



Republic of Zambia

OFFICE OF THE AUDITOR GENERAL



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ADMINISTRATIVE REPORT FOR THE YEAR 2021



Foreword



It is my honour and privilege to present the Administrative Report of the Office of the Auditor General for the year ended 31st December 2021.

The report highlights the OAG's performance during the period and outlines some of the challenges faced. The Office has once again been able to fulfil its mandate as the audit report for the year ended 31st December 2020 was produced on time and was submitted to the President and the National Assembly before 30th September 2021.

In addition, the Office had constructive engagement with the Public Service Management Division with regard to the restructuring of the office. It is envisaged that with a more robust structure, the Office will be more responsive and thus have more impact on government's effort to uplift the lives of Zambians.

I wish to express my gratitude to the Government and all our stakeholders for the support rendered during this period.

Further, I wish to acknowledge the management and staff at the Office of the Auditor General for their support and dedication to duty.

Clare M. Mazimba (Mrs)
Deputy Auditor General
Corporate Services Division

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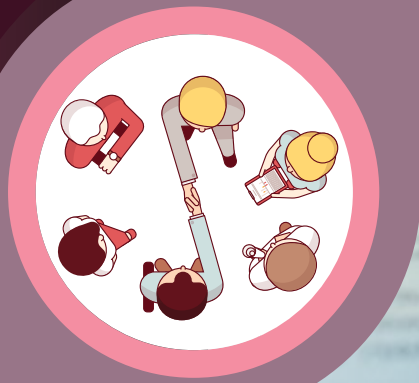


ONYM

ACRONYMS

Acronyms

ACCA	Association of Chartered Certified Accountants
AFROSAI-E	African Organisation of Supreme Audit Institutions for English Speaking Countries
CAM	Compliance Audit Manual
CAPAC	Commonwealth Association of Public Accounts Committees
CIMA	Chartered Institute of Management Accountants
EU	European Union
FAM	Financial Audit Manual
HRA	Human Resources and Administration
ICT	Information Communications Technology
INTOSAI	International Organisation of Supreme Audit Institutions
ISSAIs	International Standards of Supreme Audit Institutions
LAAD	Local Authorities Audit Directorate
MAAD	Ministerial Appropriations Audit Directorate
MIS	Management Information Systems
MPSAs	Ministries, Provinces and Spending Agencies
OAG	Office of the Auditor General
OAGN	Office of the Auditor General Norway
PAAD	Provincial Appropriations Audit Directorate
PAC	Public Accounts Committee
P & I	Planning and Information
PDI	Public Debt and Investments
PSMD	Public Service Management Division
PwC	Price water house Coopers
RAD	Revenue Audits Directorate
RIDP	Restructuring and Institutional Development Programme
SAD	Specialised Audits Directorate
SADCOPAC	Southern Africa Development Community Organisation of Public Accounts Committees
SAI	Supreme Audit Institution
SDGs	Sustainable Development Goals
SEK	Swedish Kroner
7NDP	Seventh National Development Plan
ZICA	Zambia Institute of Certified Accountants



1. Introduction

In executing its mandate, the Office of the Auditor General undertook various activities during the year ended 31st December 2021. This report provides an insight of the OAG's performance during the year under review. The report shows the successes scored and challenges encountered during the year which was also the final year of the implementation of the 2017 – 2021 strategic plan.

1.1. Establishment of the Office of the Auditor General

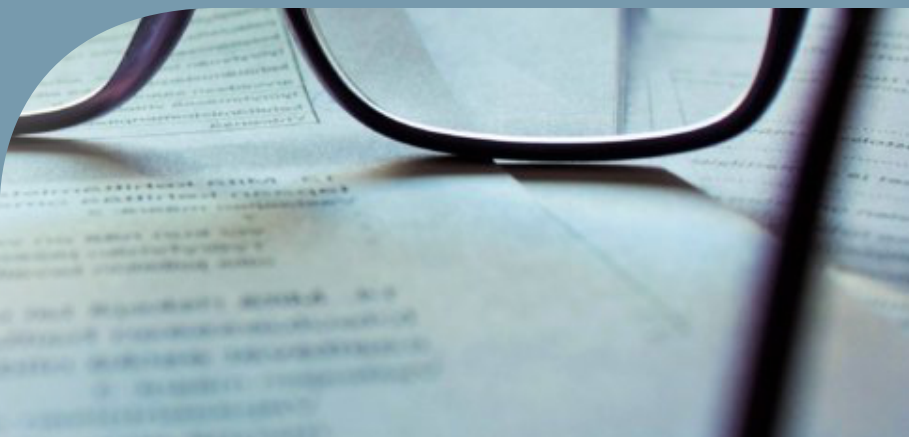
The Office of the Auditor General is established by Article 249(1) of the Constitution of Zambia (Amendment) Act No. 2 of 2016 which states “there shall be an Auditor General who shall be appointed by the President on the recommendation of the State Audit Commission, subject to ratification by the National Assembly”.

1.2. Mandate

The mandate of the Auditor General is stipulated in Article 250(1) of the Constitution of Zambia (Amendment) Act No. 2 of 2016 as follows:

- Audit the accounts of state organs, state institutions, provincial administration and local authorities and institutions financed from public funds;
- Audit the accounts that relate to the stocks, shares and stores of the Government;
- Conduct financial and value for money audits, including forensic audits and any other type of audit, in respect of a project that involves the use of public funds;
- Carry out special, environmental, procurement and contract audits or reviews of the state organs, state institutions and private institutions;
- Ascertain that money appropriated by Parliament or raised by the Government and disbursed has been applied for the purpose for which it was appropriated or raised; was expended in conformity with the authority that governs it; and was expended economically, efficiently and effectively; and
- Recommend to the Director of Public Prosecutions or law enforcement agencies any matter within the competence of the Auditor General that may require to be prosecuted.

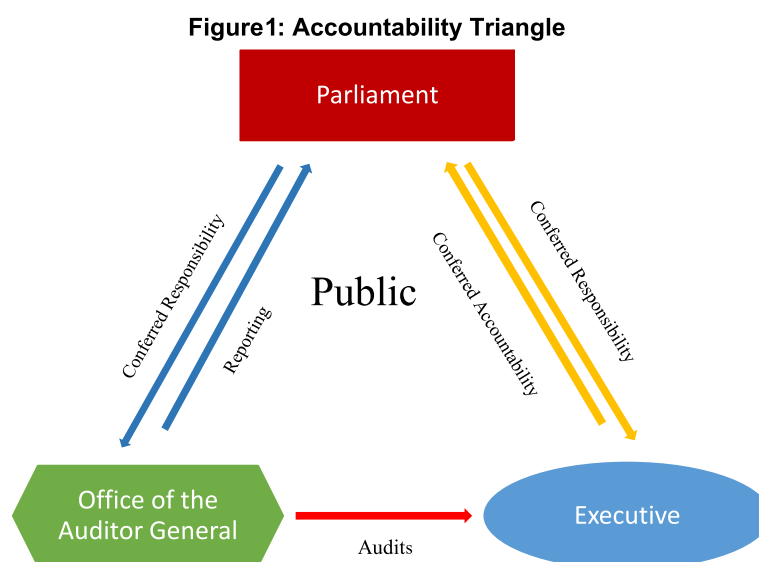
The mandate of the Auditor General is also contained in Section 73(I) of the Public Finance Management Act No. 1 of 2018 and is also contained in the Public Audit Act No. 8 of 1980.



In addition, Sections 44 and 45 of the Local Government Act No. 2 of 2019 and Sections 13 and 14 of the Constituency Development Fund Act No. 11 of 2018 state that the accounts of local authorities and the Constituency Development Fund shall be audited annually by the Auditor General or an auditor appointed by the Auditor General.

1.3. Accountability Triangle

The Accountability Triangle is made of Parliament, the Executive and the Office of the Auditor General. The role of the Office of the Auditor General in the triangle is illustrated in Figure 1 below.



As illustrated in figure 1 above, Parliament makes laws which include Appropriation Acts. Appropriation Acts are passed yearly in line with Article 203 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 to authorise the spending of monies from the Consolidated Fund of the Republic in accordance with approved Estimates of Revenue and Expenditure for each year. The Executive then implements the laws passed by Parliament and reports to it regarding how the implementation was undertaken.

The Office of the Auditor General, as required under Article 250, audits the implementation of the laws and then reports to Parliament in line with Article 212 which states that “The Auditor-General shall, not later than nine months after the end of a financial year, submit an audit report to the President and the National Assembly, on the accounts of the Republic audited in respect of the preceding financial year.”

Based on the reports of the Auditor General, Parliament, through its various committees, holds the Executive accountable on the matters raised in the audit reports and makes recommendations on actions that should be taken by Government to address them.



1.4. Vision

A dynamic audit institution that promotes transparency, accountability and prudent management of public resources.

1.5. Mission

To independently and objectively provide quality auditing services in order to assure our stakeholders that public resources are being used for national development and wellbeing of citizens.

1.6. Core Values

Integrity
Professionalism
Objectivity
Teamwork
Confidentiality
Excellence
Innovation
Respect

1.7. Goal

To attain 80% application of public resources towards development outcomes.

1.8. Strategic Objectives

The Office of the Auditor General was in its fifth (final) year of implementing its 2017 – 2021 strategic plan. The plan had four (4) strategic objectives as follows:

- i. Objective 1: To provide timely and value adding auditing services for enhanced accountability, transparency and integrity of Government and the public sector for the benefit of society.
- ii. Objective 2: To effectively plan, execute, monitor and evaluate programmes and provide management information for timely decision making and attainment of set objectives.
- iii. Objective 3: To efficiently and effectively manage the human resources in order to achieve exceptional individual and organisational performance.
- iv. Objective 4: To efficiently and effectively provide financial and administrative services for organisational efficiency and attainment of set objectives.

In order to achieve the strategic objectives, OAG had the following key strategies outlined in the strategic plan:

- i. Strengthen the mechanism for follow up on audit recommendations of Parliament;
- ii. Strengthen the sensitization programme to reduce the number of recurring audit queries;
- iii. Enforce adherence to auditing standards;
- iv. Develop and implement a communication strategy;



- v. Develop and implement a mechanism for follow up on developmental programmes;
- vi. Develop and implement a Human Resource Strategy;
- vii. Develop and implement a Performance Management System;
- viii. Review and operationalise the organisation structure and job Descriptions;
- ix. Develop and implement a resource mobilization strategy; and
- x. Develop and implement a monitoring and evaluation mechanism for procurement.

1.9. Types of Audits Undertaken

The Office of the Auditor General undertakes three (3) types of audits recognised by the International Organisation of Supreme Audit Institutions (INTOSAI) namely:

- **Financial Audits**

Financial audit is one that is undertaken to determine whether an entity's financial information is presented in accordance with the applicable financial reporting and regulatory framework. This is accomplished by obtaining sufficient and appropriate audit evidence to enable the auditor to express an opinion as to whether the financial information is free from material misstatement due to fraud or error.

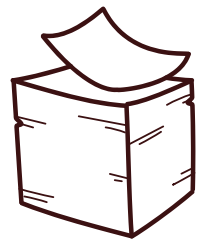
The Office carries out financial audits on the annual accounts or financial statements of Government and other public bodies. The Auditor General is then required to issue an opinion as to whether the financial statements are prepared, in all material respects, in accordance with an identified/applicable financial reporting framework and/or statutory requirement. This is in line with Article 211 (2) of the Constitution of Zambia (Amendment) Act No. 2 of 2016 and provisions of different Acts of Parliament that establish and regulate operations of various public bodies.

In addition, the Office conducts financial audits on various donor funded projects through which the Auditor General expresses his audit opinions on their financial statements by 30th June of each year in line with requirements of different financing agreements entered between Government and Cooperating Partners.

- **Compliance Audits**

Compliance audit is one that is undertaken to determine whether a particular subject matter is in compliance with authorities identified as criteria. Compliance auditing is performed by assessing whether activities, financial transactions and information are, in all material respects, in compliance with the authorities which govern the audited entity. These authorities may include rules, laws and regulations, budgetary resolutions, policy, established codes, agreed terms or the general principles governing sound public sector financial management and the conduct of public officials.

The Office conducts compliance audits which are comprehensive reviews of the adherence of public bodies to regulatory guidelines. These reports outline instances of non-compliance with authorities depending on the specific audits subject matter.



- **Performance Audits**

Performance audit is one that is undertaken to determine whether interventions, programmes and institutions are performing in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. Performance is examined against suitable criteria, and the causes of deviations from those criteria or other problems are analysed. The aim is to answer key audit questions and to provide recommendations for improvement.

The Office conducts performance audits on various public sector programmes with a view to adding value and helping to improve performance.

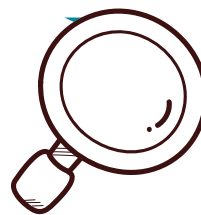
In addition, the Office undertakes other audits that are conducted alongside the audits mentioned above. IT audits are undertaken in Ministries, Provinces and Agencies (MPAs) that use Information and Communication Technology (ICT) platforms for their business processes. Further, the Office conducts forensic audits in cases of suspected fraud.

