safe keeping and was later put back. The fuel tanker truck was fully operational.

### **Committee's Observations and Recommendations**

The Committee finds it unacceptable that the Ministry only took action after the audit process. In view of this, the Committee urges the Controlling Officer to be proactive and avert the recurrence of such irregularities. The Committee also urges the Controlling Officer to ensure that supporting documents are availed to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

- **Management of Fuel Tankers by Youth Groups**

In his response, the Controlling Officer submitted that the selection criteria used to choose the OMCs for the youth cooperatives was left to the discretion of the youth cooperatives/groups themselves to choose which OMC to work with. While thirty aligned themselves with Kapesika Petroleum, seventeen with Mount Meru Petroleum, the remaining three opted to operate independently.

The Controlling Officer also submitted that Hands-on-the-Plough had since surrendered the fuel tanker truck to the Ministry after paying four thousand United States dollars.

The Committee was informed that the Ministry wrote to the youth cooperatives and seized the fuel tanker trucks. All the cooperatives handed over the fuel tanker trucks to the Ministry, with the following repayments:

- Lubinda Innovations remitted K55,000;
- Hands-on-the-Plough remitted \$4,000; and
- Ndola Youth Skills remitted K165,000.

The Committee was also informed that the truck allocated to Hands-on-the-Plough-Youth Cooperative was surrendered back to the Ministry as the Cooperative indicated that it had no capacity to run the truck and it had met all its financial obligations to the Ministry.

Further, the two other trucks that were seized from the other youth cooperatives would be distributed to the other eligible youth beneficiaries.

The Committee was also informed that the Ministry would be engaging Small Carriers and Logistics Zambia limited and the cooperatives so that a formal agreement was signed, with the guidance of the Ministry.

### **Committee's Observations and Recommendations**

The Committee expresses extreme disappointment at the haphazard manner in which the identification of beneficiaries and operators of fuel tanker trucks was undertaken. The Committee, therefore, urges the Controlling Officer to ensure that due diligence is conducted when identifying beneficiaries of all empowerment programmes in the Ministry. The Committee also urges the Controlling Officer to get involved in the identification of operators and ensure that beneficiary youths participate in the running of the fuel tanker trucks, in order for them to be capacity built. The Committee will await a progress report on the matter.

### **Questionable Registration of Two (2) Fuel Tanker Trucks in the name of One (1) Cooperative**

In his response, the Controlling Officer submitted that the registration of the two mechanical horses and fuel tanker trucks in the name of Lagom Multi-Purpose Cooperative Society, was an error on the part of the OMC. The error occurred during the registration of truck number BAR 9733, which belonged to Ndola Central Youth Cooperative and not Lagom Multi- Purpose Cooperative.

The Committee was informed that ownership details had since been changed to Ndola Central Youth Cooperative.

### **Committee's Observations and Recommendations**

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

#### **2.1.1.2.1 Procurement of Mechanical Horses and Fuel Tankers–Phase Two (2)**

##### **○ Questionable Contract Sum-US\$4,379,000**

In his response, the Controlling Officer submitted that while it was undisputable that the total cost price for procurement of fifty fuel tankers was US\$ 8,758,000 VAT Inclusive, it was agreed with Kinglong (Z) Limited, during negotiations that Government, through the Ministry of Youth, Sport and Arts and the beneficiary youth cooperatives, would enter into a tripartite agreement in which the Ministry would have an obligation to pay only 50 percent of the total cost price, amounting to US\$4,379,000, while the other 50 percent, which was US\$4,379,000, would be paid by the beneficiary youth cooperatives in 36 months instalments, hence the request for no objection from the Zambia Public Procurement Authority and the clearance of the contract by Ministry of Justice.

The Committee was informed that the Ministry had recovered in excess of K15,000,000 and had since made payment to Kinglong Motors Limited.

The Controlling Officer submitted that going forward, the Ministry would ensure that communication was improved between the Ministry and the Office of the Auditor General.

## **Committee's Observations and Recommendations**

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

### **o Undelivered Fuel Tanker Trucks**

In his response, the Controlling Officer submitted that at the time of the audit, the fuel tanker trucks had not yet been delivered and that the delay in delivery was due to the travel restrictions as a result of COVID-19 pandemic.

The Controlling Officer also submitted that all the fifty fuel tanker trucks were at the supplier's premises for security purposes and were awaiting the process of distribution to would-be beneficiary youth groups, after completion of the necessary registration processes.

The Committee was informed that the Ministry undertook an inspection of the trucks to ensure that they were secure. Further, the Ministry had reviewed the guidelines to ensure that there was a reduction in the default rates.

## **Committee's Observations and Recommendations**

The Committee expresses displeasure at the failure by the Ministry to take action on the supplier for the violation of the Contract. In this regard, the Committee urges the Controlling Officer to take contract matters seriously and ensure that suppliers adhere to contract provisions and where necessary engage contract managers. The Committee also notes with concern that the Ministry is only reacting to the audit process. In view of this, the Committee urges the Controlling Officer to be proactive and ensure that the said trucks are registered, favourable agreements signed between the OMC and the youth groups, and have the trucks operationalised without fail. The Committee will await a progress report on the matter.

### **o Uncompetitive Procurement-US\$8,758,000**

In his response, the Controlling Officer submitted that Kinglong Motors Limited was the only company that was willing to supply the fuel tanker trucks to the Ministry on credit. Therefore, the Ministry facilitated for the procurement of another 50 fuel tankers trucks for the beneficiary youth groups from the same supplier through a direct bid as a way of standardisation.

The Controlling Officer also submitted that, as for the price increment from the first consignment of 50 tankers, which were procured at US\$7,649,000 in 2020 to US\$8,758,000 in 2021. The reasons for the price increment cited by the supplier included the following:

- i. the requirement to modify the trucks with specifications according to the Zambian standard which ultimately increased the costs of fuel tankers; and
- ii. fluctuations in kwacha rate for the clearance of the trucks at the border, which the supplier enshrined in the costs.

Meanwhile, the Committee learnt that the Ministry engaged Kinglong Motors (Z) Limited for the supply and delivery of fuel tankers trucks, when the Invitation for Bids advertisement was still running in the media and had not closed.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to avail a due diligence report, to the Office of the Auditor General on the identification of Kinglong Motors as the only company that was willing to supply fuel tanker trucks on credit to the Ministry, for audit verification. The Committee also calls on the investigative agencies to take keen interest and establish how the tender was awarded to the said Kinglong Motors (Z) Limited. The Committee awaits a progress report on the matter.

