



**REPUBLIC OF ZAMBIA**

**REPORT**

**of the**

**AUDITOR GENERAL**

**ON THE ACCOUNTS OF THE REPUBLIC**

**for the**

**Financial Year Ended 31<sup>st</sup> December 2022**

## **OFFICE OF THE AUDITOR GENERAL**

**VISION:** An independent and credible audit institution promoting transparency and accountability in the management of public resources for the well-being of the citizenry

**MISSION:** To provide timely quality audit services to promote transparency and accountability in the management of public resources

**CORE VALUES:** Integrity  
Objectivity  
Excellence  
Teamwork  
Confidentiality  
Professionalism

## **PREFACE**

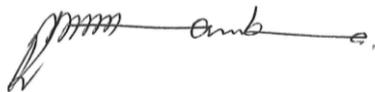
It is my honour to submit the Report of the Auditor General on the Accounts of the Republic of Zambia for the financial year ended 31<sup>st</sup> December 2022 in accordance with Article 212 of the Constitution (Amendment) Act No. 2 of 2016, the Public Audit Act No. 8 of 1980 and the Public Finance Management Act No. 1 of 2018.

The main function of my Office is to audit the accounts of Ministries, Provinces and Agencies (MPAs) and other institutions financed from public funds. In this regard, this report covers MPAs that appeared in the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022. I conducted audits on the institutions to examine whether the funds appropriated by Parliament or raised by Government and disbursed had been accounted for.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) which are the standards relevant for the audit of Public Sector entities.

The audit findings mentioned in this Report are those which were not resolved during the audit process and those which were highlighted in the previous reports but had not been resolved at the time of producing this report.

I wish to take this opportunity to thank the Controlling Officers and staff in the audited entities for the support rendered to my office during the audits.



Dr Ron M. Mwambwa, FCMA, FZICA, CGMA, CFE

**ACTING AUDITOR GENERAL**



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## **Executive Summary**

This Report has been produced in accordance with Article 250 of the Constitution (Amendment) Act No. 2 of 2016 of the Republic of Zambia, Public Finance Management Act No. 1 of 2018 and Public Audit Act No. 8 of 1980.

During the audit process, there were various levels at which the Office interacted and communicated with Controlling Officers whose accounts were audited. The purpose of this interaction was to provide an opportunity for the Controlling Officers to clarify and take corrective action on the findings of the audits.

The Report contains forty (40) paragraphs on audit findings that could not be resolved during the audit process and whose corrective actions were not undertaken as at 30<sup>th</sup> September 2023.

In addition, the Report contains audit recommendations which are aimed at addressing the findings observed during the audit process.

The table below shows a comparative summary of some of the audit findings contained in the report.

**TREND ANALYSIS OF AUDIT FINDINGS**

No.	Query Category	2021 Kwacha	2022 Kwacha	Variance Kwacha	Variance Percentage (%)
1	Failure to Collect Tax Arrears	85,780,000,000	97,860,886,809	12,080,886,809	14%
2	Failure to Settle Obligations/ Outstanding Bills	3,899,705,205	4,944,897,302	1,045,192,097	27%
3	Irregular Payments	44,275,885	152,446,283	108,170,398	244%
4	Overpayments	9,421,440	110,384,888	100,963,448	1072%
5	Unaccounted for Revenue	1,474,462	53,781,920	52,307,458	3548%
6	Failure to Utilise Funds	108,283,265	132,503,190	24,219,925	22%
7	Irregular Distribution of Farmers Inputs	2,205,140	7,350,219	5,145,079	233%
8	Loss of Revenue	17,229,561	25,587,961	8,358,400	49%
9	Unacquitted Farming Inputs	175,717	2,242,889	2,067,172	1176%
10	Unacquitted for Funds	-	814,559	814,559	0%
11	Non - Submission of Expenditure Returns	-	786,692	786,692	0%
12	Failure to Remit Government Revenue	324,618	194,348	(130,270)	-40%
13	Transfer of Funds without Authority	1,094,100	767,684	(326,416)	-30%
14	Delayed Banking	1,025,034	380,165	(644,869)	-63%
15	Undisbursed Funds	1,883,224	-	(1,883,224)	-100%
16	Irregular Inclusion of Beneficiaries for Farming Inputs	4,231,089	9,524,337	5,293,248	125%
17	Undistributed Farming Inputs	4,871,877	1,506,767	(3,365,110)	-69%
18	Misappropriation of Funds	5,171,854	135,207	(5,036,647)	-97%
19	Failure to install supplied equipment	9,060,746	182,927	(8,877,819)	-98%
20	Unretired Accountable Imprest	11,867,459	51,872	(11,815,587)	-100%
21	Unaccounted for Stores	36,855,805	14,273,997	(22,581,808)	-61%
22	Failure to Utilise System	60,006,423	2,099,156	(57,907,267)	-97%
23	Failure to Recover Advance Payments	70,668,686	-	(70,668,686)	-100%
24	Unaccounted for Funds	83,829,318	388,756	(83,440,562)	-100%
25	Undelivered Materials	94,894,666	11,126,717	(83,767,949)	-88%
26	Irregular Cash Withdraw	87,095,518	1,156,979	(85,938,539)	-99%
27	Misapplication of Funds	95,804,799	-	(95,804,799)	-100%
28	Failure to Follow Procurement Procedures	487,568,976	660,817	(486,908,159)	-100%
29	Loss of Public Funds	516,831,484	54,141	(516,777,343)	-100%
30	Wasteful Expenditure	659,945,438	10,463,546	(649,481,891)	-98%
31	Failure to Collect Revenue	1,085,895,631	52,005,531	(1,033,890,100)	-95%
32	Non Recovery of Loans and Advances	1,085,247,618	37,447,755	(1,047,799,863)	-97%
33	Failure to Collect Taxes	1,237,753,306	68,909,046	(1,168,844,260)	-94%
34	Failure to Attain Revenue Collections Target	1,555,145,893	-	(1,555,145,893)	-100%
35	Unvouched Expenditure	2,946,916,207	16,274,582	(2,930,641,625)	-99%
36	Irregular Refund of VAT	3,562,136,950	-	(3,562,136,950)	-100%
37	Uncompetitive Procurement	12,825,822,970	23,300	(12,825,799,670)	-100%
38	Over Commitment	16,857,783,845	236,237	(16,857,547,608)	-100%
	<b>Total</b>	<b>133,252,504,208</b>	<b>103,519,546,579</b>	<b>(29,732,957,629)</b>	<b>-22%</b>

**PART I**  
**PREAMBLE**



## **Acronyms**

ASYCUDA	Automated System for Customs Data
BoQ	Bills of Quantity
BoZ	Bank of Zambia
CBPP	Contagious Bovine Pleuropneumonia
CDF	Constituency Development Fund
CGAPs	Central Government Accounting Policies
CPU	Computer Processing Unit
CSC	Civil Service Commission
DACOs	District Agriculture Coordinating Offices
DARP	Draft Audit Report Paragraph
DCU	Disease Control Unit
DDMC	District Disaster Management Committees
DFLCOs	District Fisheries and Livestock Coordinating Offices
DHOs	District Health Offices
DLD	Department of Livestock Development
DRM	Disaster Risk Management
DVS	Department of Veterinary Services
DWRD	Department of Water Resource Development
ECEC	Early Childhood Education Centres
ECF	East Coast Fever
ER	Establishment Register
ERM	Enterprise Risk Management
FRA	Food Reserve Agency
GAFSP	Global Agriculture and Food Security Programme
GCE	General Certificate of Education
GDA	General Deposit Account
GSB	Government Service Bus
GTCU	Government Transport Control Unit