1.10. Introduction of Real-Time Audits

In an effort to further enhance accountability, in 2020, the Office embarked on the performance of real-time audits. The introduction of real-time or live audits enabled the office to be abreast in monitoring the utilization of public funds as and when they were being spent. This aids decision makers to make relevant decisions that are timely in relation to the situation on the ground. For instance, during the period under review, a real-time audit was conducted on the utilisation of Covid-19 funds.

1.11. Audit Process

The Office follows International Standards of Supreme Audit Institutions (ISSAIs) in conducting its audits and the audit process is illustrated in figure 2 below.



• Overall annual audit plan for all the audits to be conducted for the year

- *Risk assessment -ranking of clients according to risk matrix*
- *Formulation of Annual Overall Audit Plan.*



• Planning for individual audit engagements

- *Ethical and Resources consideration*
- *Engagement letters issued to clients - stores scope of the audit, responsibilities of client and auditor and time lines of the audit.*



• Audit Execution -

- *Conduct Risk Assessment and design Audit Procedures*
- *Performing audit procedures to obtain audit evidence)*



• Reporting

- *Issuance of management letter*
- *issuance of Auditors Report and opinion.*



• Tabling of the Reports in Parliament and deliberation by the various Committees:

- *Public Accounts Committee*
- *Committee on Parastatal Bodies*
- *Committee on Local Government Accounts*
- *Special Purchase Committees*



1.12 Types of Audit Reports Produced by the Office

The Office produces the following reports that are tabled in Parliament;

- **Report of the Auditor General on the Accounts of the Republic**

The Report of the Auditor General on the Accounts of the Republic is produced from the audits conducted by OAG on the accounts of Ministries, Provinces, Agencies and other institutions financed from public funds to examine whether the funds appropriated by Parliament or raised by Government and disbursed are accounted for.

- **Report of the Auditor General on Parastatal Bodies and Other Statutory Institutions**

The Report of the Auditor General on the Accounts of Parastatal Bodies and Other Statutory Institutions is produced from audits and review of operations conducted by OAG on parastatal bodies and other statutory institutions to highlight matters concerning management and financial performance of the institutions in accordance with relevant laws and regulations.

- **Report of the Auditor General on the Accounts of Local Authorities**

The Report of the Auditor General on the Accounts of Local Authorities is produced from the audits conducted by OAG on the Local Authorities (Councils) to examine whether the funds appropriated by Parliament and received by Local Authorities or locally generated are utilised in accordance with relevant laws and regulations and are accounted for.

- **Performance Audit Reports**

Performance Audit reports are produced from performance audits undertaken by OAG on different subject matters on Ministries, Government Departments and other Government Agencies to promote economical, effective and efficient governance.

- **Special Reports**

Special Reports are produced by the Office of the Auditor General based on special audits conducted as the Auditor General sees fit or on specific requests by appropriate authorities within Government on matters of public interest. These audits are conducted on the ground that, there is sufficient reason for the audit to be carried out and provided that there are enough resources available to do so.

- **Simplified Reports of the Auditor General**

In 2020, the office launched the production of Simplified Reports of the Auditor General. This is the use of cartoons and infographics to make the reports of the auditor general easier to understand for the public. Audit language by its very nature is perceived to be technical and that over the years, the feedback from the citizenry (stakeholders) was that the Reports of the Auditor General were not easy to understand by an ordinary person on the street. It was



against this background that the Office resolved to put together a simplified version of the Auditor General's Report that is responsive to the concerns raised. In line with the Office's Communication and Stakeholder Engagement Strategies that conform to International Standards and Best Practice, the simplified reports were produced.

1.13. Reports Published

In 2021, the Office published the following reports:

a. Financial Audits

- i. Report of the Auditor General on the Accounts of the Republic for the Financial Year ended 31st December 2020,
- ii. Report of the Auditor General on the Review of Operations of Local Authorities for the Financial Years ended 31st December 2020,
- iii. Report of the Auditor General on the Audit of Utilisation of Covid-19 Resources for the period from July 2020 To October 2021,
- iv. Report of the Auditor General on the Accounts of Water Supply and Sanitation Companies for the Financial Year ended 31st December 2020,
- v. Report of the Auditor General on the Accounts of Parastatal Bodies and other Statutory Institutions for the Financial Year Ended 31st December 2019, and
- vi. Report of the Auditor General on the Accounts of Parastatal Bodies and other Statutory Institutions for the Financial Year Ended 31st December 2020.

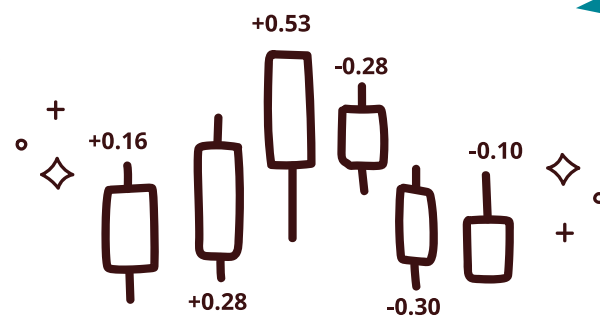
b. Performance Audits

- i. Report of the Auditor General on the Management of Electronic Waste in Zambia,
- ii. Report of the Auditor General on the Government Measures to address the Impact of Climate Change on Food Security in Zambia,
- iii. Report of the Auditor General on the Government Measures to reduce Road Traffic Accidents in Zambia, and
- iv. Report of the Auditor General on the Distribution of Medicines and Medical Supplies in Zambia.

c. Other Reports

- i. Simplified Report of the Auditor General on the Accounts of the Republic for the Financial Year ended 31st December 2019, and
- ii. Simplified Report of the Auditor General on the Local Government Accounts for the Financial Year ended 31st December 2019.

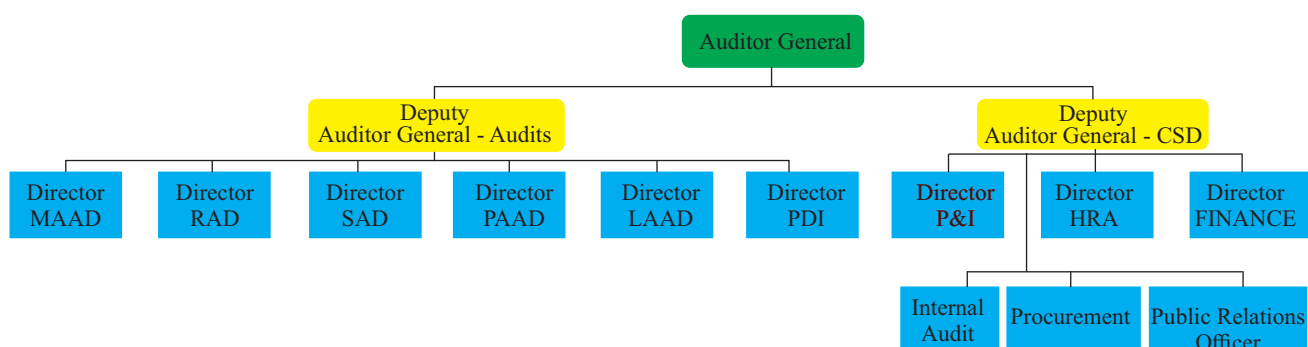
These reports were tabled in Parliament and were widely distributed to various stakeholders including MPSAs, Cooperating Partners and members of the public. These reports are available on the OAG website at www.ago.gov.zm.



1.14. Organisational Structure

The OAG is headed by the Auditor General who is assisted by two (2) Deputy Auditors General in charge of the Audit and Corporate Services Divisions (CSD) respectively. The Office consists of nine (9) Directorates, of which six (6) are under the Audit Division and three (3) are under the Corporate Services Division. **Detailed organogram is at Appendix 1.**

Figure 3 : Organisation Chart





1.15. Top Management of the Office of the Auditor General



Dr. Dick Chellah Sichembe
Auditor General



Mr. Francis Mbewe
Deputy Auditor General - Audits



Mrs. Clare M. Mazimba
Deputy Auditor General - CSD
(Controlling Officer)



Mr Patrick Simusokwe
Director - Ministerial
Appropriation Audit
Directorate



Mrs Rinniah S. Zulu
Director - Revenue
Audit Directorate



Mr Emmanuel Tembo
Director-Specialised
Audit Directorate



Mr Bornwell Mpofu
Ag. Director- Planning
and Information



Mrs Emily Kauseni
Director - Human
Resource and
Administration



Mrs. Inonge
Kumwenda
Director-Finance



Mr Davy Siame
Director - Provincial
Appropriation Audit
Directorate



Mr Obed J. Mwale
Director - Local
Authorities Audit
Directorate



Mr Augustine Mwelwa
Director-Public Debt
and investment



2. AUDIT DIVISION

The Audit Division performs the core function of the Office which is audit. It is responsible for strategic objective one (1) of the strategic plan – “To provide timely and value adding auditing services for enhanced accountability, transparency and integrity of government and the public sector for the benefit of society”.

The Division comprises six (6) Directorates as follows:

2.1. Ministerial Appropriation Audit Directorate (MAAD)



*Mr. Patrick Simusokwe
Director*

The Ministerial Appropriation Audits Directorate is headed by a Director who is assisted by three (3) Assistant Directors. The directorate is divided into three (3) sections namely; Line Ministries (Main ministries), Parliamentary, Judiciary and Commissions (PAJUCO), and Defence and Security Sections.



*Mr Steven Phiri
Assistant Director – Line Ministries*



*Mr William Chibesa
Assistant Director –PAJUCO*



*Ms Patricia Malaila
Assistant Director – Defence
and Security*

2.1.1. Functions

The Ministerial Appropriation Audits Directorate is responsible for auditing;

- Line ministries (main ministries)
- Service Commissions
- Judiciary
- State House
- National Assembly
- Cabinet Office
- Office of the Vice President
- Public Service Management Division
- Smart Zambia



2.1.2. Organisation

The Directorate has three (3) sections namely:

- **Line Ministries**

The section is responsible for the audit of all Government ministries and Departments including donor funded programmes.

- **Parliament, Judiciary and Commissions**

The section is responsible for the audit of Parliament, Judiciary and Commissions.

- **Defence and Security**

The section is responsible for the audit of defence and security wings of Government.

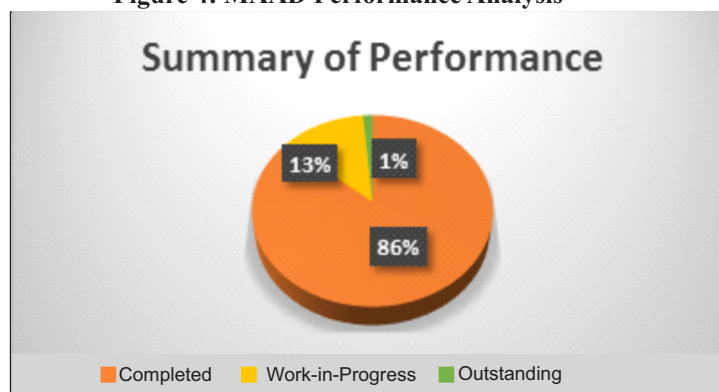
2.1.3. Summary of Performance

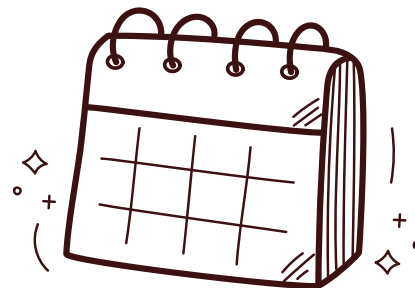
The performance of the Directorate for the year 2021 was as shown in the table 1 below.

Table 1 : MAAD Summary of Performance

Section	Planned Activities	Completed	Work-in-Progress	Outstanding
Line Ministries	25	22	3	0
Defence and Security	27	23	3	1
PAJUCO	20	17	3	0
Total	72	62	9	1

Figure 4: MAAD Performance Analysis





2.2. Revenue Audit Directorate (RAD)



Mrs. Rinniah S Zulu
Director

The Directorate is headed by a Director who is assisted by two (2) Assistant Directors responsible for Tax and Non-Tax sections respectively.



Mr Moses Mtonga
Assistant Director – Tax Section



Mrs Grace L. Chanda
Assistant Director – Non-Tax Section

2.2.1. Functions

The Directorate is responsible for auditing Government revenue collections and to ascertain whether such revenue collections have been brought to account. It also verifies whether the revenue targets have been met as stated in the National Budget and makes recommendations to Government to ensure that revenues due, are collected and accounted for.

2.2.2. Organisation

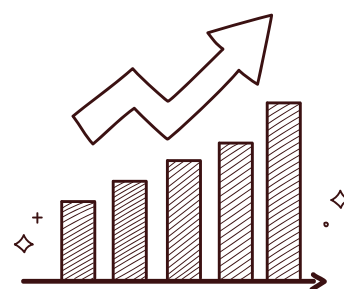
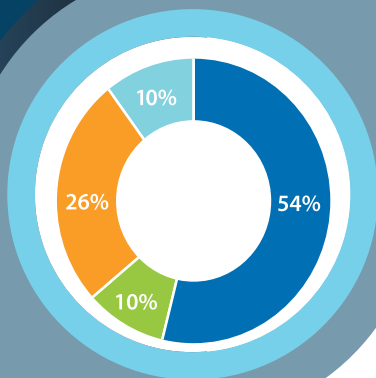
The Directorate has two (2) sections namely;

- **Tax Revenues**

This section audits revenues collected by the Zambia Revenue Authority (ZRA) and include; Income Tax, Customs and Excise, and Value Added Tax (VAT).