#### **2.1.1.3 Procurement of Second-Hand Small Buses - K15,215,000**

- **Questionable Pricing of Buses - K450,000**

In his response, the Controlling Officer submitted that the Ministry sought for guidance from the Zambia Public Procurement Authority on the matter and the Ministry was guided that the Youth Empowerment Programme was a loan scheme and not a procurement process hence would be managed administratively.

The Controlling Officer also submitted that, in seeking guidance on how to handle the matter administratively, the Ministry wrote to Cabinet Office, which also guided accordingly that the Youth Empowerment Scheme was not a procurement process so quotations for procurement of all materials were sourced by the beneficiary youth cooperatives with indicative market prices at the time.

The Committee was informed that at the time of acquiring the buses, there was a high demand for Rosa buses and the price kept on rising.

The Committee was also informed that a meeting was held with all the cooperative youth groups and the Minister and it was agreed that since the price of the buses was going up, there was need to review the budgeted price.

The Committee was further informed that from the policy perspective, the Ministry would have to review the prices with consultation from relevant stakeholders. The Ministry had since written to the officer in question, as cited by the Auditor General, to give a report and exculpate himself on the matter above.

### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the manner in which the Director, Youth misconducted himself by overlooking the laid down tender procedures and by usurping the mandate of the procurement unit at the Ministry. In view of this, the Committee urges the Controlling Officer to institute disciplinary action against the Director, Youth and report the matter to the relevant investigative agencies for further investigations. The Committee will await a progress report on the matter.

- **Questionable Lifespan of Buses Procured**

In his response, the Controlling Officer submitted that the buses were identified by the youth beneficiaries themselves. The youths provided the Ministry with the quotations from the suppliers. Therefore, the Ministry guided the youth groups to ensure that the selected buses were below the mileage of 100,000 kilometres and not registered with the Road Traffic Safety Agency (RTSA) at the time of delivery.

The Committee was informed that the Ministry conducted due diligence on the buses and ensured that they were first registered with RTSA and below 100,000 kilometre mileage. Even though this was so, the Ministry did not take into consideration the useful life of the buses. However, the Due Diligence Report was available for audit verification.

The Controlling Officer submitted that going forward, the Ministry would ensure that the lifespan was taken into consideration whenever procurements were being done.

#### **Committee's Observations and Recommendations**

The Committee finds it unacceptable that while due diligence is reported to have been undertaken before the procurement of the buses, their useful life was not considered. The Committee finds this unfortunate and urges the Controlling Officer to put measures in place to avert this. The Committee also urges the Controlling Officer to ensure that the empowerment guidelines are revised in order to allow the participation of the Ministry in the identification of suppliers. The Committee will await a progress report on the matter.

- **Lack of Ownership Records**

In his response, the Controlling Officer submitted that while it was true that at the time of the audit, the Ministry had no ownership records (white books) for twenty-three of the thirty-five Rosa Buses, which were distributed to the youth groups, this was attributed to the disruptions after the August 2021 General Elections, as most of the buses were impounded, which delayed ownership registration processes.

However, the latest position was that the Ministry was in possession of twenty-two white books and were available for audit verification.

The Committee was informed that all the buses that were impounded had been released and were fully operational and that the Ministry had written to all the beneficiary youth groups to expedite the change of ownership and registration.

#### **Committee's Observations and Recommendations**

The Committee finds it unfortunate that the registration of buses was halted due to the 2021 General Elections. The Committee finds this unacceptable as it creates an impression that the empowerment programme was politically motivated and therefore highly questionable. In view of this, the Committee urges the Controlling Officer to review the entire process of identifying beneficiaries and those found undeserving, must have their buses withdrawn and given to other needy deserving youths. The Committee also urges the Controlling Officer to ensure that the

registration processes are expedited and finalised without fail. The Committee will await a progress report on the matter.

- **Failure to Commence Recoveries**

In his response, the Controlling Officer submitted that the correct position was that the Ministry distributed the buses between November 2020 and August 2021, to thirty-five youth groups. Nonetheless, the thirty-five buses were handed over to the youth beneficiaries at different times, hence the repayment period varying.

The Controlling Officer also submitted that most of the beneficiary youth groups had commenced repayments of the loans.

The Committee was informed that the Ministry seized all the buses and held meetings with all the beneficiary youths to review the price of the buses.

The Committee was also informed that the Ministry had engaged the youth cooperatives/groups on the importance of repaying the loans and that they should endeavour to not to treat the loans as grants but as business transactions and likewise on the need to improve on the repayments.

### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the *laissez faire* attitude adopted by the Ministry on the management of the Bus Empowerment Programme. The Committee notes, with concern, that the Ministry was only reacting after the audit process, which the Committee finds unacceptable. In this regard, the Committee urges the Controlling Officer to put in place robust loan recovery mechanisms and ensure that the payments are made timely. The Committee will await a progress report on the matter.

- **Questionable Release of a Rosa Bus - Serenje District**

In his response, the Controlling Officer submitted that the handover of the bus was administered by the Central Province Administration. The Provincial Administration handed over the bus to Petronella Miti, who was at the time the group's contact person.

The Committee was informed that at the time of the audit, the bus was still in the name of the supplier who was Bernard Chikuse but who was not a group member. The bus in question was released and was fully operational.

The Committee was also informed that the Ministry had written to the Inspector General of Police, requesting the release of all the buses that were still in Police custody.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to institute disciplinary action against officers who neglected to follow up the matter with the Police. The Committee also urges the Controlling Officer to ensure that supporting documents are availed to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.



## **2.1.2 Establishment of Milling Plants**

### **2.1.2.1 Ubwali Milling-K987,944**

### **2.1.2.2 Wachikuku Multi-Purpose Cooperative-K3,345,440**

### **2.1.2.3 Big Mind Youth Cooperative**

In his response, the Controlling Officer submitted that the Ministry had issued demand letters to Ubwali Milling, Wachikuku Multi-Purpose and Big Mind Cooperative, respectively, for them to pay back the loans. The Ministry further demanded for status reports from the cooperatives failure to which the Ministry would be left with no option but to take legal action.

The Committee was informed that the Ministry had instructed the Internal Audit Unit to do an asset audit and verification of milling plants and their operations and wrote demand letters to the milling plants to start repaying the loans.

### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the *laissez faire* attitude adopted by the Ministry on the establishment of milling plants which is critical to the empowerment of the youths. The Committee finds this wastage of public resources unacceptable and urges the Controlling Officer to recall the loans on account of lack of capacity exhibited by the beneficiary groups.

The Committee also urges the Controlling Officer to ensure that the funds are paid back and procured assets repossessed, where applicable. The Committee further urges that due diligence is undertaken when identifying would be beneficiaries. The Committee will await a progress report on the matter.