HPCZ	Health Professions Council of Zambia
IFAD	International Fund for Agricultural Development
IFMIS	Integrated Financial Management Information System
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISPMs	International Standards for Phytosanitary Measures
ISSAIs	International Standards for Supreme Audit Institutions (ISSAIs)
ITB	Instruction To Bidders
MT	Metric Tonnes
MPAs	Ministries, Provinces and Agencies
MoU	Memorandum of Understanding
NAPSA	National Pensions Scheme Authority
NPPO	National Plant Protection Organization
NRC	National Registration and Citizenship
PAC	Public Accounts Committee
PACOs	Provincial Agriculture Coordinating Offices
PACRA	Patents and Companies Registration Agency
PDR	Programme Design Report
PFLCOs	Provincial Fisheries and Livestock Coordinating Offices
PFM	Public Finance Management
PHOs	Provincial Health Offices
PMEC	Payroll Management and Establishment Control
PMIS	Project Management Information System
PQPS	Plant Quarantine and Phytosanitary Service
PSMD	Public Service Management Division
RTSA	Road Transport and Safety Agency
SCC	Special Conditions of Contract
SCT	Social Cash Transfer Scheme
SDMCs	Satellite Disaster Management Committees
SRGBV	School Related Gender Based Violence

UTH	University Teaching Hospital
VAT	Value Added Tax
VSC	Vehicle Service Centres
ZAMMSA	Zambia Medicines and Medical Supplies Agency
ZDI	Zambia Department of Immigration
ZILMIS	Zambia Integrated Land Management Information System
ZNS	Zambia National Service
ZPPA	Zambia Public Procurement Authority
ZRA	Zambia Revenue Authority



## **1. Introduction**

This report has been produced in accordance with Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 and is being submitted to His Excellency, the President of the Republic of Zambia and the Speaker for tabling in the National Assembly in accordance with the provisions of Article 212 of the Constitution.

## **2. Audit of Public Accounts**

According to Article 211 (2) of the Constitution, I am required to examine the Financial Report on the Accounts of the Republic and express an Audit Opinion on the Report.

Article 212 requires me to, not later than nine (9) months after the end of the 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 year.

Article 250 (1) (a) to (d) mandates me to:

- a.* audit the accounts of State Organs, State Institutions, Provincial Administration, Local Authorities and institutions financed from public funds;
- b.* audit the accounts that relate to the stocks, shares and stores of the Government;
- c.* 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;
- d.* ascertain that money appropriated by Parliament or raised by the Government and disbursed;
  - i.* has been applied for the purpose for which it was appropriated or raised;
  - ii.* was expended in conformity with the authority that governs it; and
  - iii.* was expended economically, efficiently and effectively;
- e.* recommend to the Director of Public Prosecutions or a law enforcement agency any matter within the competence of the Auditor General that may require to be prosecuted.

The Public Finance Management Act No. 1 of 2018 provides for an institutional and regulatory framework for management of public funds: the strengthening of accountability, oversight, management and control of public funds in the public financial management framework; responsibilities and fiduciary duties of controlling officers and controlling bodies; enhancement of cash management systems to ensure efficient and effective utilisation of cash for the Government; the processes for the efficient production of the Financial Report for the Republic; the management and control of public assets and stores.

### **3. Scope of Audit**

The audit scope covered the accounts and records of Ministries, Provinces and Agencies (MPAs) and other institutions financed from public funds for the financial year ended 31<sup>st</sup> December 2022.

The reports on the audits of the Constituency Development Fund (CDF) and Public Debt will be issued separately.

### **4. Audit Methodology**

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require to plan an audit, conduct risk assessment, design and conduct audit procedures and report on the audit findings. The standards require us to consider the following five (5) steps:

#### **i. Planning**

During planning, we focus on obtaining an understanding of auditee business, its challenges and risks, organisational structure, key business and financial reporting processes and trends to heighten the effectiveness and efficiency of the audit.

#### **ii. Risk Assessment**

This process includes meeting with the audit committee and key financial and other key personnel of the auditee. It also involves reviewing the financial reporting implications arising from strategic goals, objectives, business plans and risk areas. During risk assessment we consider how fraud or error could result in a material misstatement of the auditee's financial statements.

#### **iii. Evaluation and Internal Controls**

In developing an audit strategy, the standards require us to obtain an understanding of the entity and its environment, including its internal controls and work performed by the Internal Audit department. We begin this process by evaluating controls at the entity level that relate to financial reporting. This assessment includes aspects of control environment, risk assessment, monitoring, information system (including information technology) and financial reporting processes. We also obtain an understanding of controls over financial reporting activities such as the recording and processing of transactions. This helps us to:

- identify the types of misstatements that could occur whether due to error or fraud;
- evaluate the internal control deficiencies that may increase the risk of material misstatement; and
- design internal control testing strategies, where such an approach would be appropriate.

#### **iv. Audit Testing**

Our audit approach focuses our audit efforts on those financial statement assertions that have an increased risk of material misstatement. Based on our understanding and knowledge of the auditee, we expect to perform a combination of tests of controls, substantive tests of details and analytical procedures, such as testing high value, unusual and other key items and items selected through sampling routines recalculation, inspection, observation procedures analytical procedures, including trend, ratio, and reasonableness tests. At this stage, we use different Computer Assisted Audit Tools (CAATs) such as IDEA.

#### **v. Concluding and Reporting**

Reporting is normally done in a management letter to the auditee, but the ISSAIs allow for verbal communication as an alternative. The management letter should describe the misstatements clearly, and when appropriate include recommendations.

In the course of preparing the Report, each Controlling Officer was sent appropriate Interim Management Letters. A verification was done upon providing explanations and documents supporting the explanations to the issues raised in the management letter after which a status report was issued to the Controlling Officers indicating the resolved and unresolved issues.

A Draft Audit Report Paragraph (DARP) was then issued to the Controlling Officer for comments and confirmation of the correctness of the facts presented. Where the comments varied with the facts presented, and were proved to be valid, the affected DARP was amended accordingly.

In order to ensure optimal utilisation of resources at my disposal, a risk-based audit approach was used to prioritise clients so that resources were targeted towards the most - risky areas of Government operations.

## **5. Statement of Revenue, Financing and Expenditure for the Financial Year ended 31<sup>st</sup> December 2022**

According to Article 211 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, the Minister responsible for finance should, within three months after the end of each financial year, prepare and submit to the Auditor General the financial report of the Republic in respect of the preceding financial year. The Auditor General should, within two months of receipt of the financial report, examine the financial report and express an audit opinion on the report.

The Minister responsible for finance should, within one month after the receipt of the Auditor General's opinion, lay the financial report, with the Auditor General's opinion, before the National Assembly.

The Financial Statements for the financial year ended 31<sup>st</sup> December 2022 were prepared in accordance with the provisions of the Public Finance Management Act No.1 of 2018 in which the Secretary to the Treasury has prescribed the Reporting Framework in the Central Government Accounting Policies (CGAPs) No.2.

The Public Financial Management (PFM) reforms being undertaken by the Government has seen the adoption and implementation of the provisions of Part 1 and some provisions of Part 2 of the International Public Sector Accounting Standards (IPSAS) cash basis of accounting. The Financial Statements included in the Financial Report are:

- i. Statement A – Statement of Cash Receipts and Payments;
- ii. Statement B – Statement of Comparison of Budget and Actual Amounts (Statement of Budget Execution);
- iii. Statement C – Statement of Comparison of Budget and Actual Amounts (by Programme and Sub – Programme);
- iv. Statement D – Statement of Comparison of Budget and Actual Amounts (Functional Classification);
- v. Statement E – Statement of Public Debt;
- vi. Statement F – Cash flow Statement; and
- vii. Notes to Financial Statements

The outturn reflected in Statement B – Statement of Comparison of Budget and Actual amounts (Budget Execution) for the year ended 31<sup>st</sup> December 2022 is as shown below.