- **Non-Tax Revenue**

This section audits revenues collected by ministries, departments and agencies which include road tax and fees of court or office.



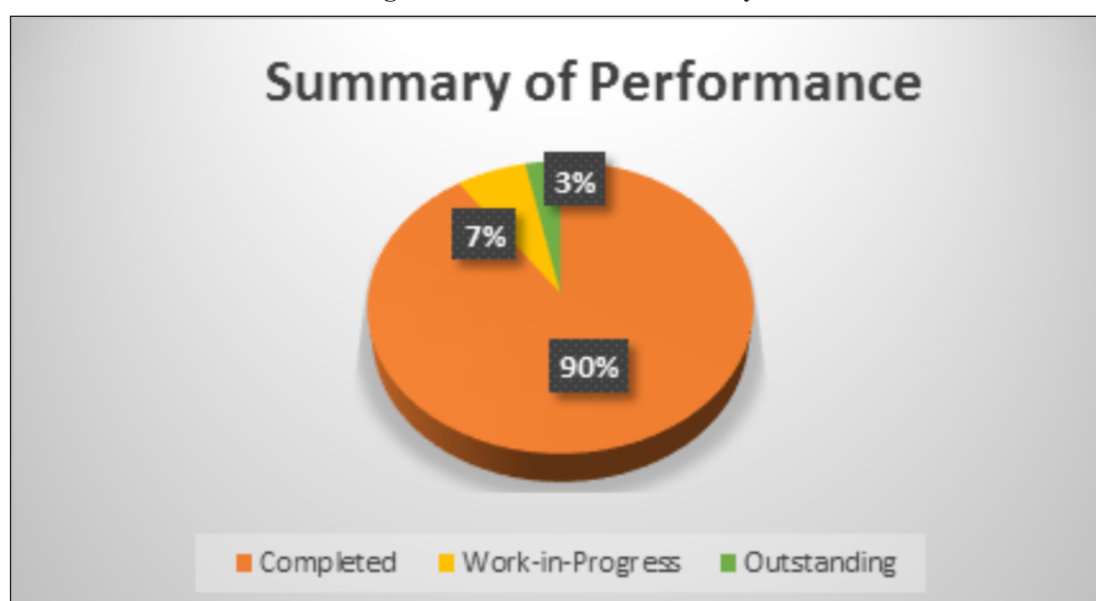
2.2.3. Summary of Performance

The performance of the directorate for the year 2021 was as shown in the table below.

Table 2: RAD summary of performance

Unit	Total Planned Activities	Completed	Work-in-Progress	Outstanding
Tax	13	11	2	0
Non Tax	17	16	0	1
Adhoc	1	1	0	0
Total	31	28	2	1

Figure 5: RAD Performance Analysis





2.3. Specialised Audits Directorate (SAD)



Mr. Emmanuel Tembo
Director

The Directorate is headed by a Director who is assisted by three (3) Assistant Directors in charge of Performance and Environmental Audits; Forensic and Investigations Audit and Information Technology Audits.



Ms Mwila Munkanta
Assistant Director – Performance Audit



Mr John Mulenga
Assistant Director – Forensic Audit



Mr Brighton Mpatisha
Assistant Director – IT Audit

2.3.1. Functions

The Directorate is responsible for carrying out performance, environmental, forensic and information technology audits.

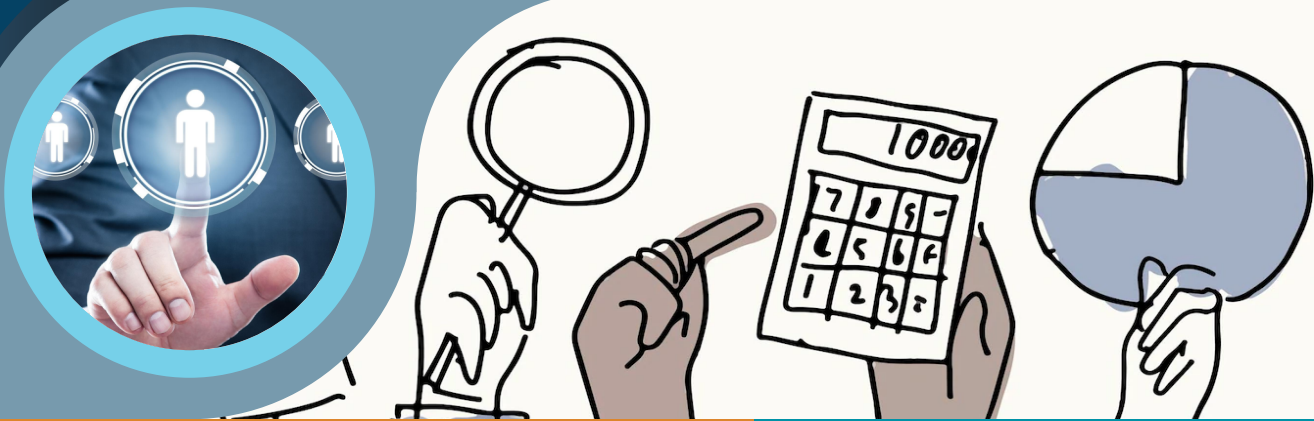
2.3.2. Organisation

The Directorate has three (3) sections namely;

- **Performance and Environmental Audits**
This section carries out both performance and environmental audits. The objective of carrying out these audits is to constructively promote economical, effective and efficient governance. It also contributes to the accountability and transparency of resource management in the MPSAs.

The details about the audits carried out by this unit are as follows:

- **Performance Audits** – These are audits of the economy, efficiency or effectiveness with which the audited entity/entities use its resources to achieve its goals and whether there is room for improvement.



- **Environmental Audits** – This is essentially an environmental management tool for measuring the effects of certain activities on the environment against set criteria or standards. Environmental audits also often follow the concept of the 3 E's – economy, efficiency and effectiveness – that form the basis of a performance audit.

- **Forensic and Investigations Audits**

This section carries out forensic audits in response to vices such as asset misappropriation, financial statement fraud, corruption, money laundering and other related vices which may occur in ministries, provinces and other spending agencies. The stated vices are detrimental to the social and economic development of the country and in averting the existence or emergence of the frauds, the section carries out two types of Forensic Audits, namely Pro-active and Reactive Forensic Audits.

Forensic audit is like a living organism which is very dynamic and in order to respond to the challenges, the section has been trained and equipped with modern high-tech forensic audit equipment such as Forensic Tool Kit (FTK), Audit Command Language (ACL), Construction Forensic Tool Kits and Encase.

The major role of this section is to derive evidence which can be adduced before the courts of law for successful prosecution of suspects who may be found wanting of any fraudulent activities relating to government resources. In fulfilling its mandate, the Section works closely with the law enforcement agencies to ensure that persons named in the forensic audit reports are successfully prosecuted.

In 2021, through this section, the office launched a hotline to provide a platform for members of the general public to be involved in the issues of accountability of public resources. In addition, whistle blowers have an opportunity to report issues that may be vital to the operations of the office.

- **Information Technology (IT) Audit Unit**

The section is responsible for conducting information system audits. The unit does not have a specific clientele but supports all audit Directorates as long as there is need for its services.

2.3.3. Summary of Performance

The performance of the directorate for the year 2021 was as shown in the table below.

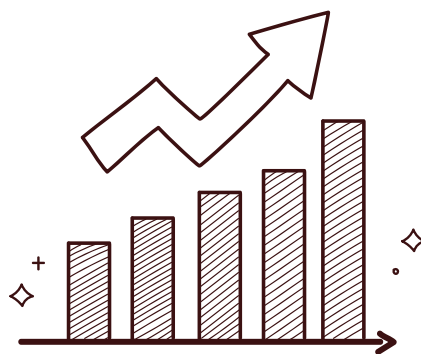
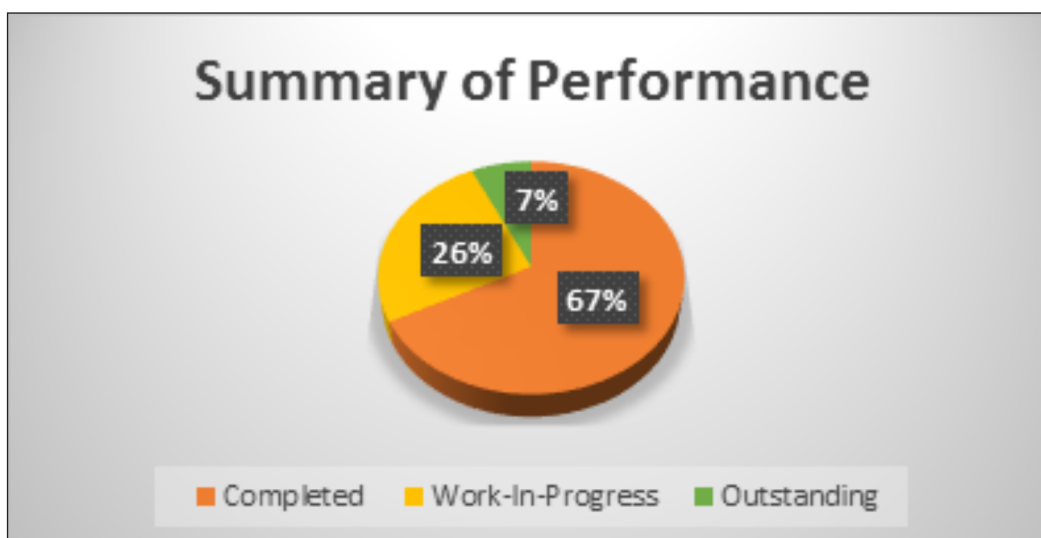
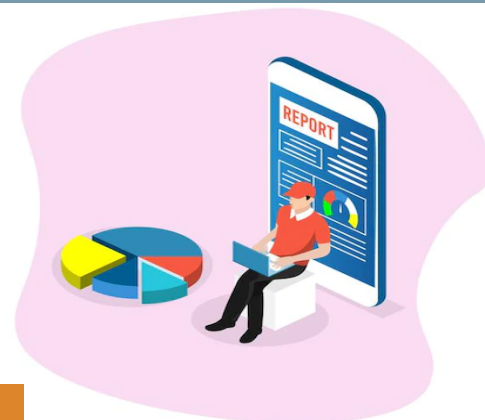


Table 3: SAD Summary of Performance

Audit Unit	Total Planned Activities	Completed	Work-in-Progress	Outstanding
Forensic	19	9	7	3
Information Technology	17	16	1	0
Performance	7	4	3	0
Total	43	29	11	3

Figure 6: Specialised Audits Performance Analysis





2.4. Provincial Appropriation Audits Directorate (PAAD)



*Mr. Davy Siame
Director*

The Provincial Appropriation Audits Directorate (PAAD) is headed by a Director who is assisted by twelve (12) Assistant Directors. Ten (10) are based in provincial headquarters and two (2) at Head office in Lusaka.



*Ms Evelyn Mutandwa
Assistant Director –
HQ*



*Mr Chishimba Mwewa
Assistant Director –
Lusaka*



*Mr Sira Nyirenda
Assistant Director -
Central*



*Mr Tracksons Mweemba
Assistant Director -
Copperbelt*



*Mr Gabriel Mashau
Assistant Director -
Eastern*



*Mr Godfrey Daka
Assistant Director -
Luapula*



*Mr Meroob Makhi
Assistant Director -
Muchinga*



*Mr Smart Nguni
Assistant Director –
Northern*



*Mr Alfred Musonda
Assistant Director –
North Western*



*Mr Aphonicious Malambo
Assistant Director -
Southern*



*Mr John Siameja
Assistant Director –
Western*

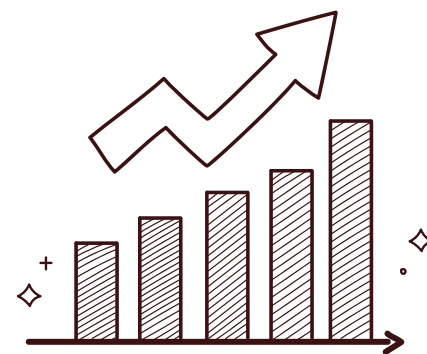


*Mr Geoffrey Sitali
Assistant Director -
HQ*

2.4.1. Functions

The Directorate is responsible for the following:

- To audit the accounts relating to expenditure of the moneys appropriated by Parliament to all Provincial Administration offices or Provincial Accounting Control Units (PACUs);
- To audit donor funded projects at provincial and district levels;



2.4.2. Organisation

The Directorate has ten (10) provincial offices each headed by an Assistant Director.

