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REPUBLIC OF ZAMBIA

## OFFICE OF THE AUDITOR-GENERAL

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LUSAKA, ZAMBIA

13<sup>th</sup> December, 2023

To the News Editor

### **PRESS RELEASE** *For Immediate Release*

The Report of the Auditor General on the Audit of Accounts of Local Authorities for the financial year ended 31<sup>st</sup> December 2022 is out with minimal improvements as well as areas of internal control and operational weaknesses peculiar to some local authorities.

The report which was tabled on the Floor of the National Assembly, covers all the 116 local authorities (councils) in the country.

The report also expresses an audit opinion on the accounts of each local authority for the period under review. The following are the notable audit findings and implications, among others:

#### **1) Audit Opinions**

The report has seen an improvement in the number of councils with unqualified audit opinions from fifty-nine (59) councils in 2021 to seventy-one (71) councils in 2022. This represents 61% of councils had clean report. Unqualified audit opinions are considered to be clean reports devoid of financial misstatements or omissions.

#### **2) Failure to settle Statutory and Other obligations**

The report has also highlighted that, 113 councils owed various institutions amounts totaling K3,583,720,728 in respect of tax, pension, insurance contributions and supply of goods and services, some of which had been outstanding from as far back as 2013. The implication for this failure is that this may disadvantage employees of their benefits at the time of leaving service.

#### **3) Failure to collect revenue**

The report further disclosed, during the period under review, 73 councils where to collect revenue in amounts totaling K1,039,899,098 in respect of property rates, billboards, site rent and personal levy. However, as at 31<sup>st</sup> October 2023 only revenue in amounts totaling K382,999,873 had been collected leaving a balance of K656,899,225. This deprives Government and respective

institutions of the much-needed revenue for provision of social services for improved service delivery and operations.

#### **4) Misapplication of Funds**

During the period under review, twenty-two (22) councils misapplied amounts totalling K11,640,012 which were meant to be utilised on capital projects on operational expenses. The irregularity entails that the budgeted funds are used on unrelated programmes without authority from the Secretary to the Treasury. This makes other programmes to suffer.

#### **6) Over employment of staff**

An examination of the Establishment Registers at forty-three (43) councils revealed that some positions were overstaffed resulting in excess of 604 staff who were paid salaries in amounts totaling K79,363,724.

#### **7) Employees without requisite qualifications**

237 members of staff at twenty-five (25) councils did not meet the requisite educational and professional qualifications for the positions they were holding.

Other findings raised in this Report include: Failure to update valuation rolls; Failure to control markets; Failure to develop integrated development plans; Poor management of solid waste; Failure to fill vacant positions; over employment of staff and failure to confirm officers on probation; Failure to secure properties with title deeds; Failure to insure motor vehicles and buildings; Failure to maintain properties; and Failure to establish firefighting services.

The implications of the above findings range from, the country having Unplanned Settlements, Poor Management of Waste to Poor Service Delivery among others.

The Auditor General is concerned that Local Authorities that are expected to provide service at local level have continued to exhibit poor governance in the management of public resources. He has appealed to those charged with the responsibility to manage the resources, to address the issues raised seriously and urgently if Local Authorities are to provide quality service delivery and development in their respective communities.

The report is now available and can be accessed from the Office of the Auditor General website: [www.ago.gov.zm](http://www.ago.gov.zm) .

For further details, contact the undersigned.

(Original Signed)

Issued by: Ellen M. Chikale (Ms.)

**Head of Public Relations**

**FOR/ AUDITOR GENERAL**