**Table 1: The Outturn Reflected in Statement B – Statement of Comparison of Budget and Actual Amounts (Budget Execution)**

Details	Original Budget Kwacha	Adjustments Kwacha	Final Budget Kwacha	Actual Amounts Kwacha	Variance Kwacha
<b>RECEIPTS</b>					
Income Tax	55,114,432,157	-	55,114,432,157	58,374,971,584	3,260,539,427
Customs and Excise Duty	11,405,950,189	-	11,405,950,189	10,634,569,244	-771,380,945
Value Added Tax	22,903,634,804	-	22,903,634,804	20,612,832,480	-2,290,802,324
Fines	67,050,569	-	67,050,569	77,745,800	10,695,231
Licences	1,631,339,208	-	1,631,339,208	2,404,532,404	773,193,196
Commissions	70,927,864	-	70,927,864	192,709,825	121,781,961
Fees of Court or Office	1,530,631,107	-	1,530,631,107	1,856,946,104	326,314,997
Levies	1,533,351,812	-	1,533,351,812	785,568,145	-747,783,667
Interest	158,878,860	-	158,878,860	109,458,496	-49,420,364
Other Revenues	4,442,961,258	-	4,442,961,258	6,291,535,488	1,848,574,230
Bilateral Grants	283,393,923	-	283,393,923	12,361,740,414	12,078,346,491
Multilateral Grants	1,538,574,201	-	1,538,574,201	14,401,979,986	12,863,405,785
Bilateral external borrowings	2,533,152,144	-	2,533,152,144	421,802,785	-2,111,349,359
Multilateral External Borrowing	45,313,858,506	-	45,313,858,506	20,753,098,595	-24,560,759,911
Domestic Borrowing	24,458,940,933	-	24,458,940,933	14,662,319,183	-9,796,621,750
External Assistance	-	-	-	-	-
Other Receipts	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<b>172,987,077,535</b>		<b>172,987,077,535</b>	<b>163,941,810,533</b>	<b>-9,045,267,002</b>
<b>PAYMENTS</b>					
Personal Emoluments	38,323,070,578	529,742,168	38,852,812,746	38,056,606,521	796,206,225
Use of goods and services	28,647,054,926	19,848,836,954	48,495,892,882	39,987,855,211	8,508,037,671
Financial Charges & payment debt	78,865,454,174	-19,665,210,469	59,200,243,705	32,619,805,206	26,580,438,499
Grants and Other Payments	19,704,757,010	-2,423,905,095	17,280,851,915	15,947,806,692	1,333,045,223
Social benefits	650,742	4,204,735,789	4,205,386,531	4,154,078,146	51,308,385
Non-financial assets acquisition	4,308,031,465	-416,526,182	3,891,505,283	726,900,338	3,164,604,945
Assets under Construction	3,138,058,641	177,891,446	3,315,950,087	2,264,987,927	1,050,962,160
Financial Assets	-	-	-	-	-
Other payments	-	-	-	-	-
<b>TOTAL PAYMENTS</b>	<b>172,987,077,535</b>	<b>2,255,564,611</b>	<b>175,242,643,149</b>	<b>133,758,040,041</b>	<b>41,484,603,108</b>
<b>SURPLUS/ (DEFICIT)</b>				<b>30,183,770,492</b>	

The total original budgeted expenditure for the year under review was K172,987,077,535. There was a supplementary provision of K2,255,564,611 bringing the total final budgeted amount to K175,242,643,149. The total actual expenditure for the year was K133,758,040,041 resulting in a net under expenditure of K41,484,603,108.

The actual revenue collections during the period under review was K163,941,810,533 and the actual expenditure was K133,758,040,041 resulting in a net surplus of K30,183,770,492.

## 5.1. Shortfall/Surplus in Revenue

As reflected in the Statement B of the Financial Report for the year, the actual revenue collected amounting to K163,941,810,533 was less than the estimated revenue by K9,045,267,002 as detailed below.

**Table 2: Shortfall/Surplus in Revenue**

Description	Approved Estimate K	Actual Revenue K	Over/under the Estimate K	Shortfall/ Surplus K
Income Tax	55,114,432,157	58,374,971,584	3,260,539,427	3,260,539,427
Customs and Excise Duty	11,405,950,189	10,634,569,244	(771,380,945)	(771,380,945)
Value Added Tax	22,903,634,804	20,612,832,480	(2,290,802,324)	(2,290,802,324)
Fines	67,050,569	77,745,800	10,695,231	10,695,231
Licenses	1,631,339,208	2,404,532,404	773,193,196	773,193,196
Commissions	70,927,864	192,709,825	121,781,961	121,781,961
Fees of court or Office	1,530,631,107	1,856,946,104	326,314,997	326,314,997
Levies	1,533,351,812	785,568,145	(747,783,667)	(747,783,667)
Interest	158,878,860	109,458,496	(49,420,364)	(49,420,364)
Other Revenues	4,442,961,258	6,291,535,488	1,848,574,230	1,848,574,230
Bilateral Grants	283,393,923	12,361,740,414	12,078,346,491	12,078,346,491
Multilateral Grants	1,538,574,201	14,401,979,986	12,863,405,785	12,863,405,785
Bilateral external borrowings	2,533,152,144	421,802,785	(2,111,349,359)	(2,111,349,359)
Multilateral External Borrowing	45,313,858,506	20,753,098,595	(24,560,759,911)	(24,560,759,911)
Domestic Borrowing	24,458,940,933	14,662,319,183	(9,796,621,750)	(9,796,621,750)
External Assistance	-	-	-	-
Other Receipts	-	-	-	-
<b>Total</b>	<b>172,987,077,535</b>	<b>163,941,810,533</b>		
<b>Shortfall</b>				<b>(9,045,267,002)</b>

The shortfall in revenue collection amounting to K9,045,267,002 was attributed to under collection in Customs and Excise Duty, Value Added Tax, Levies, Interest and deficits on financing activities.

The budget for revenue without financing activities amounted to K100,681,125,952 and the actual revenues (taxes, non-tax revenue and grants) was K128,104,589,970 giving a surplus of K27,423,464,018.

## 6. Audit Opinion on the Accounts

I have audited the financial statements for the Government of the Republic of Zambia for the financial year ended 31<sup>st</sup> December 2022, which comprise; Statement A - Statement of Cash Receipts and Payments, Statement B - Statement of Comparison of Budget and Actual Amounts (Budget Execution), Statement C - Statement of Comparison of Budget and Actual Amounts (by Programme and Sub Programmes), Statement D – Statement of

Comparison of Budget and Actual Amounts (Functional Classification), Statement E – Statement of Public Debt, Statement F – Cashflow Statement and a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the Statement A - Statement of Cash Receipts and Payments, Statement B - Statement of Comparison of Budget and Actual Amounts (Budget Execution), Statement C - Statement of Comparison of Budget and Actual Amounts (by Programme and Sub Programmes), Statement D – Statement of Comparison of Budget and Actual Amounts (Functional Classification), Statement E – Statement of Public Debt, Statement F – Cashflow Statement for the year ended 31<sup>st</sup> December 2022, in accordance with the International Public Sector Accounting Standards (IPSAS) Cash Basis and the Central Government Accounting Policies (CGAPs) No. 2.

### **6.1. Basis for Opinion**

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under these standards are further described in the Auditor’s Responsibilities for the Audit of the financial statements section of my report. I am independent of the Ministry of Finance and National Planning, in accordance with the International Organisation of Supreme Audit Institutions (INTOSAI), Code of Ethics together with the ethical requirements that are relevant to my audit of the financial statements in Zambia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the INTOSAI Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **6.2. Key Audit Matters**

Key Audit Matters (KAMs) are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. However, I have determined that there are no key audit matters to communicate in my report.

### **6.3. Responsibilities of Management and those charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standard Cash Basis, the Public Finance Management Act No. 1 of 2018 and Central Government Accounting Policies (CGAPs) No. 2, and for such internal control as management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the financial reporting process.

#### **6.4. Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- i. Identify and assess the risks of material misstatement of the financial statements, whether to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

In communicating with those charged with governance, I also determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**PART II**  
**PARAGRAPHS**



## REVENUE SECTION

<b>7. Head:</b>	<b>37</b>	<b>Ministry of Finance and National Planning - Zambia Revenue Authority</b>
<b>Programme:</b>	<b>2011</b>	<b>Tax Revenue</b>
<b>Activities:</b>	<b>111</b>	<b>Income Tax</b>
	<b>112</b>	<b>Customs and Excise</b>
	<b>113</b>	<b>Value Added Tax</b>

### 6.1 Mandate

The Authority is mandated with the responsibility of enforcing tax compliance and collecting taxes, related fines and penalties on behalf of Government in accordance with Section 11 of the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia.

### 6.2 Audit Findings

An examination of financial and other records maintained at the Ministry Headquarters, and the Zambia Revenue Authority (ZRA) for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

#### a. Budget Against Actual Collections - Failure to meet Revenue Collection Targets

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a total revenue provision of K91,035,038,437 was made against which amounts totalling K90,405,786,259 were collected resulting in an under collection of K629,252,178. See table 1 below.