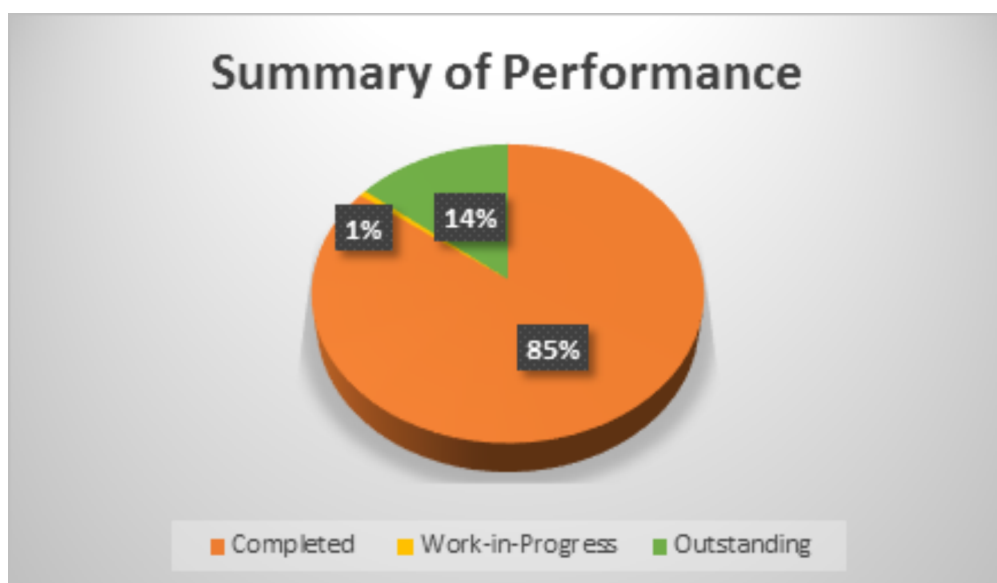
2.4.3. Summary of Performance

The performance of the Directorate for the year 2021 was as shown in the table below.

Table 4: PAAD summary of Performance

Details	Total Planned Activities	Completed	Work-in-Progress	Outstanding
First Quarter	53	53	0	0
Second Quarter	58	58	0	0
Third Quarter	45	22	1	22
Total	156	133	1	22

Figure 7: PAAD Performance Analysis





2.5. Local Authorities Audit Directorate (LAAD)



Mr. Obed J Mwale
Director

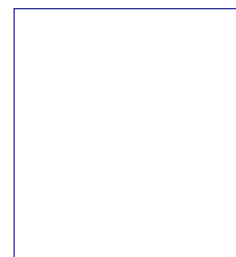
The Directorate is headed by a Director who is assisted by three (3) Assistant Directors..



Mr. Alfred Mbolela
Assistant Director – Zone 1



Mr Wiclith Sakala
Assistant Director – Zone 2



Vacant
Assistant Director – Zone 3

2.5.1. Functions of the Directorate

The Directorate is responsible for auditing Local Authorities (Councils).

2.5.2. Organisation of the Directorate

The Directorate is organised into three (3) zones each headed by an Assistant Director as detailed below.

- Zone 1 - Eastern, Western, Lusaka and Southern provinces.
- Zone 2 - Copperbelt, Central and North-Western provinces.
- Zone 3 - Northern, Luapula and Muchinga provinces.

2.5.3. Summary of Performance

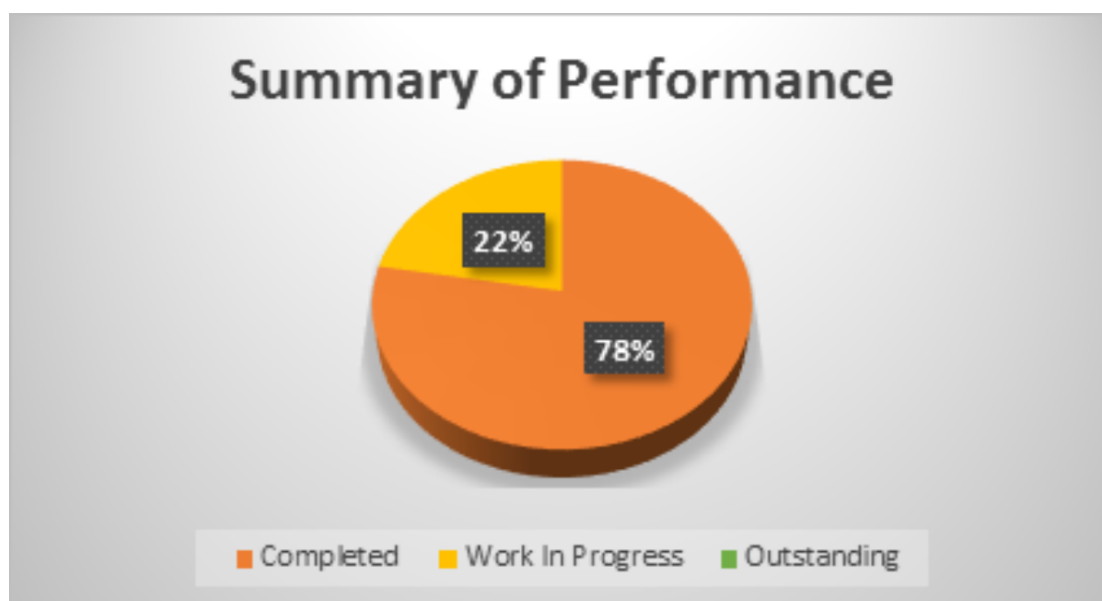
The performance of the Directorate for the year 2021 was as shown in the table 3 below.



Table 5: LAAD Summary of Performance

No.	UNIT	Total Planned Activities	Completed	Work In Progress	Outstanding
1	LAAD Zone 1- Lusaka Province	9	7	2	-
2	LAAD Zone 1- Eastern Province	9	7	2	-
3	LAAD Zone 1- Western Province	12	7	5	-
4	LAAD Zone 1- Southern Province	7	7	-	-
5	LAAD Zone 2- Central Province	9	7	2	-
6	LAAD Zone 2- Copperbelt Province	7	7	-	-
7	LAAD Zone 2- NorthWestern Province	9	7	2	-
8	LAAD Zone 3- Northern Province	10	7	3	-
9	LAAD Zone 3- Luapula Province	11	7	4	-
10	LAAD Zone 3- Muchinga Province	7	7	-	-
	Total	90	70	20	-

Figure 8: LAAD Performance Analysis





2.6. Public Debt and Investments (PDI)



Mr. Augustine Mwelwa
Director

The Directorate is headed by a Director who is assisted by two (2) Assistant Directors. It is divided into two (2) sections namely Parastatal and Statutory Bodies; and Grants, Loans and Investments sections each headed by an assistant director .



Mr. Shadreck Chitumbo
Assistant Director

Parastatal and Statutory Bodies



Mr. Kenny C. Chilao
Assistant Director

Grants, Loans and Investments

2.6.1. Functions of the Directorate

The Directorate is responsible for the audit of parastatals, statutory institutions, grants, loans and investments.

2.6.2. Organisation

The Directorate comprises two (2) sections as detailed below:

- **Parastatal and Statutory Bodies Section**

The responsibilities of this section are to:-

- Conduct certification audits of statutory bodies and Commissions;
- Conduct reviews of the operations of any parastatal or statutory body as the Auditor General may deem it fit; and
- Carry out special audit investigations as may be requested by the President from time to time as per the provisions of the Public Audit Act, Cap. 378 of the Laws of Zambia

- **Grants, Loans and Investments Section**

The responsibilities of this section are to audit the:-

- Grants and loans Government has given for different capital projects such as water reticulation, feeder roads and subsequent repayments.



- Records relating to the counter-part funding by the government and usage;
- Records relating to investments made by the government and return thereon.
- Investments in which Government has 10% or more shareholding.
- Donor funded projects such as World Bank, UNDP and EU projects.
- Sub contract to private audit institutions where it is not possible to carry out timely Audits.

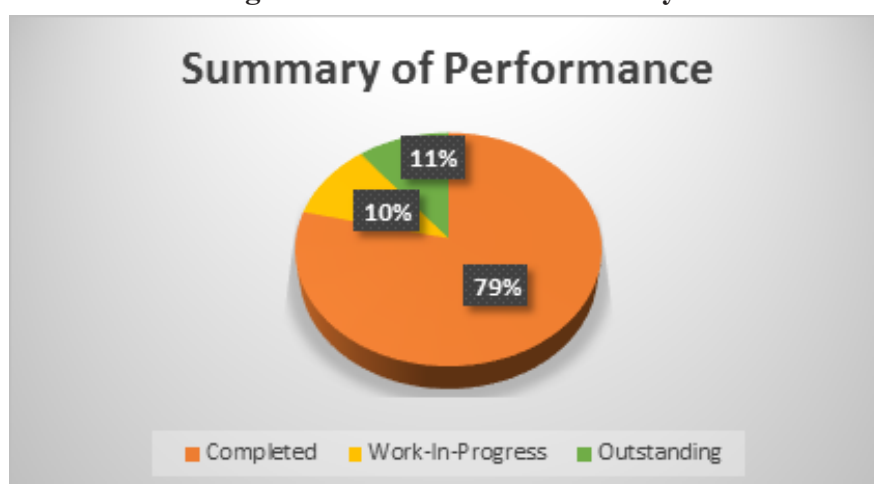
2.6.3. Summary of Performance

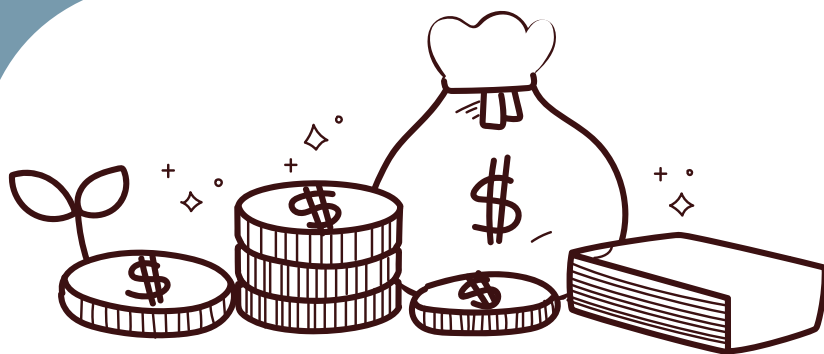
The performance of the directorate for the year 2021 was as shown in the table 6 below.

Table 6: PDI summary of performance

Unit	Planned Activities	Completed	Work-In-Progress	Outstanding
Parastatal and Statutory Bodies	26	20	3	3
Grants, Loans and Investments	21	17	2	2
Total	47	37	5	5

Figure 9: PDI Performance Analysis





2.7. Audit Coverage

The audit coverage is assessed in terms of monetary and clientele. The monetary audit coverage is assessed in both revenue and expenditure of the total national budget. The clientele audit coverage is assessed to determine percentage of clients audited against the total planned for in the year.

2.7.1. Monetary Audit Coverage on the accounts for the Financial year ended 31st December 2020

Tables 7 and 8 below give a summarised view of the monetary audit coverage on revenue and the monetary audit coverage on expenditure.

Table 7: Monetary Coverage (Revenue)

Audit Department	Total Authorised Provision On Planned Activities K	Actual Revenue Collected K	Audited Amount K	Monetary Audit Coverage (%)
REVENUE	106,003,652,637	122,447,873,697	122,312,757,666	99.89%

Table 8: Monetary Coverage (Expenditure)

Audit Directorate	Approved Budget For Planned Audit Clients K	Released Funds For Planned Audit Clients K	Audited Amount K	Monetary Audit Coverage %
Ministerial Appropriation Audit	52,359,485,465	35,653,077,849	35,083,239,758	98
Provincial Appropriation Audit	7,816,234,776	8,617,508,185	8,218,391,558	95
Local Authorities Audit	1,505,457,665	1,358,918,941	1,327,948,930	98
Revenue Appropriation Audits	4,919,576,104	4,838,253,883	4,838,253,883	100
TOTAL	66,600,754,010	50,467,758,858	49,467,834,129	98%



2.7.2. Monetary Audit Coverage on Revenue

As can be seen in **Table 7** above, an assessment of the audit coverage on revenues revealed that K106,003,652,637 was estimated as revenues to be collected; and received in form of grants, domestic and external debt in the financial year ended 2020. However, K122,447,873,697 was actually collected resulting in over collections of K16,444,221,060. Of the collected amounts, the Office audited amounts totalling K122,312,757,666 representing 99.89 percent audit coverage.

The revenue audit coverage on the accounts for the year ending 31st December 2020 increased by 24.9 percent from the revenue audit coverage on the 2019 accounts, which was 80 percent.

2.7.3. Monetary Audit Coverage on Expenditures

The Monetary Audit Coverage on expenditure for the 2021 audits was analysed in two (2) ways, that is, the planned audits against the actual audits carried out as well as the actual audits carried out against the national budget for the period to which the audits pertained.

2.7.4. Monetary Audit Coverage on Expenditure

A review of the Appropriation Act No. 18 of 2020 issued on 27th December 2020, to authorize expenditure from the Consolidated Fund of monies required for the services of the Republic during the financial year ended 31st December 2020 which were audited in 2021 revealed that amounts not exceeding in aggregate K106,007,612,236 were appropriated for expenditure. The OAG audited a total of K49,467,834,129 of these amounts representing an audit coverage of 47 percent. **Refer to Table 9 below.**

Table 9: Monetary Audit Coverage on Expenditure

Audit Coverage on Expenditures	49,467,843,129	x 100	47%
	106,007,612,236		



2.7.5. Clientele Audit Coverage Audited Clients against Planned Audit Clients for the Year

According to the 2021 consolidated audit work plan, the Office planned to carry out three hundred and sixty nine (369) audits. However, only three hundred and twenty three (323) audits were conducted leaving a total of forty six (46) clients unaudited (**Refer to Appendix 3**). This represented a clientele audit coverage of 88 percent on the planned audit activities for the year. See **Graph 1** and **Table 10** below.