## **2.1.3 Establishment of Plastic Recycling Plants**

### **2.1.3.1 Delayed Operationalisation of the Plastic Recycling Plant-K400,000**

In his response, the Controlling Officer submitted that the operationalisation of the plastic recycling plant was highly dependent on the plastic production equipment and the four trucks. The K1,000,000 advance payment to Recycle Menia Trading Limited, was for the purchase of raw materials and other administrative components while the K4,694,000 was for the purchase of plastic production equipment, which at the time it was procured and was still in transit at the time of the audit.

The Controlling Officer also submitted that the movement of the equipment encountered challenges as there were movement restrictions due to the COVID-19 pandemic. The Committee was informed further, that without the production equipment, operations could not commence. The Ministry further went on to undertake a site visit to verify their existence and to make sure that the loan was used for the intended purpose.

The Committee was also informed that the beneficiaries were written to, to start the loan repayment as soon as operations started and that the production equipment was being installed and the four trucks were on site and operational and were available for audit verification.

### Committee’s Observations and Recommendations

The Committee expresses displeasure at the *laissez faire* attitude adopted by the Ministry on the management of the plastic recycling empowerment programme. The Committee notes, with concern that the Ministry was only reacting after the audit process, which the Committee finds unacceptable. In this regard, the Committee urges the Controlling Officer to put in place robust loan recovery mechanisms and ensure that the payments are made timely. The Committee also urges the Controlling Officer to ensure that the production equipment is installed without any further delay. The Committee will await a progress report on the matter.

#### 2.1.3.2 Undelivered Plastic Recycling Equipment-K4,694,000

In his response, the Controlling Officer submitted that the delivery of the plastic recycling equipment was delayed due to the lengthy procurement processes and the movement restrictions brought about by the COVID-19 pandemic and that this was communicated by the Chinese Embassy.

The Committee was informed that the production equipment was delivered, and was being installed.

### Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail this information to the auditors at the time of the audit. The Committee also urges the Controlling Officer to ensure that the production equipment is installed without any further delay. The Committee will await a progress report on the matter.

#### 2.1.3.3 Delayed Disbursement of Loan Balance-K1,226,000

In his response, the Controlling Officer submitted that the correct position was that the loan facility of K6,920,000 was fully financed, resulting in excess financing of K369,000 as shown below.

No.	Payee	Date	Amount (K)	Details
1	Recycle Menia Trading Limited	19.11.2020	1,000,000	Construction works and recycling Waste materials
2	Katangwila trading Limited	30.03.2021	440,000	1 Hino truck
3	Bwiniji Mfumu Motors	30.03.2021	295,000	1 hino truck
4	JanJapan Zambia Limited	30.03.2021	860,000	2 hino trucks
5	King-Huo Supply	05.06.2021	4,694,000	Plastic production equipment
<b>Total</b>			<b>7,289,000</b>	
<b>Less Loan Facility</b>			<b>6,920,000</b>	
<b>Variance</b>			<b>369,000</b>	

In this regard, the loan amount had been revised from the initial K6,920,000 to K7,289,000

The Controlling Officer also submitted that as of 10<sup>th</sup> February, 2022, Recycle Menia Trading, was still installing the equipment hence repayments of the loan have not been done.

The Committee was further informed that the Ministry had issued a letter demanding for a full status report and that the loan repayment be effected.

### **Committee’s Observations and Recommendations**

The Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail this information to the auditors at the time of the audit. The Committee also urges the Controlling Officer to ensure that the production equipment is installed without any further delay. The Committee will await a progress report on the matter.

#### **2.1.3.4 Procurement of Machines – Undelivered Machines - K558,600**

In his response, the Controlling Officer submitted that the Ministry did not have any training programme in place.

The Controlling Officer also submitted that the Ministry had commenced the identification of beneficiaries of the youth empowerment funds, through open advertisement, in order to give all the youths an opportunity to apply.

### **Committee’s Observations and Recommendations**

The Committee urges the Controlling Officer to put measures in place which will ensure that all beneficiary youths of the bailing machines are trained without fail. The Committee will await a progress report on the matter.

### **Youth Innovations**

In his response, the Controlling Officer submitted that only seven out of the nine cooperatives were paid and credited under the Youth Innovation Programme. Out of the six credited cooperatives, three had commenced repayments and the other three had been contacted to commence repayments. The repayment Schedule was made available for Audit verification.

<b>Date</b>	<b>Beneficiary</b>	<b>Principal Amount K</b>	<b>Expected Amount K</b>	<b>Monthly Repayment K</b>	<b>Cumulative Repayment K</b>	<b>Amount Paid K</b>
30.11.20	Kifuba Resource	Not Paid				
30.11.20	Muka Youth	42,000	46,200	1,283	5,133	-
30.11.20	Funimos Investment	60,000	66,000	1,833	7,333	-
30.11.20	Achita Bwanji Youth	100,000	110,000	3,056	12,222	2,444

30.11.20	Zed Next Industries	100,000	110,000	3,056	12,222	-
30.11.20	Agri - Aqua Visionary	Not paid	66,000	1,833	7,333	-
30.11.20	Young Innovators	100,000	110,000	3,056	12,222	8,320
30.11.20	Chingola Youth Skill	30,000	33,000	917	3,667	-
30.11.20	Luchindashi Youth	80,000	88,000	2,444	9,778	19,000
	<b>Total</b>	<b>672,000</b>	<b>739,200</b>	<b>20,534</b>	<b>82,133</b>	<b>29,764</b>

The Controlling Officer also submitted that the three cooperatives that had defaulted had been issued with demand letters to immediately commence repayment, failure to which the equipment would be repossessed and legal action would be taken against them. The demand letters to the beneficiaries were available for audit verification.

### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the *laissez faire* attitude adopted by the Ministry on the management of the youth innovation empowerment programme. The Committee notes, with concern, that the Ministry was only reacting after the audit process, which the Committee finds unacceptable. In this regard, the Committee urges the Controlling Officer to put in place robust loan recovery mechanisms and ensure that the payments are made timely. The Committee also urges the Controlling Officer to put monitoring mechanisms in place in order to track the sustainability of various innovation activities embarked upon by the beneficiary youths. The Committee will await a progress report on the matter.

#### **2.1.4 Support to Micro Small and Medium Youth Enterprises**

In his response, the Controlling Officer submitted that it was regrettable that at the time of the audit, information was not provided.

The Committee was informed that authority was sought by the Head of Department from the Controlling Officer at the time, to vary funds within the programmes amounting to K153,087,470 and a total of K82,282,168 was spent on support to micro, small and medium enterprises, as well as youth skills.

The Controlling Officer submitted that the Ministry had instructed its Finance Department to ensure that requested information was provided in a timely manner, failure to which disciplinary action would be taken against any erring officer.