**Table 1: Budget Against Actual Revenue Collections**

No	Tax Type	Estimates K	Actual Revenue K	Variance K
1	Company Tax	16,393,900,240	21,002,393,526	4,608,493,286
2	Individuals (self -employed)	204,618,018	234,662,844	30,044,826
3	Advance Income Tax	14,214,158	47,330,935	33,116,777
4	Pay As You Earn	17,258,896,671	18,106,035,268	847,138,597
5	Withholding Tax (Rent, Interest and Royalties)	7,014,926,278	6,857,208,933	(157,717,345)
6	Withholding Tax (Dividends)	630,954,061	936,343,001	305,388,940
7	Withholding Tax (Lump Sum Payment)	96,252,622	-	(96,252,622)
8	Withholding Tax (Contractors)	223,301,850	302,929,662	79,627,812
9	Property Transfer Tax	438,357,825	442,746,911	4,389,086
10	Mineral Royalty Tax	12,839,010,434	10,445,320,504	(2,393,689,930)
11	Customs Duty	5,722,737,594	4,953,091,128	(769,646,466)
12	Excise Duty - Motor Vehicles	428,849,608	683,581,916	254,732,308
13	Excise Duty - Soft drinks	164,629	783,736	619,107
14	Excise Duty on non alcoholic beverages	21,320,757	22,054,041	733,284
15	Excise Duty -Cigarettes	154,867,681	176,720,579	21,852,898
16	Excise Duty - Carbon	-	-	-
17	Carbon Emission Surtax Collected by RTSA	414,809,108	95,166,356	(319,642,752)
18	Excise Duty -Opaque Beer	31,941,192	37,925,979	5,984,787
19	Excise Duty -Clear beer	1,321,661,790	1,290,898,254	(30,763,536)
20	Excise Duty -Hydro Carbon Oils	414,508,711	430,750,376	16,241,665
21	Excise Duty -Spirits	178,076,343	86,273,317	(91,803,026)
22	Excise Duty - Wines	131,967,252	71,659,206	(60,308,046)
23	Excise Duty - Cosmetics	75,171,639	53,816,122	(21,355,517)
24	Excise Duty - Air time	1,256,442,638	1,184,139,531	(72,303,107)
25	Export Duty - Timber	29,566,797	46,705,785	17,138,988
26	Export Duty Scrap metal	-	16,718	16,718
27	Export Duty - Maize	15,174,785	-	(15,174,785)
28	Rummage Sales	2,555,046	1,508,721	(1,046,325)
29	Export Duty - Copper Concentrates	43,212,566	55,935,656	12,723,090
30	Fines, Penalty and Interest	86,977,007	76,142,486	(10,834,521)
31	Excise duty - Plastics	29,573,066	24,877,055	(4,696,011)
32	Excise duty - Coal	-	33,948,450	33,948,450
33	Excise duty - Gases	4,706,383	-	(4,706,383)
34	Excise Duty on Juices	1,868,453	2,296,523	428,070
35	Warehouse Rent	1,363,622	922,993	(440,629)
36	Surtax on Selected Goods	453,583,734	533,972,134	80,388,400
37	Accounting Fees	4,607,371	4,921,955	314,584
38	Excise Duty - Cement & Cement Clinker	87,965,163	60,610,170	(27,354,993)
39	Licence Fees	11,057,875	8,257,450	(2,800,425)
40	Excise Duty - Electricity	362,208,689	548,009,376	185,800,687
41	Fuel Levy	1,267,263,142	292,978,038	(974,285,104)
42	Export Duty - Precious minerals and anodic slimes	45,398,471	-	(45,398,471)
43	Licence - Motor vehicle	77,669,476	49,510,159	(28,159,317)
44	Motor vehicle Surtax	71,054,497	97,296,569	26,242,072
45	Excise duty - Water	1,118,162	174,697	(943,465)
46	Export duty Hides	277,143	260,686	(16,457)
47	Tourism Levy	17,670,050	34,976,777	17,306,727
48	Insurancy Premium Levy	48,631,143	235,336,091	186,704,948
49	Skills Development Levy	199,787,477	222,277,239	22,489,762
50	Other Revenue	1,162,417	185,926	(976,491)
51	Domestic VAT	8,865,604,402	5,889,654,010	(2,975,950,392)
52	Import VAT	14,038,030,402	14,723,178,470	685,148,069
	<b>Total</b>	<b>91,035,038,437</b>	<b>90,405,786,259</b>	<b>(629,252,178)</b>

**b. Failure to Collect Tax Arrears**

In Paragraph 1 of the Report of the Auditor General for the financial year ended 31<sup>st</sup> December 2021, mention was made on the inefficiencies in collecting taxes which resulted in tax arrears increasing from K59,659,000,000 in 2020 to K85,781,300,000 in 2021.

In their Report for the Second Session of the Thirteenth National Assembly, the Public Accounts Committee urged the Secretary to the Treasury to ensure that the stipulated

measures are implemented without any further delay. The Committee also implored the Secretary to the Treasury to avail supporting documents to the Office of the Auditor General for audit verification and resolved to await a progress report on the matter.

Further, Part VIII of the Income Tax Act chapter 323 of the Laws of Zambia requires that any outstanding domestic tax liabilities should be recovered in full using recovery instruments such as warrant of distress, garnishee or appointment of agents, charge on land and recovery through courts in any order.

Contrary to the provision, an analysis of the domestic tax debt records in 2022 revealed that the tax arrears increased from amounts totalling K85,781,300,000 (Principal–K64,074,000,000; Interest – K18,347,900,000 and Penalties K3,359,500,000) in 2021, to K97,860,886,809 in 2022 (Principal – K61,670,339,094; Interest - K11,408,595,339 and Penalties – K24,781,952,376) thereby increasing the tax arrears by 12.34%. See table 2 below.

**Table 2: Tax Arrears**

<b>Sector</b>	<b>Amounts K</b>
Private	89,336,026,752
Parastatals	6,753,971,497
Government Ministry	1,770,888,560
<b>Total</b>	<b>97,860,886,809</b>

As at 31<sup>st</sup> July 2023, no garnish, warrant of distress charge on land or recovery through courts had been instituted on the tax payers with tax arrears.

**c. Failure to Call Bond Cover for Unaccounted for Removals in Transit (RITs)**

Automated System for Customs Data (ASYCUDA) has a transit module that handles transactions for Removals In Bond (R.I.B) and Removals In Transit (R.I.T) such as goods moving from one customs control area to another without duty being paid but under surety of a bond issued by banks or insurance companies.

According to the customs procedures, transit documents are generated at the port of entry and are acquitted at the port of exit as the goods are leaving the country within ten (10) days for R.I.B and five (5) days for R.I.T.

Therefore, clearance of all transits on the system is done by the destination exit office as indicated on the transit documents after checking that all goods that entered the country were not consumed within the country in case of R.I.T and that taxes have been paid before ex-bonding in case of R.I.B.

A review of records at the ZRA head office and selected stations in March 2023 revealed that the practice had continued in that 238 RITs with guaranteed amounts totalling K52,940,199 had entered the country through various ports destined to exit at six (6) customs border controls for the period under review which had not exited the country. There was no evidence that ZRA had redeemed the bonds as at 31<sup>st</sup> July 2023. See table 3 below.

**Table 3: Unaccounted for Removals In Transits**

No.	Station	No. of Transactions	Amount K
1	Nakonde	30	8,315,671
2	Kashiba	15	72,450
3	Chirundu	20	2,646,661
4	Kazungula	12	3,885,389
5	Kasumbalesa	158	33,680,814
6	Ndola	3	4,339,213
	<b>Total</b>	<b>238</b>	<b>52,940,199</b>

**d. Failure to Collect Taxes on Various Imports**

According to the Customs and Excise Act Cap 322, all entries submitted for registration through ASYCUDA World should be assessed and payments made within five (5) days of assessment.

During the period under review, there were 1,326 imports which were registered and assessed at four (4) stations on ASYCUDA World with a declaration value of K68,909,046 which had not been paid for as at 31<sup>st</sup> July 2023. See table 4 below.