Graph 1: Graphical Representation Audit Coverage of Audited Activities against Planned Activities



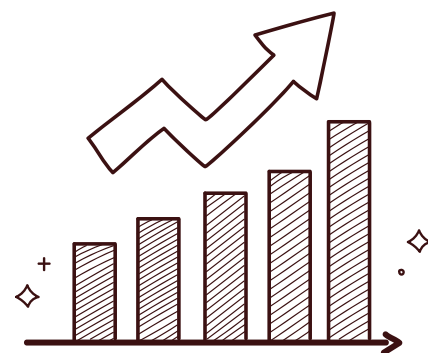


Table 10: Audit Coverage of Audited Activities against Planned Activities

Audit Directorate	Number of Planned Audit Activities	Number of Actual Audits Carried Out	Number of Audits not Carried out	Audit Coverage (%)
MAAD	53	53	0	100%
PDI	47	37	10	79%
PAAD	114	114	0	100%
LAAD	117	91	26	78%
RAAD	38	28	10	74%
Total	369	323	46	88%

2.7.6. Overall Performance of Audit Division

The Annual Overall Audit Plan (AOAP) outlines the 2021 audit work plans of Audit Directorates in the Office of the Auditor General (OAG) and is used as a tool to operationalise Objective 1 in the OAG Strategic Plan for the period from 2017 to 2021. In order to achieve the objective, the following strategy was devised as shown below:

2.7.6.1.Strategy

Strengthen the mechanism for follow up on audit recommendations of Parliament

Key Performance Indicators

- 95% of the institutions audited in 2021
- 90% of the total revenue and expenditure audited in 2021

Status

- During the year under review, only eighty eight percent (88%) of clientele audit coverage was done which is seven percent (7.0%) below ninety five percent (95%) target.
- Forty seven percent (47%) of audit coverage on expenditure was achieved against target of 90% in the strategic plan for the year under review.



3. CORPORATE SERVICES DIVISION

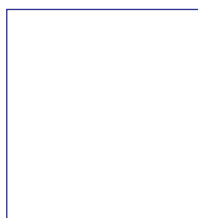
The Corporate Services Division provides support services such as administration, planning, finance and procurement for the Office. The Division is headed by the Deputy Auditor General (CSD) and is made up of three (3) Directorates.

3.1. Planning and Information (P & I) Directorate



Mr. Bornwell Mpofu
Acting Director

The Planning and Information Directorate is headed by a Director who is assisted by two (2) Assistant Directors. The Directorate is comprised of two (2) sections namely Planning, Quality Control, Research and Development (PQRD) and Management Information System (MIS). The Directorate is responsible for objective two (2) of the strategic plan – “To effectively plan, execute, monitor and evaluate programmes and provide management information for timely decision making and attainment of set objectives”



Vacant
Assistant Director – PQRD



Mr Aaron Mwandia
Assistant Director – MIS

3.1.1. Functions

The function of the Planning & Information Directorate is to ensure that the OAG develops and implements plans within the overall direction of Government laws, policies, plans and objectives.

3.1.2. Organisation

The Directorate comprises the following sections;

- Planning, Quality Control, Research and Development (PQRD)
- Management Information Systems (MIS)



3.1.3. Planning, Quality Control, Research and Development (PQRD) Section

This section comprises three (3) units as follows;

i. Planning, Research and Development Unit

This Unit carries out planning functions that include the periodic reviews and appraisals of OAG's mission, goal and objectives, co-ordinating OAG's work plans and maintaining the client database.

The Unit also carries out research and development functions that include providing the OAG with knowledge of external and internal environment. Surveys and researches are conducted to provide the OAG with relevant information related to current trends in public audits.

The Unit is also responsible for regional and international relations and stakeholder engagements.

▪ Regional and International Relationships

The Office is a member of the International Organisation of Supreme Audit Institutions (INTOSAI). INTOSAI is an autonomous, independent, professional and non-political organisation established as a permanent institution.

Its purpose is to:

- i. Provide mutual support to SAIs;
- ii. Foster the exchange of ideas, knowledge, and experiences among the member SAIs;
- iii. Act as a recognized global public voice of SAIs within the international community;
- iv. Set standards for public sector auditing;
- v. Promote good national governance; and
- vi. Support SAI capacity development, cooperation and continuous performance improvement.

The Office, as a way of keeping abreast with developments in the profession, has affiliated itself with the following organisations:



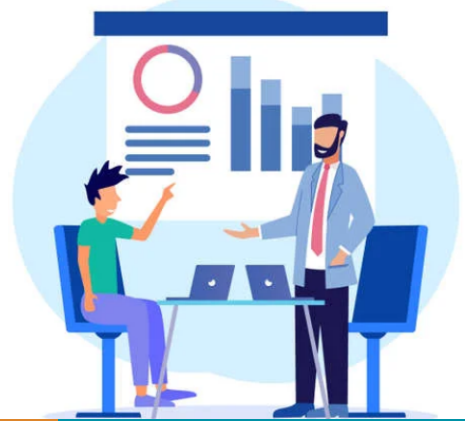
- i. The African Organisation of Supreme Audit Institutions (AFROSAI),
- ii. African Organisation of Supreme Audit Institutions for English speaking countries (AFROSAI-E),
- iii Southern Africa Development Community Organisation of Public Accounts Committees (SADCOPAC), and
- iv. Commonwealth Association of Public Accounts Committees (CAPAC).

▪ **Stakeholder Engagement**

There is an increasing demand for governments, public institutions and public officials to be transparent and accountable in executing their work. To meet this demand, it is inevitable for public offices to effectively engage with stakeholders about what it does in an impartial and truthful manner. Being a Supreme Audit Institution (SAI), the OAG plays an oversight role on the management of public resources through audits undertaken and published in OAG reports. By independently reporting on how Government is managing public resources, transparency is enhanced and many stakeholders, including the general citizenry, are kept informed of how public resources are being utilized.

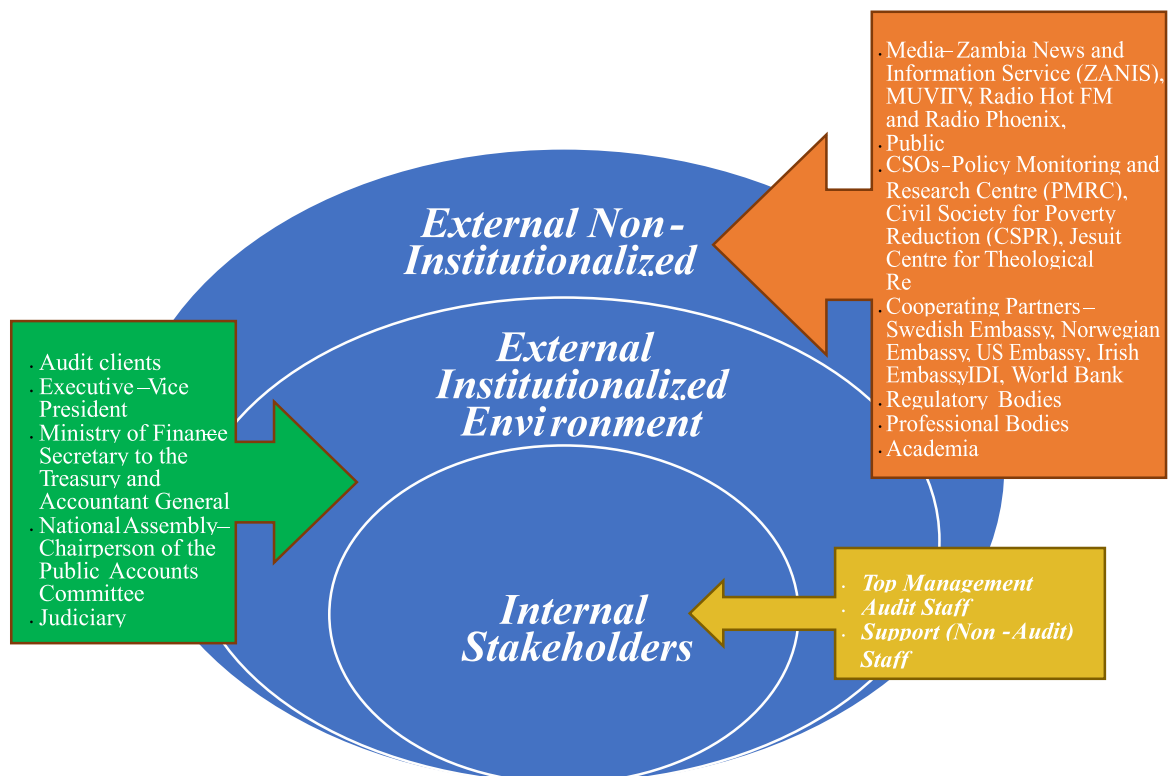
The Office of the Auditor General had a stakeholder engagement strategy for the period from 2018 to 2021 that was formulated in line with the principal 5 (4) of INTOSAI-P-12 which urges SAIs to “ensure that stakeholders expectations and emerging risks are factored into strategic, business and audit plan”.

The stakeholders in our strategy are classified in three (3) categories as illustrated below:



The stakeholders in our strategy are classified in three (3) categories as illustrated below:

Stakeholder Classification



In order to continue implementing the stakeholder engagement strategy, the SAI has been employing three (3) main strategies;

✓ **Approaching**

The SAI has been taking deliberate effort to reach out to stakeholders in areas where it has no collaboration. This has enabled those being approached to generate interest in the SAI.

This approach has been used mainly with the media, CSOs and the citizenry as there are potentially a high number of them that have never engaged with the SAI.



✓ **Engaging**

Where a stakeholder has established interest in the SAI, it moves on to identify and decide on ways for the cooperation for that which is specified.

This strategy has been used almost on all the stakeholders including internal staff, the Executive, audited entities, Parliament and the media. This strategy will also be used on CSOs once strong relationships have been established.

✓ **Positioning**

The SAI uses established relations to create synergies with stakeholders in order to fulfil its oversight role over public financial management in the country. This Strategy is used to engage with stakeholders including Parliament, media and the executive with whom the SAI shares similar interest.

▪ **Other Engagements of the SAI** **Memorandum of Understanding with PricewaterCoopers (PwC)**

OAG and PricewaterhouseCoopers (PwC) signed a Memorandum of Understanding (MoU) in an effort to enhance transparency and accountability in the management of public resources. The MoU was also meant to enhance technical capacity of staff in the Office. PwC was identified as a partner to collaborate with in various types of audit engagements taking into account the technical capacity that the institution has.

ii. Quality Control, Reporting and Co-ordination Unit

The Quality Assurance unit is responsible for ensuring adherence to the application of auditing standards, principles, policies and procedures to ensure quality audit services.

The Reporting function includes ensuring that all the Auditor General's reports and any other special reports are properly compiled, published and submitted to Parliament on time. The unit also processes matters relating to accountability committees of Parliament and attends to outstanding audit issues in liaison with officials from respective accountability committees, Ministry of Finance and Controller of Internal Audits.

The co-ordination function of this unit includes monitoring and evaluation of OAG plans and other activities. It also co-ordinates and compiles works from other directorates. Under this function, periodic reviews of the organizational structure



are done to ensure that there is effective co-ordination and communication amongst directorates.

In 2021, the unit undertook the following activities:

- **Quality Assurance Reviews**
Two (2) quality assurance reviews were carried out to assess compliance to ISSAIs during execution of work. The unit also hosted a peer review team from the AFROSAI-e Secretariat who carried out a review of OAG's work practices.
- **Parliamentary Liaison**
The unit carried out various activities including submission of reports for tabling in Parliament and attending Committee meetings.
- **Outstanding Issues Systems Development**
The unit also participated in the process to develop a system to help manage and keep track of outstanding issues.

iii. Technical Cooperation and Projects Units

The unit is responsible for coordinating the implementation of projects and technical cooperation activities. During the year under review, the office had the following projects:

✧ **Infrastructure**

- **Construction of Chinsali Audit Office**

The construction of the Chinsali Audit Office commenced in 2014 under the GRZ support. However, the project stalled in 2016 due to lack of funds. The cost of completing the project had also been affected due to the rise in cost of building materials. As at 31st December 2021, the construction works had not resumed.



Office Block under Construction



At the time the works stalled, the certified contract works amounted to US\$284,815.86 (K5,696,317.17) out of the total contract sum of US\$643,209.01 (K12,864,180.18) leaving a balance of US\$358,393.15 (K7,167,863.01).



DAG-CSD with staff from OAGZ, Ministry of Housing and Infrastructure Development and the Contractor during a site visit of the incomplete structure in Chinsali.

The failure to complete the structure has continuously affected the operations of the Office in that, it has had to rent office space for staff to operate from. Due to limitations of office space in the provincial town, the rented office space is not adequate and appropriate for office use.

- **Construction of Choma Audit Office**

Following the relocation of the provincial capital of Southern Province from Livingstone to Choma, the Office secured a piece of land in Choma for the construction of an office building.