### **Committee's Observations and Recommendations**

The Committee expresses concern that funds amounting to K82,282,168 were spent without authority from the Secretary to the Treasury. The Committee observes that this act is a serious violation of financial regulations. In this regard, the Committee urges the Controlling Officer to familiarise all erring officers in this matter, with the *Public Finance Management Act, No.1 of 2018* and its regulations. The Committee also urges the Controlling Officer to institute

disciplinary action against the erring officers on the matter. And provide all relevant supporting documents to the Auditor General for the verification.

#### **2.1.4.1 Undistributed Reusable Face Masks**

In his response, the Controlling Officer submitted that reusable facemasks, amounting to 287,500 had been distributed and disposal details were available for audit verification.

The Committee was informed that the Ministry had strengthened internal controls and improved on supervision to ensure no recurrence of the audit query.

#### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the *laissez faire* attitude adopted by the Ministry, which resulted in the failure to distribute face masks at great cost and using public funds. The Committee finds this unacceptable and urges the Controlling Officer to be proactive and ensure that the internal control measures are put in place to avert the recurrence of this query. The Committee will await a progress report on the matter.

#### **2.1.4.2 Failure to Commence Recoveries - Small Scale Cooperatives in Milling Programme-K1,425,000**

In his response, the Controlling Officer submitted that sixteen out of the eighteen youth groups were credited. At the time of the audit, only two districts were monitored by the provincial youth office to confirm procurement of the hammer mills. Similarly, three groups in two districts had procured the harmer mills but had not yet started paying back the loans.

The Controlling Officer further submitted that the Ministry had issued demand letters to the cooperatives to ensure that they commence loan repayments failure to which legal action would be taken against them.

The Committee was further, informed that, the cooperatives had been instructed to provide status reports regarding their businesses. The Committee was also informed that the Ministry contacted its provincial administration to conclude the monitoring in the remaining provinces.

#### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the *laissez faire* attitude adopted by the Ministry in the management of the Hammer Mill Empowerment Programme. The Committee notes, with concern, that the Ministry was only reacting after the audit process, which the Committee finds unacceptable. In this regard, the Committee urges the Controlling Officer to ensure that all the identified eighteen youth groups are funded and have their milling plants operational without any further delay. The Committee also urges the Controlling Officer to put in place robust loan recovery mechanisms and ensure that the payments are made timely. The Committee further urges the Controlling Officer to put monitoring mechanisms in place in order to track the sustainability of the hammer mill empowerment programme. The Committee will await a progress report on the matter.

#### **2.1.4.3 Unretired Accountable Imprest and Irregular withdrawal of Cash-K1,566,352**

In his response, the Controlling Officer submitted that only K500,000 was issued as accountable imprest, whereas K1,066,352 was paid as daily subsistence allowances, directly into the employees' bank accounts.

The acquittal sheets for the K500,000 and the open items on the allowances amounting to K1,066,352 were available for audit verification, together with activity reports.

The Committee was further, informed that, the Ministry had strengthened the guidelines by ensuring that beneficiaries were paid directly into their bank accounts and mobile money accounts to ensure that resources were properly accounted for.

#### **Committee's Observations and Recommendations**

The Committee expresses concern that the Ministry did not avail supporting documents to the auditors at the time of the audit. In this regard, the Committee urges the Controlling Officer to institute disciplinary action against the officers who failed to avail supporting documents at the time of the audit. The Committee also urges the Controlling Officer to enhance record keeping at the Ministry for easy retrieval of documents. The Committee further urges the Controlling Officer to submit all supporting documents on this matter to the Office of the Auditor General for audit verification, and awaits a progress report on the matter.

#### **2.1.4.4 Failure to Provide Information for Audit-K20,550,000**

In his response the Controlling Officer submitted that some files were with the investigative wings, while others were available in the various provincial offices.

The Controlling Officer also submitted that the Ministry was granted authority by the Secretary to the Treasury to transfer the loan empowerment funds to the provinces. To this effect, the files were submitted to respective provinces for payments. However, two cooperatives; namely; Shamibring Youth Cooperative and Twizilila Youth Cooperative, were not paid, while the other thirteen cooperatives had started making repayments. So far, a total of K277,517.56 had been recovered.

The Committee was informed that the Ministry had written to the Office of the Auditor General for them to engage the investigative wings in order to have access to the information.

#### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to ensure that all relevant supporting documents in the provincial offices are retrieved and submitted to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter and on the outcome of the investigations by the investigative wings.

- **Further, the Lusaka Provincial Administration Office did not avail for audit, Minutes of the National Appraisal Committee for the loan application and approval of loans given to two Cooperatives.**

In his response, the Controlling Officer submitted that the Minutes of the National Appraisal Committee were available for audit verification.

The Controlling Officer also submitted that the Ministry had put in place a database to ensure that information was easily accessible.

#### **Committee's Observations and Recommendations**

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

##### **2.1.4.4.1 Loan Agreements forms for the cooperatives**

In his response, the Controlling Officer submitted that the loan application and approval forms for the five groups were available for audit verification.

#### **Committee's Observations and Recommendations**

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

##### **2.1.4.4.2 Project Location information for Seven Youth Groups was not Availed**

In his response, the Controlling Officer submitted that the loan agreement forms, payment details and progress reports and sites were available for verification.

#### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail information on the location of project sites, at the time of the audit. The Committee also urges the Controlling Officer to engage the Office of the Auditor General and have the project sites inspected. The Committee will await a progress report on the matter.

**During the period under review, the Ministry procured various motor vehicles and Equipment at a cost of K7,879,000 for Youth Empowerment under Mining and Plastic Recycling Programmes**

In his response, the Controlling Officer submitted that the items in question were given to the beneficiary youth groups as loans and were procured in the same manner, where the youth groups identified the suppliers themselves.

The Committee was informed that the Ministry paid the suppliers of these items directly, after confirming availability. The Ministry had not engaged in any procurement process, but giving loan materials as guided by both the ZPPA and Cabinet Office.

The Controlling Officer submitted that, the list of beneficiaries, loan agreement forms; and asset register for all youth empowerment equipment were not available for audit verification but were with the investigative wings at the time of the audit. Nevertheless, tabulated below are the details of the beneficiary youths.

<b>Date</b>	<b>Supplier</b>	<b>Beneficiary Name</b>	<b>Details</b>	<b>Amount K</b>
19.03.2021	Jan Japan	Recycle Menia Trading	Nissan Hino	860,000
03.11.2021	Delta Auto	Northrise Engineering	Excavator(1) and Grader(1)	5,829,000
14.04.2021	RCM Business	Mitengo St. Anthony	Tipper Truck	750,000
19.03.2021	Zani Mwanza	Recycle Menia Trading	Mitsubishi Fuso	440,000
<b>Total</b>				<b>7,879,000</b>

The Committee was informed that the Ministry had written demand letters to the cooperatives to start the repayments failure to which legal action would be taken against them.