**Table 4: Failure to Collect Taxes**

No.	Station	No. of Transactions	Amount K
1	Nakonde	196	18,136,468
2	Chirundu	21	4,423,573
3	Kazungula	116	14,661,212
4	Ndola	993	31,687,793
	<b>Total</b>	<b>1,326</b>	<b>68,909,046</b>

<b>7 Head:</b>	<b>37</b>	<b>-</b>	<b>Ministry of Finance and National Planning</b>
<b>Programmes:</b>	<b>2021</b>	<b>-</b>	<b>Non-Tax Revenue</b>
<b>Activities:</b>	<b>102</b>	<b>-</b>	<b>Fees</b>
	<b>103</b>	<b>-</b>	<b>Interest</b>
	<b>106</b>	<b>-</b>	<b>Other revenues</b>

### **7.1 Mandate**

The Ministry is mandated to Coordinate National Development Planning, Public Investment Planning, Monitoring and Evaluation Systems as well as Government Accounts. Further, the Ministry formulates the National Budget, sets Financial and Other Policies such as the Economic, Revenue, Insurance, Public Debt, Stores, Internal Audit and Public Procurement.

### **7.2 Audit Findings**

An examination of financial and other records maintained at the Ministry Headquarters for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

#### **a. Budget against Actual Collections**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a revenue provision of K3,799,471,442 was made against which amounts totalling K2,901,713,501 were collected resulting in an under collection of K897,757,941. See table 1 below.

**Table 1: Budget against Actual Collections**

No.	Revenue Type	Approved Estimates K	Actual Collections K	Variance K
1	Interest on Loans to Institutions - Companies	155,131,415	104,316,843	(50,814,572)
2	Commissions on 3rd Party Micro-Finance	70,927,864	192,128,408	121,200,544
3	Dividends	1,439,694,855	25,884,151	(1,413,810,704)
4	Rent of Government premises	-	99,000	99,000
5	Proceeds from Sale of properties	1,666,490	970,882	(695,608)
6	Proceeds from Sale of government vehicles	-	169,315	169,315
7	Road Tolls	2,122,650,581	2,561,547,589	438,897,008
8	Money Lenders Licence	3,327,963	4,061,682	733,719
9	Capital Markets Tribunal	-	32,184	32,184
10	Debt to GRZ	1,576,188	1,510,744	(65,444)
11	Betting and Lottery Control Board	3,155,968	6,051,919	2,895,951
12	Miscellaneous	1,340,118	4,940,784.00	3,600,666
	<b>Total</b>	<b>3,799,471,442</b>	<b>2,901,713,501</b>	<b>(897,757,941)</b>

The under collection of K897,757,941 recorded during the period under review represented 23.6% of the revenue projections.

**b. Failure to Provide Annual Audited Financial Statements – Betting Companies**

Section 23 of the Betting Control Act Chapter No. 166 of the Laws of Zambia states, “The Board may at any time and shall, not less frequently than once in every twelve months, require a licence bookmaker to submit to the Board a properly audited statement of the bookmaker’s account in addition to the quarterly statement of accounts.”

Contrary to the Act, five (5) betting companies had not submitted audited financial statements to the Ministry as at 31<sup>st</sup> July 2023.

**c. Failure to Provide Justification for Charging a Betting License Fee**

Section 4 (1) and (2) of the Betting Control Act requires a bookmaker to pay an amount of K175,000 on first issuance of a betting license and an annual renewal fee of K75,000. Further, small business enterprises are required to pay a license fee of K75,000 on first issuance of a license and an annual renewal license of K37,500 as standard fees.

However, a review of the cashbook for betting and lotteries for revenue collection revealed that although amounts totalling K810,000 were collected from 162 betting companies during the financial year 2022, the Ministry was charging betting companies a fee of K5,000 resulting in an under collection of K11,340,000 which should have been paid had the correct license fee been charged. See table 2 below.

**Table 2: Uncollected Licence Fees**

No.	Date	Name	No of Branches	Amount K	Correct Charge K	Amount K	Lost Revenue K
1	14.01.2022	Bola Bet Company Ltd	37	185,000	75,000	2,775,000	2,590,000
2	17.02.2022	Silverspring Entertainment	2	10,000	75,000	150,000	140,000
3	28.03.2022	Advanced Hospitality Solutions	1	5,000	75,000	75,000	70,000
4	30.03.2022	Impala Tech Group Ltd	26	130,000	75,000	1,950,000	1,820,000
5	10.05.2022	Evergreen Sports Betting Limited	31	155,000	75,000	2,325,000	2,170,000
6	16.05.2022	Advanced Hospitality Solutions	1	5,000	75,000	75,000	70,000
7	13.06.2022	Gametech Zambia Ltd	10	50,000	75,000	750,000	700,000
8	23.06.2022	Leagin Zambia Limited	1	5,000	75,000	75,000	70,000
9	15.07.2022	Mwos Investments	5	25,000	75,000	375,000	350,000
10	22.07.2022	Silverspring Entertainment	3	15,000	75,000	225,000	210,000
11	12.09.2022	World Sports Betting Ltd	4	20,000	75,000	300,000	280,000
12	19.09.2022	Impala Tech Group Ltd	40	200,000	75,000	3,000,000	2,800,000
13	29.11.2022	Silverspring Entertainment	1	5,000	75,000	75,000	70,000
		<b>Total</b>	<b>162</b>	<b>810,000</b>		<b>12,150,000</b>	<b>11,340,000</b>

**d. Loss of Revenue - Money Lenders Licenses**

In Paragraph 10.2 b (ii) of the Report of the Auditor General on the Accounts of the Republic for the financial year ended 31<sup>st</sup> December 2021, mention was made of the loss of revenue in amounts totalling K393,000 as a result of issuance of certificates by subordinate courts to money lenders without payment of licence fees.

In their Report for the Second Session of the Thirteenth National Assembly, the Public Accounts Committee urged the Controlling Officer to ensure that the payment of licence fees is decentralised and where possible, promote electronic payment methods without delay. The Committee implored the Secretary to the Treasury to avail supporting documents to the Office of the Auditor General for audit verification and would await a progress report on the matter.

A review of the situation in March 2023 revealed that the payment of licence fees had not been decentralised and there was no evidence that efforts had been made to promote electronic payment methods. Consequently, during the period under review, only 373 out of 776 money lenders who were issued with certificates by the Judiciary through the Subordinate Court on application had paid for the licenses resulting in uncollected revenue amounting to K4,030,000.

**e. Under Charging for Money Lenders License Fees**

Prior to the amendment of the Money Lenders Act CAP 398 of the Laws of Zambia, Section 3 of the Act required that a person intending to start the business of money lending must first obtain a certificate from any Subordinate Court of either the first or second class and then pay a license fee of K3,000 into the bank transit account maintained by the Ministry of Finance and National Planning.

Pursuant to Statutory Instrument No. 51 of 2021 (Amendment of Section 3), this fee was revised upwards to K10,000 per license issued.

In this regard, amounts totalling K100,000 in respect of license fees should have been collected from ten (10) money lenders.

However, a reconciliation of the receipt books and bank statements for the year 2022 revealed that only amounts totalling K64,000 were collected resulting in an under collection of K46,000.

**f. Failure to Constitute an Inspections Committee for Valuation of Pool Houses**

Section I part 3 of the Handbook on the Civil Service Home Ownership Scheme of 1996 provides guidance on the administrative procedures for valuing and selling Government pool houses to serving sitting tenants retrenched, retired and deceased civil servants.

Further, Guideline No. 8.1.2 of the Sale of Pool Houses Handbook provided for the establishment of an Inspection Committee.

Contrary to the Guidelines, management failed to constitute an Inspection Committee to value thirty-four (34) Government institutional pool houses sold in 2022 for K722,605.

In addition, Cabinet authority to sell the houses was not availed for audit.

**g. Irregularities in the Disposal of Motor Vehicle and General Stores**

Section 46 (1) and (2) (c) of the Public Finance Management Act No. 1 of 2018 stipulates that subject to the other provisions of this Act, a Controlling Officer or Controlling body should dispose public assets and stores in a prescribed manner that ensures accountability and transparency. The disposal method of public assets and stores by publication under the Act includes transfer of public assets and stores to

another public body or part of a public body, with or without financial adjustment and sale by public auction.