As at 31st December 2021, the construction of the Office had not commenced due to lack of funds. This has had cost implications on the Office as the staff are still based in Livingstone and they have to travel to and from Choma for audit engagements.



❖ Technical Cooperation and Donor Support

- **Office of the Auditor General of Norway (OAGN)**

The Cooperation between the Office of the Auditor General of Norway (OAGN) and Zambia (OAGZ) was to run from 2018 to 2020. The objective of the cooperation was for OAGN to provide technical support to OAGZ in the areas of IT Audits, Audit of Extractive Industries and Performance Audits. However, due to the adverse effects of the COVID-19 pandemic on the implementation of the activities, the cooperation was extended to December 2021 to allow for the completion of the activities.



OAGN IT auditors training OAGZ staff in Lusaka



IT auditors for OAGN, OAGZ and OAG Uganda during a collaborative training in IT Audit in Lusaka



An evaluation of the cooperation was conducted in 2021 and indicated that the overall capacity of OAGZ had improved. Although the results achieved varied largely across the areas of support, tremendous improvement was seen in the areas of ICT security audits and compliance audits on the mining sector.

This improvement in the audits is critical to promoting accountability and transparency in the management of public resources and to promoting good governance. The institutional operational systems are now mostly computerized and therefore, it is imperative for the OAGZ to be up to date in terms of auditing the public sector ICT systems to ensure there are control measures in place and are working properly.

Further, it is important that the OAGZ work should have positive impact on the economic growth of the country through the audit of extractive industries. The mining sector is important in Zambia because it is the major contributor to foreign direct investment and also accounts for a larger portion of the total government revenues. In 2019, the mining sector accounted for 73% of Zambian exports, 10% of GDP, and 26% of the total government revenues (EITI, 2021).

During the period of the cooperation, the OAGZ produced two (2) compliance audit reports on the mining sector as follows:

- i. Compliance Audit Report on the Ministry of Mines Monitoring System of the Revenue Collection Operations for 2018 - 2020 Accounts
- ii. Compliance Audit report on Awarding and Monitoring of Mining Rights for 2017 Accounts

The reports were tabled in Parliament and were deliberated upon by the Parliamentary Committee on National Economy, Trade and Labour Matters. Immediate action was taken by the Executive specifically on the findings of the audit report on Awarding Mining Rights by revoking a large number of non-compliant licences.

- **USAID**

The Office has been receiving technical support from USAID since May 2020 through its implementing agency, *USAID-Accountable Governance through Improved Service Delivery (USAID-AGIS)*. The aim of the support to the Office is to build capacity in the following focus areas:



- i. Procurement Audits
- ii. Performance Audits
- iii. IT audits
- iv. Procurement of ICT equipment
- v. Development of a monitoring and evaluation framework for outstanding audit queries. The tool will enable effective monitoring and reporting of outstanding queries as well as timely identification and follow up of queries that may be statute-barred.

In 2021, the following activities were implemented:

i. Training in Navision Accounting Software

Thirty-five (35) auditors were trained in the use of the software. The trained auditors had representation from all the ten (10) provincial audit offices as well as the IT and financial auditors from head office. The objective of the training was to enable the auditors to audit the system which is being used by Ministry of Health in the provinces. The Ministry of Health is one of the auditees of the Office and is audited annually up to district level. The capacity built in the auditors will enable for effective audits and ensure there is accountability and transparency in the management of public resources.

ii. Development of a Monitoring and Evaluation Framework for Outstanding Audit Queries

The objective of developing the monitoring system was to enable the Office to monitor the implementation rate of audit recommendations; to follow up on outstanding queries; and for timely identification of audit queries that may be about to be statute-bar. The system was developed in collaboration with the Ministry of Finance and National Planning and the National Assembly because they also play a big role in ensuring that corrective action is taken on the audit queries. Therefore, all three (3) institutions will be expected to use the system optimally in accordance with their user rights.

• Global Fund

The Office is currently receiving financial support from the Global Fund with a total grant amount of US\$150,000. The support is for a period of three (3) years which started from 2021 and is expected to end in 2023. The objective of the support is to enable the Office procure ICT equipment for use during the COVID-19 pandemic in order to ensure continuity



Auditors discussing during the training in Navision Accounting Software in Lusaka

of operations and efficient delivery of services.

During the period under review, the Office procured and installed video-conferencing equipment in all the conference rooms both at head office and the ten (10) provincial audit offices. The equipment has improved the Office communication with its staff and both local and international stakeholders. The equipment has also helped in reducing the risk of the contagious COVID-19 disease among staff as meetings are mostly held virtually and has proven to be more convenient. In addition, the equipment has greatly saved the Office from incurring more travel costs to and from the provincial audit offices for meetings.

- **Restructuring and Institutional Development Programme Phase Six (RIDP VI).**

The Restructuring and Institutional Development Programme Phase Six (RIDP VI) is a financial support programme by the Royal Kingdom of Sweden through the Swedish International Development Agency to the Office of the Auditor General with total grant amount of Thirty-Seven Million Swedish Krona (SEK 37,000,000). The grant agreement was signed in December 2018 through the Ministry of Finance and National Planning (representing the Government of the Republic of Zambia). The objective of the programme was to assist the Office to effectively implement its Strategic Plan for the period from 2017 to 2021. However, due to the outstanding activities as at 31st December 2021, the activity implementation period was extended to 30th June 2022 to allow for the completion of outstanding activities.



During the year 2021, the Office received a total amount of eight million Swedish Krona (SEK8,000,000) for implementation of activities.

Notable achievements during the year included the following:

i. Procurement of ICT Equipment

The procurement of ICT equipment which has contributed to the improvement of the auditor - laptop ratio as well as the efficiency of operations.

ii. Implementation of Impactful Audits

Implementation of impactful audits on key line ministries and agencies such as the Ministry of Health, Ministry of General Education, Ministry of Agriculture, Zambia Revenue Authority. The reports highlighted significant issues that negatively affect service delivery to the citizens of Zambia and ultimately may derail the economic development of the country. The reports were deliberated upon by the Parliamentary Public Accounts Committee under the Report of the Auditor General on the Accounts of the Republic for the year ended 31st December 2021 in order to make recommendations on the resolution of the audit queries.

iii. Development of An Automated Audit System

The Office developed and rolled out the automated Audit Management System (AMS). The system is web-based and will enable supervisors to complete the quality control process faster than previously done. The system will also lead to reduced time for completing audits and improve on evidence tracking for work performed. Further, the system will lead to improved adherence to audit standards and working papers. This will help improve on documentation for the audits undertaken and reliability on the work process involved. It will also assist auditors in following the standardized audit process and improving the efficiency with which audit assignments are conducted.

iv. Training of Auditors in Professional Courses and CAATs

Two hundred seventy one (271) auditors participated in CAATs training specifically targeting enhancement of skills in extraction and analysis of data a key requirement for Audit processes. Fourteen (14) Officers were trained in professional courses such as ACCA, ZICA and CIMA. The trainings have enhanced the competence of auditors in ensuring the audit work is conducted with due diligence and efficient manner and

During the period under review, an evaluation of the project was conducted with the



aim of assessing the relevance, effectiveness, efficiency, impact and sustainability of the whole project, and to generate recommendations to guide the Office in the development of the next strategic plan for the period from 2022 to 2026. The other aim of the evaluation was to inform the Swedish Embassy's decision-making on future financial support to the Office during the next strategic period.

The key findings of the evaluation were as follows:

- i. **Relevance:** Generally, the objectives of the Strategic Plan responded to the needs of the key stakeholders. However, there is need for more stakeholder involvement in the audit process as well as platforms, mechanisms and systems for collaboration to enable the Office and its partners to meet mutual expectations. Additionally, there is need for more synergies between the external audit and other elements in the PFM cycle;
- ii. **Effectiveness:** Most key results were at least partially achieved but some critical strategies were not initiated. This was largely due to circumstances beyond the OAG's control.
- iii. **Efficiency:** Organizational restructuring, Human Resource management, staff motivation and retention, and professional development are all at risk because of the OAG's inability to mobilize its own resources and set its own terms and conditions for employment.
- iv. **Impact:** The OAG's ultimate aim of 'making a difference in the lives of citizens' by contributing to increased accountability in public service delivery is being hindered by the weak follow-up of audit recommendations.
- v. **Sustainability:** Systemic constraints influence the continuation of the benefits that have been accomplished by the Strategic Plan through donor support and these need to be addressed for the OAG to break the cycle of donor-dependency.
 - **European Support (EU) Twinning Project – A Peer-to-Peer Institutional Support to the Office of the Auditor General**

I. Background

The project is being supported by the European Union under the programme titled “Support to Effectiveness and Transparency in Management of Public resources (EFFECT) – FED/2017/039-020.” The overall objective of the EFFECT programme is to contribute to the sustainable and inclusive economic growth through increased mobilisation and effective use of domestic resources. The specific objective is to improve accountability, transparency and effectiveness in management of public resources and increase domestic revenue mobilisation.



Senior Management of OAGZ and the Embassy of Sweden with respective Project Management Staff

The project agreement on the EFFECT Programme was signed by the European Union and the government of the Republic of Zambia through the Ministry of Finance and National Planning.

ii. Signing of Agreement and Commencement of the Twinning Project

The project agreement was signed in April 2021 and the implementation of the project commenced in June 2021.



His Excellency, Mr. Jacek Jankowski, the Ambassador of the European Union and Mr. Francis Mbewe - Deputy Auditor General-Audits, during the signing ceremony of the twinning project in April 2021 in Lusaka



i. Objective

The overall objective of the Twinning Project is to provide technical support to the Office as a supreme audit institution of Zambia in order to strengthen its capacity, thereby enhancing the accountability, transparency and effective management of public resources in Zambia.

The specific objective is to improve the management and technical capacity of the Office of the Auditor General to plan and undertake audits as prescribed by the law and in line with international standards and best practices.

ii. Twinning Partners

The twinning partners include:

- Agency for European Integration and Economic Development
- HAUS Finnish Institute of Public Management
- Croatian Agency for the Audit of European Union Programmes Implementation System (ARPA)
- Office of the Auditor General, Zambia

iii. Project duration

The project implementation is for a duration of thirty six (36) months, from 15th June 2021 to 14th June 2024.

iv. Project Activities:

The project activities are spread over four (4) support areas and categorised into components as follows:

Component 1

Operationalisation of the revised mandate of the Auditor General under Article 250 (1) of the Constitution of Zambia (amendment) Act No. 2 of 2016.

Component 2

Enhancing capacity of Local Authorities Audit Directorate (LAAD).

Component 3

Staff capacity development and training through exchange of staff with European SAIs covering specialised audit tasks.



Component 4

Enhanced provision of administrative services and staff welfare in order to achieve exceptional individual and organisational performance.

v. Achievements

In the period from June to December 2021, the project activities were mainly needs assessments for each of the four (4) project components. The assessments were done in order to identify specific gaps which will require capacity building in the subsequent years of the project period. The assessments were done through online and physical workshops and interviews. The areas assessed included the audit methodologies, that is, the Financial, Compliance and Performance audit manuals; audit of Local Authorities; legal frameworks of the OAG; and the Code of Ethics.

3.1.4. Management Information System (MIS) Section

The MIS section comprises of two (2) units as detailed below:

i. Systems Development and Support Unit

The unit conducts needs assessment and feasibility studies to determine systems requirement for the office.

Development of Audit Management System

During the year, the unit concluded the development of the Audit Management System (AMS). The AMS is an ICT system that has automated the audit process and procedures. The system was developed to improve the audit process and promote efficiency in the execution of work.

In order to effectively meet increasing demands of efficiency, technology-enabled auditing tools and processes are essential. The automated OAG AMS thus makes it easy to manage any type of audit activity, data and process and improves on quality and compliance. The system facilitates all audit-related tasks and activities. It maximizes effectiveness while managing costs and streamlining audit process without sacrificing flexibility.

The following are the expected benefits of the AMS:

- Support for the organization's governance and risk management policies,
- Reduction of time and effort involved in preparing for and conducting audits,
- Improved quality and effectiveness of audit process,



- Increased audit execution and monitoring capacity,
- The day-to-day work simplified by standardising methods and automating repetitive tasks – thereby boosting the performance and effectiveness of the entire auditing process, and
- Enhanced smarter and faster decision making.

ii. Hardware, Networks and Communications Unit

This unit is responsible for designing appropriate hardware, network technology system infrastructure, implementing the network and communication network, coordinating the procurement and installation of appropriate IT hardware, etc.

Installation of Teleconferencing Facilities, CCTV and Access Control System

During the year, the unit oversaw the installation of teleconferencing facilities at Headquarters and all Provincial Offices to enhance communication amidst the Covid-19 era. This has improved communication as the facilities have enabled the office to use a more efficient mode of interacting officers in different locations of the country.

The unit also oversaw the installation of CCTV and an access control system to enhance security.