**Committee’s Observations and Recommendations**

The Committee finds it unacceptable that the procurement of capital equipment was left in the hands of beneficiaries and wonders how the Ministry found it convenient to release the funds when the cost of equipment was negotiated by the beneficiaries. In view of this, the Committee urges the Controlling Officer to ensure that all procurements of a capital nature are undertaken through the Ministry. The Committee also urges the Controlling Officer to institute disciplinary action against officers who failed to avail the information to the auditors at the time of the audit. The Committee further urges the Controlling Officer to avail all supporting documents on this matter, to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

**v. Change of Business Undertakings After Cash Disbursements–Luapula and Northern Provinces - K1,700,000**

In his response, the Controlling Officer submitted that the youths had to change their projects as demanded by the Ministry’s failure to give them the loans they had applied for. The Controlling Officer also submitted that the Ministry had written to all cooperatives through the Provincial Permanent Secretaries, instructing the cooperatives to formalise their change of business undertaking with the Ministry; provide status reports; and commence repayment of loans immediately, failure to which legal action would be taken against them. The letter to all



cooperatives through the Permanent Secretaries to formalise their change of business undertaking was available for audit verification.

### **Committee's Observations and Recommendations**

The Committee expresses disappointment at the *laissez faire* attitude adopted by the Ministry on the management of empowerment funds. The Committee contends that the Ministry could have formally addressed the issue of change of business at the time of realising the funding challenges. In this regard, the Committee urges the Controlling Officer to be proactive and ensure that the anomaly is rectified. The Committee also urges the Controlling Officer to put in place robust monitoring mechanisms in order to assess the sustainability of the funded projects. The Committee will await a progress report on the matter.

#### **vi. Physical Inspection of Selected Cooperatives**

In his response, the Controlling Officer submitted that the findings were regrettable as the Ministry did not undertake monitoring exercises on some of the issues that were raised. Bank details were always in the loan agreement forms, hence the beneficiaries had no excuse for not remitting funds.

The Committee was informed that there were various actions taken for each of the observations made by the office of the Auditor General which were outlined as follows;

The Controlling officer submitted that the Ministry contacted Controlling Officers in concerned selected provinces to ensure that all the youth cooperatives/groups involved acted as follows:

- i. commenced recovery of the loans from the youth cooperatives;
- ii. normalised the change of business undertakings by seeking authority from the Ministry;
- iii. undertook an intensive search of those youth groups/cooperatives that could not be traced at the time of the audit and where need be engaged the law enforcement agencies;
- iv. ensured that all the youth cooperatives/groups were provided with a recovery loan bank account as provided in the loan agreement forms;
- v. re-engaged the youth cooperatives/groups to provide correct bank details to ensure that the funds were remitted to them;
- vi. those cooperatives that provided wrong information deliberately had been reported to Police; and
- vii. demand letters had been issued to cooperatives to commence repayments failure to which legal action would be taken against them and provide status reports.

The Controlling Officer further contacted the Provincial Permanent Secretaries in the selected concerned provinces to ensure that all the youth cooperatives/groups involved, responded as required. Letters to Provincial Permanent Secretaries were available for audit verification.

### **Committee's Observations and Recommendations**

The Committee expresses disappointment at the *laissez faire* attitude adopted by the Ministry on the management of empowerment funds. The Committee also notes, with concern, that the Controlling Officer was literary reacting to the audit query. In view of this, the Committee urges

the Controlling Officer to ensure that all cooperative groups that submitted wrong contact details and could not be located, are reported to the police for further investigations. The Committee also urges the Controlling Officer to be proactive and ensure that all other anomalies are addressed without fail. The Committee will await a progress report on the matter.

## **Timber and Honey Value Chain**

### **2.1.5 Procurement of Pine Round Wood**

- **Undistributed Pine Round Wood - K4,407,740**

In his response, the Controlling Officer submitted that at the time of the audit, the youth groups that were allocated 4800m<sup>3</sup> of Pine round wood had only exhausted 4700m<sup>3</sup> leaving the balance of 100m<sup>3</sup>.

The Controlling Officer also submitted that the 100m<sup>3</sup> had since been allocated to Ichnite Youth Club and the disposal details of the 100m<sup>3</sup> of the pine round wood were available for audit verification.

#### **Committee's Observations and Recommendations**

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

- **Failure to Commence Recoveries-K415,690**

In his response, the Controlling Officer submitted that most of the cooperatives that had not commenced repayments at the time of the audit had since begun repayment of their loans.

The Controlling Officer also submitted that the defaulting cooperatives, namely; Twapia Marketeers Youth Club; and Lwamisamba Wood Processing; had been contacted to commence the loan repayment, failure to which legal action would be taken against them.

Deposit slips for the four cooperatives that had commenced payments were available for verification.

#### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the laissez faire attitude adopted by the Ministry in the administration of the empowerment loans. The Committee notes, with concern, that the Ministry's reactive response to the audit process, which the Committee finds unacceptable. In this regard, the Committee urges the Controlling Officer to put in place robust loan recovery mechanisms and ensure that the payments are made timely without fail. The Committee further urges the Controlling Officer to put monitoring mechanisms in place in order to track the

sustainability of the loan empowerment programme. The Committee will await a progress report on the matter.

**ii. Procurement of Woodmizers – Questionable Procurement - K3,163,800**

In his response, the Controlling Officer submitted that when the Ministry advertised in the national newspapers for the supply of cutting machines, the specifications, were not very clear and elaborate to the needs of the youth groups. As a result, when the suppliers submitted their bids, they offered LT15 cutting machines which were of higher specifications such as those from Global Trading known as Woodmizers, costing K602,040 each and the tender was awarded to them by the procurement committee.

Before contract signing, the procurement was referred back to the procurement committee for re-consideration, as it was alleged that there were cutting machines on the market costing K60,000 each. So the tender was cancelled by the procurement committee.

The Controlling Officer also submitted that after further interrogation, it was revealed that the cutting machines which were believed to be cheaper and costing K60,000 were the locally made and not Woodmizers, but cutting machines of inferior quality to the Woodmizers.

Therefore, the youth cooperatives rejected these locally made cutting machines costing K60,000 and instead opted for LT15 Woodmizers which were costing K252,000 and later the price increased to K330,000.

The Controlling Officer further submitted that, the Ministry faced a lot of challenges, going by the standard of the procurement procedures in the procurement of materials and equipment under the Youth Empowerment Loan Scheme. Most of the items which the youth beneficiaries were requesting for were either new or second-hand and in most cases, specifications were either unavailable or ambiguous.