A review of the report of Committee of Survey MF/IA/101/24/12 of August 2021 revealed that assets with a reserve price in amounts totalling K230,260 were surveyed and submitted to the Controlling Officer, Economic Management and Finance (EMF). See table 3 below.

**Table 3: Approved Assets and General Stores Items Valuation Based on Depreciated Replacement Cost**

No.	Description	Value K
1	Motor Vehicle Plant and Equipment	204,000
2	Office Equipment	20,090
3	Office Furniture and General Stores	6,170
4	Assorted and Obsolete stationery and other general stock items	-
	<b>Total</b>	<b>230,260</b>

Further, assets valued at K69,900 were surveyed and marked for transfer to other institutions. See table 4 below.

**Table 4: Reserve Price for Surveyed Items Marked for Transfer to Other Institutions**

Description	Value K
Motor Vehicles, Plant and Equipment	65,000
Office Furniture and General Stores	4,900
<b>Total</b>	<b>69,900</b>

In the memo dated 23<sup>rd</sup> August 2021, the Secretary to the Treasury approved the request for the surveyed assets and general stores to be disposed of in accordance with the recommendations of the survey report.

Following the disposal of the approved assets and stores items, the Controlling Officer EMF in a memo MF/IA/101/24/12 dated 5<sup>th</sup> October 2022 reported that amounts totalling K1,669,576 were realised from the disposal exercise using the highest bidder method using a local auctioneer.

However, the following were observed:

- i. Out of twenty-two (22) auction transactions, amounts totalling K182,516 were received. However, a comparison of receipts against deposit slips revealed that only amounts totalling K100,000 were deposited resulting in unaccounted for revenues in amounts totalling K82,516.
- ii. A comparison of delivery note against amounts paid revealed that on receipt numbers 3686132 and 3686137 dated 22<sup>nd</sup> February 2022, amounts totalling K10,900 were received. However, a comparison with delivery notes (numbers 021375 and 021375), revealed that the total items delivered by the successful bidder were valued at K24,100 resulting in unaccounted for revenues in amounts totalling K13,200.
- iii. A comparison between the value of items on delivery notes number 021363 dated 23<sup>rd</sup> February 2022 and amounts paid and deposited revealed that the items disposed of were valued at K330,000. However, only amounts totalling K100,000 were deposited in the bank account resulting in unaccounted for revenue in amounts totalling K230,000.

## **8 Head: 85 Ministry of Lands and Natural Resources**

### **Non - Tax Revenue**

#### **8.1 Mandate**

The Ministry is mandated to administer land and manage natural resources by promoting sustainable land use and climate resilient low emissions.

#### **8.2 Audit Findings**

An examination of accounting and other records maintained at the Ministry Headquarters, Lusaka Survey Regional Office and at selected stations for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

##### **a. Budget and Actual Collections - Under Collection**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a total revenue provision of K344,585,114 was made against which

a total amount of K187,060,466 was collected resulting in an under collection of K157,524,648. See table 1 below.

**Table 1: Budget and Actual Collections**

No.	Description	Estimate Collections K	Actual Collections K	Collection Variance K
1	Doc & Registration Fees	55,956,532	25,754,022	(30,202,510)
2	Survey Fees	12,322,445	9,992,636	(2,329,809)
3	Consent Fees	4,786,530	3,225,541	(1,560,989)
4	Consideration Fees	130,024,196	40,022,303	(90,001,893)
5	Preparation/Scrutiny Fees	2,036,058	2,019,863	(16,195)
6	Interest on Late Payment	3,747,445	5,141,653	1,394,208
7	Ground Rent	75,529,905	41,675,115	(33,854,790)
8	National Titling	60,182,003	59,229,332	(952,671)
	<b>Total</b>	<b>344,585,114</b>	<b>187,060,466</b>	<b>(157,524,648)</b>

The under collection of K157,524,648 recorded during the year under review represented 46% of the revenue projections.

**b. Uncollected Revenue – Client Outstanding Arrears**

In Paragraph 13.2 b (i) of the Auditor General’s Report for the financial year ended 31<sup>st</sup> December 2021, mention was made regarding uncollected revenue amounting to K64,561,657 in respect of various outstanding bills.

A review of the situation during the audit of the 2022 accounts revealed that a total of K21,222,238 in respect of various fees was outstanding as shown in the table 2 below.

**Table 2: Outstanding Client Arrears**

No.	Description	Billed Amount K	Paid Amount K	Owing Amount K
1	Survey Fees	286,115	45,449	240,666
2	Numbering Fees	2,171,060	199,673	1,971,387
3	Examination Fees	88,395	25,943	62,451
4	Deed of Assignment	135,047	102,946	32,102
5	Consent Fees	67,387	26,118	41,269
6	Consideration Fees	15,550,614	4,833,273	10,717,341
7	Ground Rent	13,751,445	5,594,422	8,157,022
	<b>Total</b>	<b>32,050,064</b>	<b>10,827,825</b>	<b>21,222,238</b>

**c. Outstanding Paid for Survey Works – Provincial Survey Offices**

In Part 9.0 (1) (2) and (3) of the Customer Service Charter, the Ministry of Lands and Natural Resources had committed to carry out survey works for all properties (Stands,

lots and Farms) within twenty one (21) days from receipt of request and pre-requisite documents or eighteen (18) days from the date of client making payment for the service.

A scrutiny of records from six (6) stations revealed that survey works for seventy four (74) properties whose services were paid for, in amounts totalling K342,355 had not been carried out as at 30<sup>th</sup> June 2023. See table 3 below.

**Table 3: Outstanding paid for Survey Works**

<b>No.</b>	<b>Survey Office</b>	<b>Unsurveyed Properties</b>	<b>Amount Paid K</b>
1	Solwezi	14	68,500
2	Ndola	37	148,000
3	Choma	6	30,355
4	Mansa	3	9,500
5	Chinsali	8	46,500
6	Kabwe	6	39,500
	<b>Total</b>	<b>74</b>	<b>342,355</b>

**d. Contract for National Land Titling Programme with Medici Land Governance Ltd and World Bank**

In Paragraphs 38.2 b (i) and 13.2 b (ii) of the Reports of the Auditor General on the Accounts of the Republic for the financial years ended 31<sup>st</sup> December 2020 and 31<sup>st</sup> December 2021, mention was made of the slow rate of issuance of titles deeds and the failure to attain revenue collection targets respectively, by the service provider (MEDICI) engaged by the Ministry.

A review of financial records relating to the project revealed that as at 31<sup>st</sup> July 2023, from the projected collections of K2,514,225,000 for the two (2) consecutive years (September 2020 to August 2021 and September 2021 to August 2022), only amounts totalling K92,490,527 from issuance of 65,339 certificate of titles (58,951 low cost and 6,388 medium cost) were collected leaving a balance of K2,421,734,473 (934,661 unissued Certificates of Title).

The deficit represented 96.32% of the projected amount. See table 4 below.

**Table 4: Projected Revenue against Actual Collections**

Project Year	Cost Category	Projections		Actual Collection		Variances	
		No. Titles	Revenue K	No. Titles	Revenue K	No. Titles	Revenue K
First and Second	Low	650,000	2,073,225,000	58,951	92,490,527	591,049	1,980,734,473
	Medium	210,000		6,388		203,612	
	High	90,000	283,500,000	-	-	90,000	283,500,000
	Commercial	50,000	157,500,000	-	-	50,000	157,500,000
	<b>Total</b>	<b>1,000,000</b>	<b>2,514,225,000</b>	<b>65,339</b>	<b>92,490,527</b>	<b>934,661</b>	<b>2,421,734,473</b>

As shown in the table above, from the projected 90,000 and 50,000 certificates of title for High and Commercial Cost categories respectively, the service provider failed to issue any certificates of title during the two (2) consecutive years.

Further, the projected ground rent revenue collections of K66,375,000 (K33,187,500 and K33,187,500) from the clients issued with Certificates of titles for the years 2021 and 2022 respectively could not be ascertained as Management did not provide the records for the same period for audit purposes.