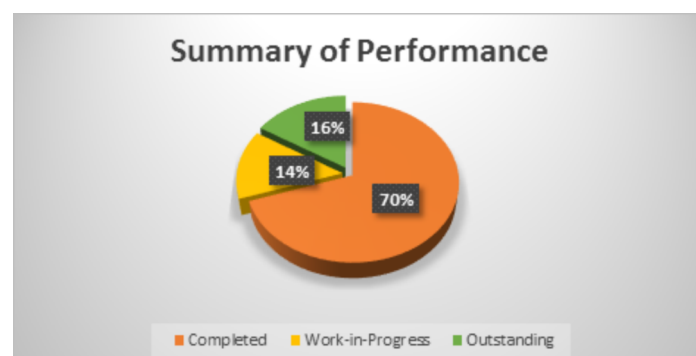
3.1.5. Summary of Performance

The performance of the directorate for the year 2021 was as shown in table 11 below.

Table 11: Planning and Information Summary of Performance

Unit	Total Planned Activities	Completed	Work-in-Progress	Outstanding	Will not be Carried Out
PQRD	76	40	11	13	12
MIS	22	18	2	2	-
Adhoc	7	7	-	-	-
Total	105	65	13	15	12

Figure 10: P&I Performance Analysis





3.2. Human Resources and Administration (HRA) Directorate



Ms. Emily Kauseni
Director HRA

The Human Resource and Administration Directorate is headed by a Director who is assisted by the Chief Human Resource Management Officer, Head of Internal Audit, Head of Procurement and Head Public Relations. The directorate is responsible for objective three (3) of the strategic plan – “To efficiently and effectively manage the human resource in order to achieve exceptional individual and organisational performance”.



Mr Kombe Chirwa
**Chief Human Resource
Management Officer**



Ms Chiluya Mumba
Head Procurement



Ms Christine Kabwe
**Principal Internal
Auditor**



Ms Ellen Chikale
Public Relations Officer

3.2.1. Function

The main functions of the Human Resource and Administration Directorate are to effectively and efficiently provide logistical support to Directorates, manage the utilization of resources, develop and maintain an up to date human resource database in order to facilitate effective operations of the Office of the Auditor General.

3.2.2. Organisation

The Directorate comprises the following sections:

- Human Resource Management and Development,
- Administration,
- Internal Audit,
- Public Relations, and
- Procurement and Supplies.



3.2.3. Human Resource Management and Development Section

The Section is responsible for the management and development of human resource in the Office. It is headed by the Chief Human Resources Management Officer and is divided into two (2) units namely Human Resource Management and Human Resource Development Units.

The Section's responsibilities include:

- Recruitment;
- Appointment, promotions, discipline and orientation of staff;
- Interpretation of condition of service; and
- General staff welfare.

The Section is also responsible for identifying and coordinating development and training programmes for all staff as well as identifying training needs and opportunities for the Office staff. The Section shall also interprets and monitors the implementation of government policy on training.

3.2.3.1. Human Resource Management

• Staffing Levels

The total number of positions under the OAG Establishment Register is 769 positions. As at 31st December, 2021, the status of staffing was as follows:

- 666 positions were funded and active;
- 675 positions were filled;
- 9 positions were vacant; and
- 143 positions were frozen.

Details are at **Appendix III**.

Staff attrition and transfers during the period were as follows:

- i. Four (4) officers passed away during the period,
- ii. Three (3) auditors resigned from the Civil Service,
- iii. One (1) officer is on secondment to AFROSAI-E, and
- iv. Two (2) officers are on secondment to IDI.



- **Staff Development**

The success of any institution lies in part in the competence that its employees possess. It is with this in mind that the Office facilitated several activities during 2021 to improve the capacity of officers from different directorates.

Under short term training several officers were sponsored to undergo short-term trainings. Details are at **Appendix IV**.

- **Restructuring**

The OAG was last restructured in 2014. Since then, a number of social, economic, political, legal and technological developments have taken place which have had implications on the organisation structure and the efficient operations of the Institution. The review of the structure was mainly necessitated by the expansion of the Institution's mandate in accordance with the Constitution of Zambia (Amendment) Act No. 2 of 2016.

The need to revise the structure for the OAG became more critical in light of the developments and the need to take on board national priorities outlined in the Seventh National Development Plan and the drive by the New Government to decentralise Government functions to the Local Authorities. Further, the increased desire by Zambian citizens to hold public institutions accountable has resulted in more expectations for the OAG to promote transparency and accountability in the utilisation of public and donor funds, as well as other resources.

During the year, OAG engaged the Public Service Management Division over the programme of restructuring the office. The new structure was approved and is expected to be implemented in 2022 subject to Treasury Authority.

Some of the notable changes in the new structure include the following:

- I. Provincial offices will be upgraded to Directorates and will each be headed by a Director
- ii. Performance Audit Unit will be upgraded to a Directorate, and
- iii. Quality Assurance Unit will be expanded and placed under the AG's office and will be headed by the Head Quality Assurance.

- **Operational Environment**

The Office is susceptible to the influences of various internal and external environmental factors which have an impact on the delivery of its core business. The following were of importance:

- **Social Developments**

The Office recognises the need to address social issues that affect its staff as this can



influence productivity. Through the Human Resource Directorate, the Office has taken keen interest in the welfare of its employees by assisting officers faced with various social challenges. The Office also encouraged officers to adopt healthier life styles by exercising at the gymnasium and organising keep fit activities.

- **Environmental Considerations**

Sustainable development means development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. Hence sustainable development is a continually evolving concept based on the integration of social, economic, and environmental concerns, and which may be achieved by among other things, the integration of the environment and the economy.

In this regard, the Office has taken keen interest in environmental issues and is an active participant in the INTOSAI Working Group on Environmental Audit which aims to enhance environmental auditing.

- **Effects of Covid-19**

The office continued to suffer the effects of the pandemic as Government implemented more stringent measures to control the spread of the Covid-19 virus. The pandemic impacted on our operations in following ways:

- Slowed down productivity in the office,
- Programmes that required local and foreign travel had to be deferred or cancelled,
- Most of the planned activities could not be done on time,
- The work force was affected in that some members of staff were taken ill and unfortunately some officers passed away, and
- It also affected the psychology of staff in that there was a lot of uncertainty surrounding the pandemic.

3.2.3.2. Administration Section

The section's responsibilities include the day-to-day general administration, registry, secretarial services, transport management, office superintendence, protocol and security among others. An Administrative Officer heads the section and reports to the Director - Human Resources and Administration.



- **Transport Management**

The section is responsible for managing the office's fleet of vehicles under the Transport unit which is headed by the Transport Officer. The office had a fleet of one hundred and nineteen (119) vehicles at the beginning of the year under review. During the year, twenty one (21) vehicles were procured out of which twelve (12) had been delivered as at 31st December 2021 bringing total number of vehicles available to one hundred and thirty one (131). The balance of nine (9) vehicles will be delivered in 2022.



- **Expansion of Car Park**

In November 2021, the Office embarked on a project to expand the car park to address a chronic shortage of parking space. To this end, the Zambia National Service was engaged to execute the works at a contract sum of K1,454,695. The works were scheduled to be completed in the first quarter of 2022.

3.2.2.3 Procurement and Supplies Section

The Unit handles procurement, storage and supply of stores. It is headed by Head Procurement who is supported by a Senior Procurement Officer, two (2) Purchasing and Procurement Officers and two (2) Procurement and Supply Assistants.

3.2.3.4 Internal Audit Section

The Internal Audit section is headed by a Principal Internal Auditor who is assisted by two (2) internal auditors. The section is responsible for monitoring and inspecting all financial, procurement, assets and stores transactions in the OAG, to ascertain that the internal controls, governance and risk are being followed in accordance with the laid down management controls and other relevant procedures and documents are being followed.

The office had a functional audit committee in place comprising the following members:

- Mr. Nambayo Kalaluka - ZICA
- Mr. Giyani Sakala – ZCCI
- Mr. Emmanuel Lumbwe – IIA Zambia
- Mr. Dick Mwanza – Retired Chief Internal Auditor
- Mrs. Kasumpa Mwansa Kabalata – LAZ



In 2021, the Committee held four (4) meetings to consider reports from Internal Audit.

3.2.3.5. Public Relations Section

The section is the office's mouthpiece and a link between the public and Office of the Auditor General. Its main duties are to inform the public and other key stakeholders on the role of the Office and its activities in order to maintain mutual understanding and narrow the expectation gap. It is headed by a Public Relations Officer.

Through this section, the office held regular press briefings to facilitate and improve stakeholder engagement especially with the media and general public. Every time reports were published, briefings were held to sensitise the media and the public on the issues highlighted in the Auditor General's reports. This improved rapport between OAG and the media and enhanced the dissemination of information contained in the reports. The media had an opportunity to get immediate feedback on issues they needed clarity on. As a result, they were able to report from an informed position.

3.2.4 Summary of Performance

The performance of the Directorate for the year 2021 was as shown in table 12 below.

Table 12: HRA Summary of Performance

Unit	Total Planned Activities	Completed	Work in Progress	Outstanding	Will not Be Carried out
HRM	8	4	1	0	3
HRD	8	6	0	0	2
Admin	20	16	4	0	0
Registry	1	1	0	0	0
Library	1	1	0	0	0
Internal Audit	17	11	5	1	0
Procurement	12	7	5	0	0
Public Relations	12	7	5	0	0
Sub-Total	79	53	20	1	5
Adhoc					
HRA	21	14	7	0	0
Internal Audit	4	3	1	0	0
Sub-Total	25	17	8	0	0
Total	104	70	28	1	5



Figure 11: Human Resource Performance Analysis





3.3. Finance Directorate



Mrs Inonge Kumwenda
Director

The Finance Directorate is headed by a Director who is assisted by the Principal and Senior Accountant. The Directorate is responsible for objective four (4) of the strategic plan – “To efficiently and effectively provide financial and administrative services for organisational efficiency and attainment of set objectives”.



Mr Bright Buumba
Principal Accountant



Mr Steven Jere
Senior Accountant

3.3.1. Function

The Finance Directorate is responsible for managing funds within the organisation and facilitating the expenditure of the funds on various activities. It also ensures efficient financial management and control necessary to support the office.

The Directorate's duties include:

- Maintenance of books of accounts;
- Preparation of the financial reports;
- Liaising with the Ministry of Finance for the disbursement of funds; and
- Preparations of annual budgets.

3.3.2. Summary of Performance

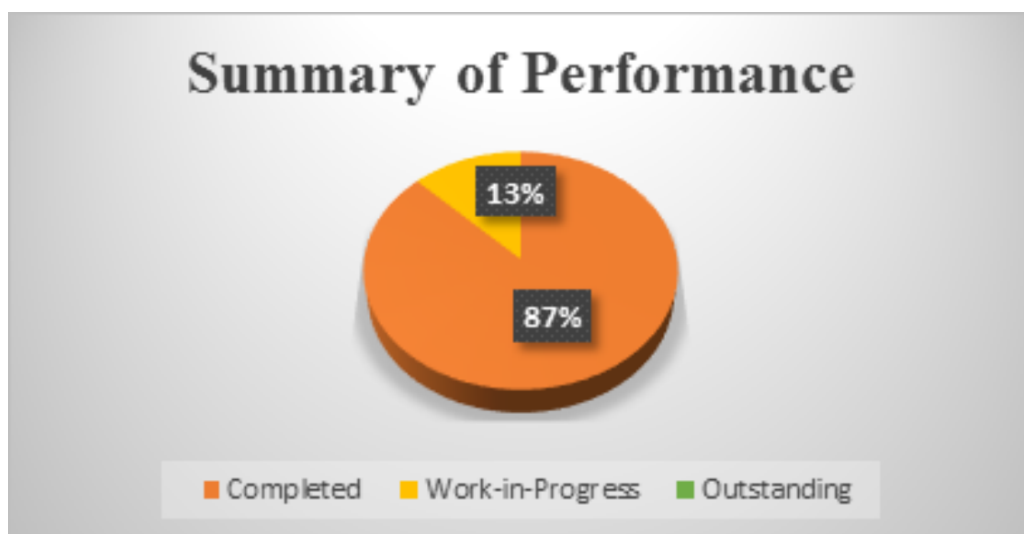
The performance of the Directorate for the year 2021 was as shown in table 13 below.

Table 13: Summary of Performance

Planned Activities	Completed	Work-in-Progress	Outstanding
8	7	1	0



Figure 12: Finance Directorate Performance Analysis



3.3.3. Budget and Funding

In the Estimates of Revenue and Expenditure for the period 1st January to 31st December 2021, the Office had a provision of K 98,324,875 against which the Treasury released K122,646,094 which included supplementary funds of K28,217,641 representing a funding rate of 125%. See chart 1 below.