Youth cooperatives/groups also wanted to be involved in the entire procurement process such as identification of sources of supply and in some cases, even demanding for certain brand names such as Woodmizers and Mitsubishi Rosa Bus, contrary to competitive methods, claiming that the Youth Empowerment Programme was a loan scheme.

The Committee was informed that the Ministry of Youth, Sport and Child Development wrote to Zambia Public Procurement Authority (ZPPA), in a letter dated 11<sup>th</sup> January, 2021, seeking for application of alternative procurement system, under the Youth Empowerment Scheme, in accordance with section 60 of the *Public Procurement Act, No.12 of 2008* and Regulations 154 of the Statutory Instrument No.63 of 2011.

The Authority, in its response of reference number: ZPPA/101/14/688, in the letter dated 15<sup>th</sup> January, 2021 guided as follows:

- i. that the Ministry was essentially disbursing loans to beneficiaries and not undertaking a procurement process;
- ii. that it was the beneficiaries who were to do the need identification, sourcing and purchasing of these materials;

- iii. the authority did not see the need to approve accreditation of alternative procurement scheme which would involve third parties as it was of its considered view that the youth empowerment programme was a loan scheme rather than a procurement process;
- iv. further, the Ministry was guided that it was not going to be procuring or acquiring any goods, works or services for the Ministry but only disbursing loans to beneficiaries of the scheme who were acquiring the relevant equipment and who ultimately would be beneficial owners of the equipment once the loans were paid off; and
- v. The authority therefore, advised the Ministry to handle this matter administratively.

In seeking further guidance on how to handle this process administratively, the Ministry sought guidance from Secretary to the Cabinet.

In the response from Secretary to the Cabinet, through the letter dated 19<sup>th</sup> April, 2021, the Ministry was guided as follows:

- i. all procurement carried out by public entities were subject to public procurement laws. However, once the funds were given as youth empowerment loans to beneficiaries, such funds ceased to be public funds and became private funds which were not subject to public procurement laws; and
- ii. Cabinet Office advised the Ministry to form committees to ensure that the loan funds were not misused. It further guided that the procuring entity was not in breach of the public procurement law. Henceforth, the Ministry formed committees and formulated guidelines.

The Committee was also informed that after the formulation of the new guidelines, it was the youth beneficiaries who did the recommendation of the LT15 Woodmizers and supplier at a negotiated price of K252,000 and later at K330,000 in the phase II of allocating the Woodmizers to the youth beneficiaries.

The Committee was further informed that the Ministry was not engaged in any single sourcing but only undertook a due diligence on the supplier to ascertain the availability and quality of the machines as to whether they were LT15 Woodmizers. The supplier was paid directly without undertaking all the procurement processes as per guidance from both Zambia Public Procurement Authority and Cabinet Office. Letters from ZPPA and Cabinet office were available for audit verification.

### **Committee's Observations and Recommendations**

The Committee expresses concern at the haphazard manner in which the whole procurement process of Woodmizers was undertaken. In this regard, the Committee urges the Controlling Officer to submit supporting documents on this matter to the Office of the Auditor General for audit verification and ensure that the matter is reported to the relevant investigative wings for further investigations. The Committee awaits a progress report on the matter.

### **Pave Zambia Youth Empowerment Programme – Failure to Implement - K17,000,000**

In his response, the Controlling Officer submitted that K17,000,000 was never spent on the Pave Zambia Programme but instead was channelled to other needy programmes. The letter to vary funds was available for audit verification.

The Committee was informed that there was collaboration amongst all line ministries so as to come up with one government approach of undertaking empowerment programmes to avoid embarking on programmes whose mandate lay with other line Ministries.

### **Committee's Observations and Recommendations**

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

#### **i. Small Scale Mining and Construction-K1,126,062**

In his response, the Controlling Officer submitted that it was highly regrettable that there were loan repayments which had been outstanding for five months.

The Controlling Officer also submitted that the Ministry had commenced monitoring to ensure that the beneficiaries of the loans honoured their agreements.

The Committee was informed that the Ministry had written to the cooperatives to avail status reports. That notwithstanding, demand letters were also issued, for commencement of loan repayments failure to which legal action would be taken against them.

### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the *laissez faire* attitude adopted by the Ministry in the administration of the empowerment loans. The Committee notes, with concern, that the Ministry was only reacting after the audit process, which the Committee finds unacceptable. In this regard, the Committee urges the Controlling Officer to put in place robust loan recovery mechanisms and ensure that the payments are made timely without fail. The Committee, further urges the Controlling Officer to put monitoring mechanisms in place in order to track the sustainability of the loan empowerment programme. The Committee will await a progress report on the matter.

#### **j. Community Sporting Empowerment Programme – Undistributed Sports Equipment-K1,606,763**

In his response, the Controlling Officer submitted that the sports equipment that were not distributed at the time of the audit had since been distributed.

The Controlling Officer also submitted that the returns for the 2,505 sports equipment, which were not available at the time of the audit were collected. The sports kit distribution list and the acquittal returns were available for verification.

The Committee was informed that the Ministry, going forward, would expeditiously endeavour to distribute whatever stores items, in good time to avoid such situations.

## **Committee's Observations and Recommendations**

The Committee expresses displeasure at the *laissez faire* attitude adopted by the Ministry on the distribution of sports equipment. The Committee notes, with concern, that the Ministry was only reacting after the audit process, which the Committee finds unacceptable. In this regard, the Committee urges the Controlling Officer to put measures in place to enhance the internal controls at the Ministry. The Committee also urges the Controlling Officer to submit all supporting documents on this matter to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

### **k. Support to Youth with Agriculture Inputs**

#### **i. Failure to Insure Agriculture Loans-K12,327,116**

In his response, the Controlling Officer submitted that it was highly regrettable that there was failure to insure the agricultural loans.

The Controlling Officer also submitted that the Ministry had put in place new guidelines, as it was now a requirement to have the loans insured in order to avoid defaulters.

The Committee was informed that, the Ministry had written demand letters to the cooperatives, through the provincial administration, to commence repayments, failure to which legal action would be taken against them.

The guidelines on the disbursement of agricultural loans were made available for audit verification.

## **Committee's Observations and Recommendation**

The Committee urges the Controlling Officer to be proactive and ensure that the all the disbursed agricultural loans are insured without delay. The Committee will await a progress report on the matter.

#### **ii. Payment of Agriculture Loans in Excess of Maximum Authorised Amounts –North Western Province-K 1,944,690**

In his response, the Controlling Officer submitted that it was regrettable that the Ministry omitted to follow the guidelines regarding the threshold by paying loans in excess of the maximum authorised amounts.