**e. Irregularities on Issuance of Invitation to Treat and Offer Letters**

Invitation To Treat (ITTs) are issued to successful land applicants. The ITTs attract fees such as consideration, preparation, registration and ground rent.

During the period under review, the Ministry issued 6,799 offer letters to applicants. A comparison of the application letters for Lands against the ITTs and Offer Letters issued to various applicants revealed the following:

**i. ITTs Issued without Application Letters**

A total of 321 individuals were issued with ITTs, which were not supported by application letters.

**ii. Offer Letters Generated on Properties (Land) without Application Letters**

A review of land applications and offer letters issued revealed that eighty five (85) individuals were offered land which they did not apply for. It was therefore questionable, on how offer letters for land were issued to individuals without evidence of applications.

**f. Irregularly Issued Certificates of Title**

According to the Ministry of Lands procedures, a Certificate of Title is issued once a parcel of land has been applied for and the application has been approved by the

Commissioner of Lands. The approved application is required to pass the Offer Letter stage after which a Lease is generated and terms agreed to.

The following were however observed;

- i. There were 1,193 Certificates of Title issued without evidence of letters of application from holders of the Certificates.
- ii. There were 200 properties that were processed to Certificate of Title stage without any evidence of payments for the ITTs.

**g. Delays in Issuance of Certificate of Title**

Part 7 (3) of the Customer Service Charter, requires the Ministry to issue primary or secondary Certificates of Title for properties such as stands, lots and farms within eleven (11) to twenty-four (24) days of lodging of documents depending on the type of title applied for.

A scrutiny of records of the leases, and certificate of title databases revealed that 687 properties were not issued with Certificate of Title despite property owners having applied for the service for periods ranging from ninety-eight (98) to 460 days.

A further analysis of the records revealed that 2,251 properties were issued with Certificate of Title (CoT) with periods ranging from eleven (11) to 345 days beyond the number of days specified in the Ministry's service charter.

**h. Properties that Changed Ownership Without Proof of Payment of Transfer Tax**

Section 9 (4) of the Property Transfer Tax Act Cap 340, states that "the Registrar shall not register any transfer of property unless he is satisfied that any tax due under this Act in respect of such transfer has been paid."

Contrary to the Act, twenty-seven (27) properties had changed ownership during the year under review without proof of payment of property transfer tax.

**i. Irregularities in Billing**

According to the ZILMIS Blueprint Report (System Design Specification), the ZILMIS includes an expanded accounting and billing module that would enhance revenue collection and support manual and electronic payments. The billing module also produces billing reports containing information such as sum by year, sum by location, and owners balance reports, among others.

A review of the billing data revealed the following:

**i. Failure to Generate Demand Notices (Bills) for Property Owners**

Out of 433,654 properties assigned for billing on the system, 333,539 properties were billed leaving 100,127 properties not billed. The properties not billed included 33,401 properties on title.

In this regard, there was an estimated loss of revenue amounting to K1,382,801 based on the minimum charge of K41.40 offered by the Ministry in respect of ground rent on titled properties.

**ii. Failure to Bill Properties for Ground Rent**

During the year under review, 337,575 properties were billed for annual ground rent in amounts totalling K203,111,774.

However, an analysis of the bills revealed that 29,785 properties billed in the year 2021 were not billed in the year 2022. In this regard, there was a loss of revenue amounting to K5,645,465 in respect of ground rent.

As at 31<sup>st</sup> July 2023, the situation had not changed.

**9 Head: 14 Ministry of Mines and Minerals Development**

**Programme: 2021 Non - Tax Revenue**

**9.1 Mandate**

The Ministry of Mines and Minerals Development (MMMD) is mandated to develop and manage minerals in a sustainable manner for the benefit of all Zambians.

**9.2 Audit Findings**

An examination of the financial and other records maintained at the Ministry Headquarters and selected stations for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

**a. Budget Against Actual Collections**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a total revenue estimate of K57,478,214 was made against which amounts totalling K44,459,401 were collected, resulting in an under collection of K13,018,813. See table 1 below.

**Table 1: Budget against Actual Collections**

No.	Details	Approved Estimates K	Actual Collection K	Under Collection K	Under Collection (%)
1	Mining Licence	52,711,718	39,434,422	(13,277,296)	(25.19)
2	Fees and Surface Rental Charges	1,107,869	979,559	(128,310)	(11.58)
3	Miscellaneous	3,658,627	4,045,419	386,792	10.57
	<b>Total</b>	<b>57,478,214</b>	<b>44,459,401</b>	<b>(13,018,813)</b>	<b>(22.65)</b>

The under collection of K13,018,813 recorded during the period under review represented 22.65% of the revenue projections. The under collection was attributed to the moratorium imposed by the Government at the Department of Mining Cadastre from February 2022 to November 2022.

**b. Failure to Collect Outstanding Area Charges**

In Paragraph 16 of the Report of the Auditor General on the Accounts of the Republic for the financial year ended 31<sup>st</sup> December 2021, mention was made on the failure by the Ministry to collect outstanding area charges in amounts totalling K32,260,426 from 2,288 mining right holders and that the Ministry had neither suspended nor

revoked mining licences for the same right holders who had failed to pay annual area charges as at 30<sup>th</sup> June 2022.

In his response to the Public Accounts Committee, the Controlling Officer stated that the Ministry had written to the ten (10) erring developers whose licenses expired in 2021 but had not paid area charges in amounts totalling K1,102,560, informing them of the legal action through Office of the Attorney General if payments were not made.

In their Report for the Second Session of the Thirteenth National Assembly, the Committee recommended that the Controlling Officer expedite the process of collecting the funds from the ten erring developers without undue delay.

An audit carried out in June 2023 revealed that there was an outstanding amount totalling K29,110,893 owed by 2,336 mining right holders for periods ranging from 10 to 373 days. It was observed in this regard that although the amount owed decreased from K32,260,426 in 2021 to K29,110,893 in 2022 representing a decrease of 10%, the number of defaulting mining right holders increased from 2,288 in 2021 to 2,336 in 2022 representing an increase of 2%.

**c. Accounting Irregularities**

**i. Unaccounted for Revenue**

A review of revenue records covering the period from 9<sup>th</sup> March 2022 to 20<sup>th</sup> January 2023 maintained at the Ministry Headquarters revealed that out of a total amount of K377,405 involving 331 receipts issued to clients for permits such as import, export and trading, an amount of K189,005 were not accounted for in that 182 deposits could not be confirmed on the bank statements.

**ii. Loss of Revenue on Expired Exploration, Mining and Mineral Processing Right Holders**

Section 21 (1) of the Mines and Minerals Development (General) regulation, 2016 states, “An application for renewal of mining right or mineral processing licence shall be:

- (a) For an exploration licence, six months before the expiry of the licence;
- (b) For mining licence, in the case of;
  - Artisanal mining, three (3) months before the expiry of the licence;

- Small scale mining, six (6) months before the expiry of the licence;
- Large scale mining, one (1) year before the expiry of the licence; and
- For mining processing licence, one (1) year before the expiry of the licence.”

Further, Section 76. (1) of the Mines and Minerals Development Act No. 11 of 2015 states, “A holder of a mining or non-mining right may apply for the renewal of the mining or non-mining right in the prescribed manner and form upon payment of the prescribed fee.”

A review of the Cadastre database revealed that 460 exploration, mining and non-mining right holders had expired licences for years as far back as 2012, without either being removed from the database for re-allocation to other potential investors or licence holders applying for renewal, contrary to the provisions of the Act.

In this regard, there was a potential loss of revenue for non-payment of licence fees in amounts totalling K987,300. See table 2 below.

**Table 2: Loss of Revenue on Expired Exploration, Mining and Mineral Processing Licences**

No.	Licences Type	Number of Rightholders	Unit Fee K	Total Amount K
1	Large Scale Exploration	206	3,000	618,000
2	Small Scale Exploration	151	900	135,900
4	Small Scale Mining	26	4,500	117,000
5	Artisanal Mining	76	900	68,400
6	Mineral Processing	1	48,000	48,000
	<b>Total</b>	<b>460</b>		<b>987,300</b>

Further verification of licences in July 2023 revealed the following:

- Twenty one (21) right holders whose licenses had expired were found active and carrying out exploration operations without application and payment of licence renewals.
- Thirty five (35) mining right holders whose licenses had expired were found active and carrying out mining operations without application and payment of licence renewals.