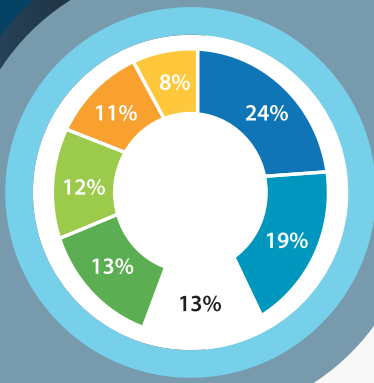
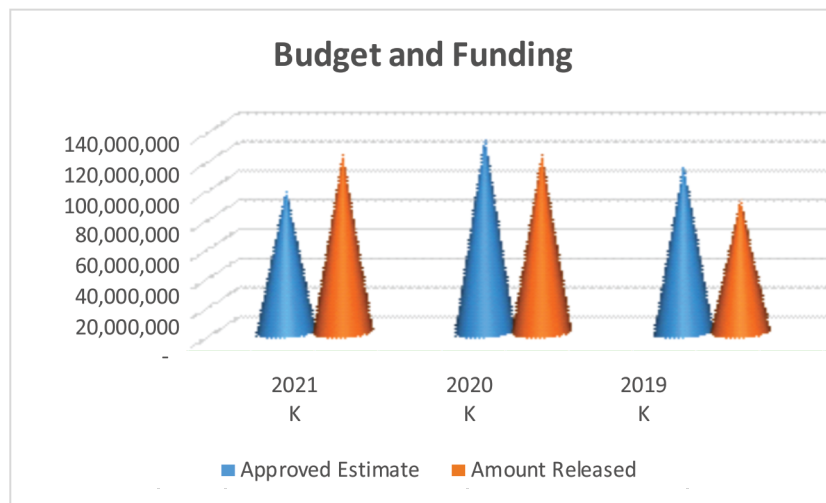
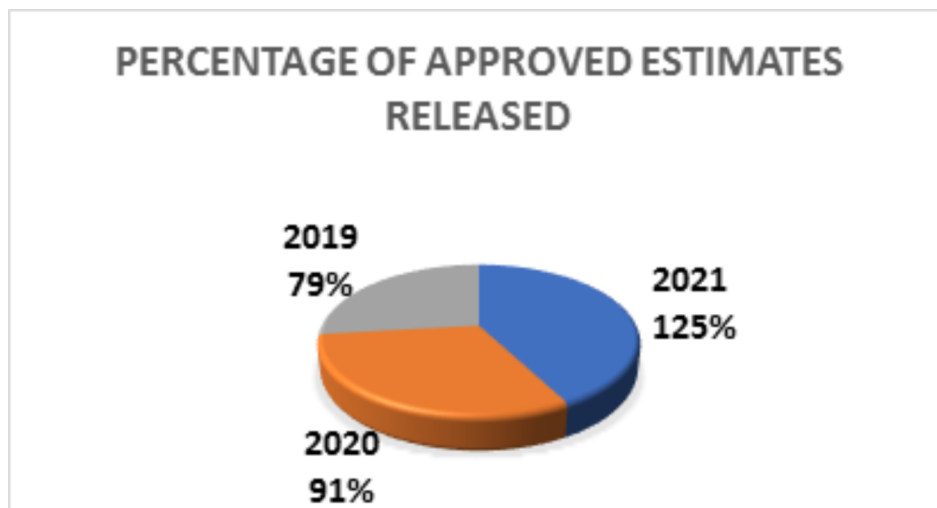


Figure 12: Budget Performance



	2021 K	2020 K	2019 K
Approved Estimate	98,324,875	134,751,064	115,292,321
Amount Released	122,646,094	122,866,405	91,323,032

Figure 13: Approved Estimates

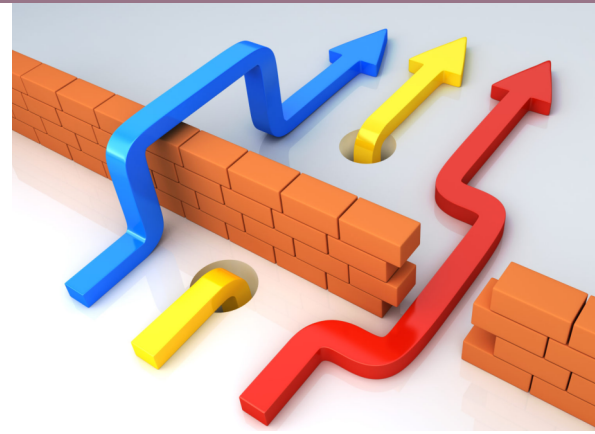




4. ACHIEVEMENTS

The following are some of the notable achievements that were scored by the office in 2021:

- i. The new organisation structure for the Office of the Auditor General was approved by the Public Service Management Division,
- ii. Publication of the Simplified Report of the Auditor General on the Accounts of the Republic for the Financial Year ended 31st December 2019,
- iii. Publication of the Simplified Report of the Auditor General on the Local Government Accounts for the Financial Year ended 31st December 2019,
- iv. Commencement of special audit of the payroll,
- v. Commencement of special audit of the utilisation of Covid -19 funds,
- vi. During the year under review, various officers undertook training programmes including reporting writing skills for performance auditors,
- vii. The office held regular press briefings to facilitate and improve stakeholder engagement especially with media and general public,
- viii. Teleconferencing facilities were installed at Headquarters and all Provincial Offices to enhance communication,
- ix. CCTV and access control systems was installed at Headquarters to enhance security,
- x. Development of the Audit Management System (AMS), that will automate the audit process and procedures,
- xi. Signing of Agreement and Commencement of the European Union (EU) Supported Twinning Project – A Peer-to-Peer Institutional Support to the Office of the Auditor General, and
- xii. Signing of Memorandum of Understanding (MoU) with PricewaterhouseCoopers (PwC) to enhance technical capacity of staff in the Office.



5. CHALLENGES

Although the Office scored several successes during the reported period, the Office experienced some challenges. These challenges included:

- i. The Office operated with a largely aged fleet. Although some vehicles were procured during the year, the issue of transport remains a major challenge both in terms of adequacy and reliability.
- ii. The Office did not have adequate laptops to meet the needs of officers. During the reported period, the ratio of auditor to laptop was 2 to 1 with 416 auditors against a total of 277 laptops.
- iii. The office faced challenges of office accommodation as construction of an office block had not commenced in Choma while work on the office block in Chinsali had stalled due to various challenges. In addition, the office buildings for Kabwe, Ndola and Lusaka audit offices have become inadequate due to the increased staffing levels.
- iv. The measures implemented by Government to control the spread of COVID -19 impacted negatively the execution of planned activities due to restrictions imposed. Further, the office lost three (3) senior officers to COVID-19 during the year.



6. CONCLUSION

The Office of the Auditor General has a very important role to play in the management of public resources. This is a responsibility we at the Office of the Auditor General take very seriously. This is reflected in our commitment to our core values and to upholding the highest levels of transparency as we serve the nation. We firmly believe that our efforts will make a positive contribution to government's efforts to uplift the lives of the citizenry at large.

PHOTO GALLERY



Annual Planning Meeting at Mika Conference Centre



Deputy Auditor General (CSD) Mrs. Mazimba with Assistant Director Mr. Sakala (l) and Principal Auditor Mr. Muyoba (r) at Mika Conference Centre during the annual planning meeting.



Auditor General and Deputy Auditor General (CSD) meeting with Secretary to the Cabinet



Mr. Francis Mbewe, Deputy Auditor General (A) addressing a Transparency International Zambia meeting



PHOTO GALLERY



Auditor General touring the office



Auditor General talking to drivers in the Transport Unit during tour of office



Former Auditor General Mr. F. M. Siame when he paid a courtesy call on the Auditor General



Auditor General with an Officer from the National Assembly of Zambia during the media sensitisation workshop



After taking a group picture with participants of the media sensitisation workshop at Chaminuka



PHOTO GALLERY



*Auditor General and team meeting with
EU twining project officials*



*Mr. Chifundo Shonga making a point when Auditor General
met officers from Public Debt and
Investments Directorate*

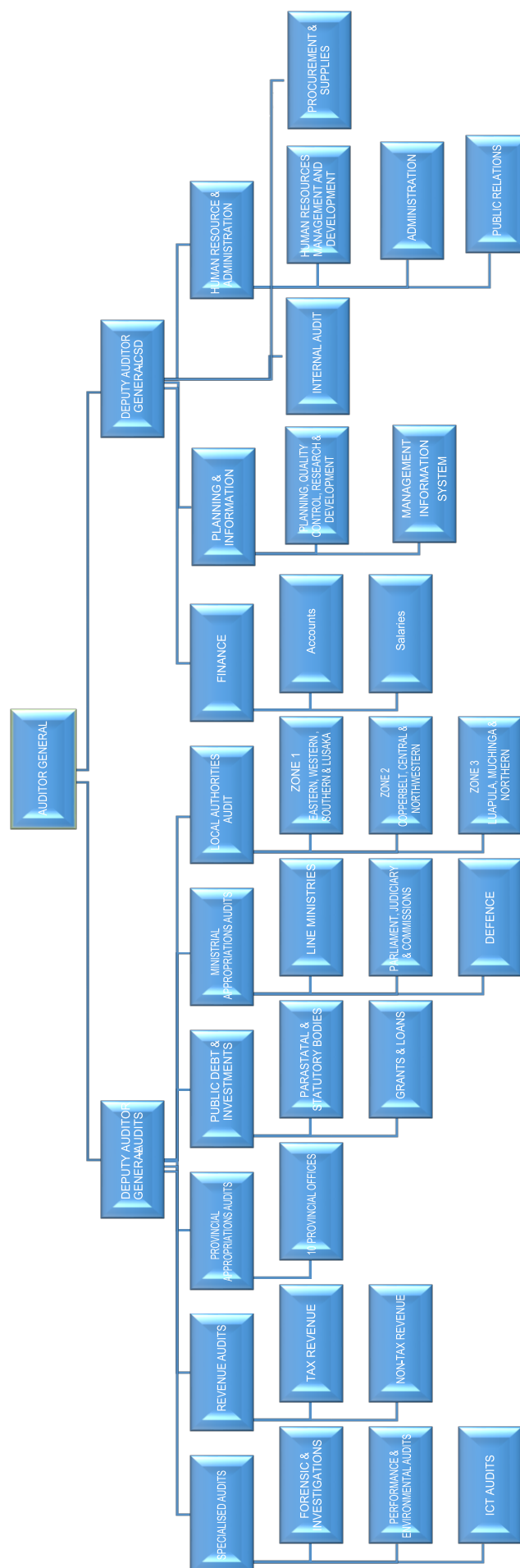


*Auditor General meeting with Mr. Joshua Asimwe and
Mr. Edmond Shoko members of the AFROSAI-e
review team*



*The Fight against COVID 19, Director (PAAD)
Mr. Siame gets vaccinated during the
vaccination exercise*

Appendix I - Organisational Structure



APPENDIX II - OAG BUDGET PERFORMANCE FOR YEAR ENDED 31ST DECEMBER 2021

OFFICE OF THE AUDITOR GENERAL BUDGET PERFORMANCE FOR THE YEAR ENDED 31st DECEMBER 2021		
Directorate and Provincial Audit Offices	Budget K	Funded K
HRA	6,031,103	6,031,103
Finance	1,056,786	1,056,786
Internal Audit	139,455	139,455
PSU	155,624	155,624
Planning & Information	7,476,217	7,476,217
Planning & Information	523,246	523,246
Public Debt & Investment	690,363	690,363
Public Debt & Investment	24,360	24,360
SAD	957,551	957,551
PAAD - HQ	597,048	597,048
LAAD - HQ	80,000	80,000
Revenue	836,909	836,909
MAAD	1,882,528	1,882,528
QA	9,447,371	9,447,371
PAAD - Lusaka	595,860	595,860
PAAD - Ndola	595,136	595,136
PAAD - Livingstone	596,052	596,052
PAAD - Chipata	597,112	597,112
PAAD - Kasama	595,128	595,128
PAAD - Mansa	595,207	595,207
PAAD - Solwezi	595,266	595,266
PAAD - Mongu	594,969	594,969
PAAD - Kabwe	595,272	595,272
PAAD - Chinsali	595,299	595,299
LAAD - Lusaka	190,360	190,360
LAAD - Ndola	218,592	218,592
LAAD - Livingstone	133,235	133,235
LAAD - Chipata	202,601	202,601
LAAD - Kasama	180,829	180,829
LAAD - Mansa	240,873	240,873
LAAD - Solwezi	211,840	211,840
LAAD - Mongu	194,656	194,656
LAAD - Kabwe	189,165	189,165
LAAD - Chinsali	183,986	183,986
TOTALS	37,800,000	37,800,000
RIDP	22,863,794	23,607,438
RIDP	983,856	4,499,244
Personal Emoluments	64,894,866	64,894,848
BUDGET/FUNDING	126,542,516	130,801,530



Appendix III – Staff Establishment

S/N	JOB CATEGORY	ESTABLISHMENT POSITIONS	FROZEN POSITIONS ON PAYROLL	FILLED
1	Auditor General	1	-	1
2	Deputy Auditor General	2	-	2
3	Audit Cadre	512	97	432
4	Planning	15	3	14
5	MIS	15	4	11
6	HRMD	11	2	9
7	Accounts	20	3	19
8	Internal Audit	3	1	3
9	Procurement	6	1	5
10	Secretarial	37	15	28
11	Registry	33	8	30
12	Drivers	46	1	53
13	Classified Employees	68	8	68
	Total	769	143	675

Appendix IV – Short Term Training

S/N	Programme	No. of Participants
1	Staff Induction	66
2	MS Suite	266
3	LAAP	166
4	FAM/CAM	248
5	CISA	1
6	Criminal Investigation and the Law	13
7	Cybersecurity	12
8	Security Awareness	7
9	Transport Management	26
10	PESA	20
11	SAI/PMF	12
12	CPD Workshops/Meetings	10
	Total	847



***FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st DECEMBER, 2021***