The Controlling Officer also submitted that the Ministry had written to the provincial administration to follow the guidelines strictly, going forward. The guidelines for the disbursement of the Multi-Sectoral Youth Empowerment Funds were available for verification.

## **Committee's Observations and Recommendation**

The Committee urges the Controlling Officer to institute disciplinary action against officers who violated the provisions of the empowerment guidelines by approving the payments beyond the threshold of K30,000. The Committee also urges the Controlling Officer to submit all supporting documents on this matter to the Office of the Auditor General for audit verification. The

Committee will await a progress report on the matter.

**i. Unaccounted for Funds–North Western Province-K100,000**

In his response, the Controlling Officer submitted that the unaccounted for funds occurred because the two youth beneficiary groups had submitted wrong bank details to the office of the Permanent Secretary for North-Western Province. This resulted into the money going into wrong bank accounts.

However, the disbursement was reversed and paid to the correct bank accounts belonging to the two youth beneficiaries. The bank statements for the two cooperatives were available for audit verification.

**Committee’s Observations and Recommendations**

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

**Late Delivery of Farming Inputs –Muchinga Province - K995,440**

- **In addition, the supplier was paid in advance without any security.**

In his response, the Controlling Officer submitted that the inputs in question were indeed received late by the cooperatives. However, the youth beneficiaries from the three districts received the agricultural inputs and disposal details were available for audit verification.

The Committee was informed that, the Ministry would endeavour to engage all provincial administrations to avoid the recurrence of such matters.

**Committee’s Observations and Recommendations**

The Committee urges the Controlling Officer to undertake due diligence when engaging suppliers of goods and services and ensure that contract provisions are comprehensive and adhered to, without exception. The Committee also cautions the Controlling Officer to desist from releasing funds without any security, in order to safeguard public funds. However, the Committee urges the Controlling Officer to avail all supporting documents on this matter to the Office of the Auditor General for audit verification, subject to which the matter must close.

**ii. Delayed Disbursement of Agriculture loans-K8,732,893**

In his response, the Controlling Officer submitted that the Ministry regretted having not provided sufficient information and guidelines to the provincial administration.

The Controlling Officer also submitted that the Ministry would make extra effort to engage Controlling Officers in provinces and provide them with sufficient information before funds were disbursed, to ensure that funds were prudently used in a timely manner and to avoid unnecessary and costly delays.

### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the *laissez faire* attitude adopted by the Ministry in the disbursement on loans. The Committee notes, with concern, that the Ministry was only reacting after the audit process, which the Committee finds unacceptable. In this regard, the Committee urges the Controlling Officer to put measures in place to enhance the internal controls at the Ministry. The Committee also urges the Controlling Officer to submit all supporting documents on this matter to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

#### **iii. Delayed Repayment of Agriculture Loans - K5,627,578**

In his response, the Controlling Officer submitted that the funds were transferred in June and July of 2021. However, according to the three disbursing provincial administrations, the delay was due to the processes of forming committees and identification of beneficiaries.

The Controlling Officer also submitted that the beneficiaries indicated to start making repayments after the 2021/2022 farming season.

The Committee was informed that the Ministry had written demand letters to all cooperatives through the provinces, to commence repayments of all agricultural loans.

### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the *laissez faire* attitude adopted by the Ministry in the administration of agricultural loans. The Committee notes with concern that provincial administrations are not proactive and this is resulting in the delayed disbursement of the funds to beneficiaries. In view of this, the Committee urges the Controlling Officer to take keen interest and ensure that all the funds are expeditiously released to beneficiaries without any further delay. With regard to beneficiaries who have already been funded, the Committee urges the Controlling Officer to put in place robust loan recovery mechanisms and ensure that the payments are made timely. The Committee further urges the Controlling Officer to put monitoring mechanisms in place in order to track the sustainability of the loan empowerment programme. The Committee will await a progress report on the matter.

#### **Funding not Received for Youth Empowerment- Southern Province-K2,200,000**

In his response, the Controlling Officer submitted that finances were wrongly sent to a dormant account.

The Committee was informed that the provincial administration for Southern Province provided the correct account details and the funds were remitted and credited accordingly. The confirmations of payment documents were available for audit verification.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail payment documents to the auditors at the time of the audit. The Committee also urges the Controlling Officer to submit all relevant supporting documents on this matter to the



Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

**o. Failure to Distribute Inputs–Isoka District-K66,600**

In his response, the Controlling Officer submitted that the inputs remained undistributed at the District Commissioner's office because the supplier had not supplied in full. Therefore, the District Commissioner was guided to put the distribution on hold until the supplier supplied in full.

The Committee was informed that the inputs in question, had since been distributed and the input distribution schedule was available for audit verification.

The Committee was further informed that, going forward, the Ministry would endeavour to engage efficient suppliers and ensure that deliveries were done in accordance with the delivery dates.

**Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to undertake due diligence when engaging suppliers of goods and services and ensure that contract provisions are comprehensive and adhered to without exception. The Committee also urges the Controlling Officer to avail all supporting documents on this matter to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

**p. Questionable Award of Loan to Youth in Farming**

In his response, the Controlling Officer submitted that the loan application and approval forms were available for audit verification.

**Committee's Observations and Recommendations**

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

**q. Agriculture Support Administrative Funds**

**i. Excess Expenditure on Agricultural Support Administrative Funds – North Western Province-K87,376**

In his response, the Controlling Officer submitted that the Ministry guided the provinces to allocate 10 percent of the funds transferred to them towards administrative costs. The funds were not enough due to the number of field appraisals, thereby, causing overspending beyond the 10 percent threshold.

The committee was informed that, the ministry would endeavour to review the administrative

costs so as to make it sufficient to cover all costs.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to institute disciplinary action against officers who approved the payment of the administrative cost beyond the stipulated 10 percent. The Committee also urges the Controlling officer to ensure adherence to the guidelines. The Committee will await a progress report on the matter.

#### **ii. Failure to Avail Activity Reports-K115,604**

In his response, the Controlling Officer submitted that the status reports had not yet been produced at the time of the audit.

The Controlling Officer further submitted that the Ministry had continued engaging their counterparts on the need to sensitise all Heads of Departments with the provisions of the *Public Finance Management, Act No. 1 of 2018* and Public Finance Management (General Regulations 2020), on the importance of retiring imprest within 48 hours after returning to the duty station.

The Committee was informed that, the Ministry shall continue to engage with the provincial administrations on the need to improve on supervision to ensure there was no recurrence of similar audit query.

The Controlling Officer submitted that activity reports and retirement of imprest forms were available for audit verification.

### **Committee's Observations and Recommendations**

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

#### **r. Youth Internship and Apprenticeship - K117,000,000**

In his response, the Controlling Officer submitted that the budgeted amount was K117,000,000, targeting 9,000 youth interns. Therefore, the actual payment for the interns varied between K1,500 and K3,500 per month and therefore, the target had to be reduced to be within K 117,000,000 budget.

The Committee was informed that all interns were paid all outstanding balances up to 31<sup>st</sup> October, 2021. The transfer copy of funds for interns in all provinces was available for audit verification. The Committee was also informed that the Ministry was in the process of reviewing the programme in order to improve on its implementation.

### **Committee's Observations and Recommendations**

The Committee urges the Controlling Officer to institute disciplinary action against officers who

failed to avail supporting documents to the auditors at the time of the audit. The Committee also urges the Controlling Officer to submit all relevant supporting documents on this matter to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

#### **Youth Resettlement Schemes-K67,528**

In his response, the Controlling Officer submitted that the funds in question were not under the Resettlement Scheme, but under the General Multi-Sectoral Empowerment Programme.

The Controlling Officer also submitted that all the beneficiaries of Multi-Sectoral Empowerment Programme were issued with demand letters to begin remittances and failure to which legal action would commence against them.

#### **Committee's Observations and Recommendations**

The Committee expresses displeasure at the *laissez faire* attitude adopted by the Ministry in the administration of the Youth Resettlement Scheme Empowerment Programme. The Committee notes with concern that the Ministry only reacted after the audit process. In this regard, the Committee urges the Controlling Officer to put in place robust loan recovery mechanisms and ensure that the payments are made timely without fail. The Committee further urges the Controlling Officer to put monitoring mechanisms in place in order to track the sustainability of the Youth Resettlement Scheme. The Committee will await a progress report on the matter.

#### **6.5 CONCLUSION**

The Committee wishes to express its gratitude to you, Madam Speaker, and the Office of the Clerk for the support rendered to it during its consideration of the Report of the Auditor General on the audit of Utilisation of COVID-19 Resources for the period from July, 2020 to October, 2021. The Committee further wishes to thank the Controlling Officers who appeared before it and the Secretary to the Treasury for their co-operation.

Finally, the Committee acknowledges the valuable input of the Auditor General, the Accountant General and the Controller of Internal Audit throughout its deliberations.



Mr Warren C Mwambazi, MP  
**CHAIRPERSON**

July, 2022  
**LUSAKA**

## **APPENDIX I - List of National Assembly Officials**

Mr Charles Haambote, Acting Principal Clerk of Committees (FC)  
Mrs Doreen C Mukwanka, Acting Deputy Principal Clerk of Committee (FC)  
Mr Charles Chishimba, Acting Senior Committee Clerk (FC)  
Mr Moses Chuba, Committee Clerk  
Ms Chitalu R Mulenga, Committee Clerk  
Ms Inutu Mwiya, Typist  
Mr Morgan Chikome, Committee Assistant  
Mr Daniel Lupiya, Committee Assistant  
Mr Muyembi Kantumoya, Parliamentary Messenger  
Mrs Muleba S Nawa, Intern

## **APPENDIX II- List of Permanent Witnesses**

### **THE OFFICE OF THE AUDITOR GENERAL**

Mr D C Sichembe, Auditor General  
Mr F Mbewe, Deputy Auditor General- Audits  
Ms C Mazimba, Deputy Auditor General ó CSD  
Mr C Mwewa, Executive Assistant to the Auditor General  
Mr P Simusokwe, Director Ministerial and Appropriation Audit  
Ms P Malaila, Assistant Director - Ministerial Audits  
Mr G Tembo, Senior Auditor  
Ms H Chikale, Public Relations Officer

### **THE OFFICE OF THE ACCOUNTANT GENERAL**

Ms F Muntengwa, Director Policy Research and Standards  
Mr K Mulenga, Chief Accountant  
Mr E Manunga, Principal Accountant  
Mr E Zimbizi, Senior Accountant  
Ms M Malisawa, Senior Accountant

### **THE OFFICE OF THE CONTROLLER OF INTERNAL AUDIT**

Ms J Mukuwa, Director  
Mr G Mulubwa, Assistant Director  
Ms H Lwenje, Senior Internal Auditor

### **APPENDIX III - List of Witnesses**

#### **MINISTRY OF FINANCE**

Mr F Nkulukusa, Secretary to the Treasury  
Mr K Musonda, Accountant General  
Mr C Mulonda, Controller of Internal Audit

#### **MINISTRY OF HEALTH**

Dr G Magwende, Permanent Secretary  
Mr G Chibwe, Director Internal Audit  
Ms J Chomba, Acting Head Procurement and Supplies Officer  
Mr F Mwila, Director ó Director Human Resource Management Administrative

#### **MINISTRY OF MINES AND MINERALS DEVELOPMENT**

Mr W Lungu, Chief Procurement Officer

#### **OFFICE OF THE VICE PRESIDENT (DISASTER MANAGEMENT AND MITIGATION UNIT)**

Dr G Pollen, National Coordinator  
Col G Katambi, Permanent Secretary - North Western Province  
Mr B Mpundu, Permanent Secretary - Northern Province  
Mr A Banda, Director  
Mr M Chisuta, Assistant Director  
Mr I Nkhoma, Chief Accountant  
Mr I Dizomba, Senior Procurement Officer  
Ms C Chingali, Purchasing Supplies Officer  
Mr P Muyonga, Regional Coordinator  
Mr P Lupunga, Director ó Operations

#### **MINISTRY OF TOURISM AND ARTS**

Mr E Mulenga, Permanent Secretary  
Mr M Mbalamweshi, Director Finance  
Mr C Mwamba, Senior Internal Auditor

#### **NATIONAL ARTS COUNCIL**

Mr A Chipindi, Director  
Ms M Chikungu, Assistant Director  
Mr C Chinyama, Assistant Director

#### **CITIZENS ECONOMIC EMPOWERMENT COMMISSION**

Ms M Fulai, Acting Director General

Ms M Munansangu, Acting Director Business Development  
Mr T Hakulipa, Acting Credit Manager  
Ms L Mudenda, Director General  
Mr W Banda, Operating Manager

**MINISTRY OF YOUTH, SPORT AND CHILD DEVELOPMENT**

Mr K Chileshe, Permanent Secretary  
Mr B Mulenga, Director Human Resource Administration  
Mr M C Ruveve, Director Finance  
Ms C Chikondo, Director Youth  
Mr J Siame, Senior Audit  
Mr J Zulu, Director Sports  
Mr C Mayenge, Head Procurement  
Mr W Chirwa, Chief Planner  
Mr David Musonda, Council Secretary  
Mr Micheal Kasi, Senior Youth Officer  
Mr B Kaungo, Former Director Finance  
Mr G Chilikwazi, Head of Procurement