### iii. Unlicensed Entities / Individuals Conducting Mining Activities

Section 26 (1) of the Mines and Minerals Development Act No. 11 of 2015 states, “Except to have the mineral analysed or conducting tests on the mineral, a holder of an exploration license shall not remove any mineral from the exploration area without the written permission of the Director of Geological Survey and shall, when removing any mineral, comply with such conditions as the Director of Geological Survey may specify in the written permission.”

Further, Section 30 (1) states that, “A holder of an exploration license may, not later than six (6) months before the expiry of the exploration license, apply for a mining license for the mining of minerals within the exploration area.”

Contrary to the Act, a visit to various stations revealed the following:

- Six (6) entities were conducting exploration and/or mining activities without licenses.
- Twenty one (21) individuals were conducting illegal mining activities without licenses resulting in revenue loss to government. See table 3 below.

**Table 3: Unlicensed Entities/Individuals**

No.	Details	No. of Entity /Individual	License Status	Location
1	Mining Entities	6	Unlicensed	Eastern and Northern Province
2	Mining Individuals	21	Unlicensed	Luapula and Northern Provinces
	<b>Total</b>	<b>27</b>		

Further, although thirteen (13) mining right holders in Luapula Province had valid licenses for mining copper, iron and manganese among others, it was observed that the extracted minerals contained sugilite which was not declared resulting in loss of revenue to the Government. This was contrary to the provision of the Act which required the right holder to report to the Director of Department of Geological Survey the discovery of the minerals not included in the licenses.

### iv. Non-Submission of Production Returns

According to Section 35 (1 [h, i, j, k and l] and 2) of the Mines and Minerals Development Act No. 11 of 2015, holders of a mining license are required to submit monthly/yearly productions returns, mine plans and sections, primary and secondary development.

Contrary to the Act, nine (9) mines did not submit monthly/yearly production returns during the period under review. In this regard, it could not be ascertained whether the Ministry was monitoring the accuracy and completeness of minerals produced, the export value and tax payments to the Zambia Revenue Authority.

**10 Head: 89 Ministry of Agriculture**

**Programme: 2021 Non - Tax Revenue**

### 10.1 Mandate

The Ministry of Agriculture is mandated to promote and strengthen efficient and effective management of agricultural production and productivity to ensure sustainable household and national food and nutrition security and increased incomes.

### 10.2 Audit Findings

An examination of accounting and other records maintained at the Ministry headquarters and selected stations for the financial year ended 31<sup>st</sup> December 2022 revealed the following.

#### a. Budget against Actual Collection

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, an estimate of revenue in amounts totalling K664,942,486 was made against which amounts totalling K3,484,054,972 were collected resulting in a positive variance of K2,819,112,486. See table 1 below.

**Table 1: Budget against Actual Collection**

No.	Description	Estimated Revenue K	Actual Revenue K	Variance K
1	Plant and quarantine	9,500,000	11,664,212	2,164,212
2	Import and export	7,500,000	8,922,066	1,422,066
3	Inspection fees	6,200,000	5,512,004	(687,996)
4	Proceeds from fertilizer sales	315,446,859	399,193,600	83,746,741
5	Proceeds from sale of crops	326,295,627	3,058,763,090	2,732,467,463
	<b>Total</b>	<b>664,942,486</b>	<b>3,484,054,972</b>	<b>2,819,112,486</b>

The actual revenue collected amounting to K3,484,054,972 was above the estimated revenue by 424%.

**b. Operational Matters**

**i. Plant and Quarantine**

Plant Quarantine and Phytosanitary Service (PQPS) is a National Plant Protection Organisation (NPPO) of Zambia. Its mandate is to prevent the introduction and spread of plant insect pests, diseases and alien invasive species through the enforcement of Phytosanitary Certification in accordance with the International Standards for Phytosanitary Measures (ISPMs). The NPPO enforces the Plant Pests and Diseases Act CAP 233 and the Noxious Weeds Act CAP 231 of the Laws of Zambia.

However, the following were observed:

- **Failure to Collect Laboratory Fees**

Section 3 (d) under the schedule (Regulation) of the Statutory Instrument (SI) No. 69 Plant Pests and Diseases (Plant Quarantine and Phytosanitary Service Fees) Regulations of 2020, provides for fees payable in respect of laboratory tests.

Contrary to the Regulation, the unit conducted 618 fungi tests without charging fees resulting in loss of revenue in amounts totalling K154,499. See table 2 below.

**Table 2: Failure to Collect Laboratory Test Fees**

Test	No. of Tests	Fee Unit	Unit/ Price	Loss K
Fungi	618	833.33	0.3	154,499
<b>Total</b>	<b>618</b>	<b>833.33</b>	<b>0.3</b>	<b>154,499</b>

- **Failure to Collect Fumigation Fees**

Section 3 (d) of the Statutory Instrument (SI) No. 41 of 2022 Plant Pests and Diseases Act (Cap 233 of the Laws of Zambia) provides for an inspection fee payable in respect of fumigation of plants and plant products. Incremental charging on bulky commodity schedule provides a flat rate charge of K1,650 for commodities weighing above one thousand metric tonnes (1,000 MT).

Contrary to the Statutory Instrument, the department did not collect fees from Food Reserve Agency (FRA) in amounts totalling K21,450 for tonnage above one thousand metric tonnes (1,000 MT) in respect of fumigation inspections involving 82,267.25 metric tonnes as at 31<sup>st</sup> July 2023. See table 3 below.

**Table 3: Failure to Collect Fumigation Fees**

No.	Date	District Name	Quantity (mt)	Revenue Loss K
1	24.02.22	Solwezi FRA	3,470.35	1,650
2	3.05.22	Mufumbwe FRA	5,879.75	1,650
3	4.05.22	Kabompo FRA	8,979.40	1,650
4	5.05.22	Zambezi FRA	5,566.10	1,650
5	28.05.22	Kasempa FRA	10,236.65	1,650
6	11.11.22	Chingola FRA	2,652.30	1,650
7	12.10.22	Mkushi FRA	4,459.00	1,650
8	28.10.22	Chisamba FRA	13,418.00	1,650
9	26.12.22	Mkushi FRA	4,301.65	1,650
10	5.12.22	Nchelenge FRA	7,235.00	1,650
11	15.12.22	Kaputa FRA	6,843.75	1,650
12	17.12.22	Samfya FRA	1,989.15	1,650
13	19.12.22	Mansa FRA	7,236.15	1,650
	<b>Total</b>		<b>82,267.25</b>	<b>21,450</b>

- **Failure to Issue Plant Quarantine and Phytosanitary Service Permits**

Section 3 (d) under the schedule (Regulation) of the Statutory Instrument No. 69 Plant Pests and Diseases (Plant Quarantine and Phytosanitary Service Fees) Regulations of 2020 provides for fees payable in respect of phytosanitary document fees.

A review of schedule of various imported commodities on the ZRA ASYCUDA World (Single Window System) revealed that fifty eight (58) clients imported agriculture goods weighing 117,356,234 kgs without obtaining PQPS certificates or permit resulting in revenue loss in amounts totalling K469,425.

Although in their response, management submitted that all the transactions carried out were correctly captured and payment made accordingly,

management failed to avail for audit verification, PQPS permits relating to the fifty eight (58) clients who imported agriculture goods.

**ii. Import and Export Permits**

Fourth Schedule of the Statutory Instrument No. 53 (Import and Export) of 2020 provides for fees payable in respect of import and export of agriculture products. See table 4 below.

**Table 4: Import and Export Fees**

Type of Fee	Weight (tonnes)	Fee Unit
Import and export	30	350

The following were however observed:

- **Failure to Issue Agribusiness and Marketing (ABM) Permits**

A review of a schedule of various imported commodities on Single Window System revealed that fifty eight (58) clients imported agriculture goods weighing 117,356,234 kg without obtaining Agribusiness and Marketing (ABM) import permits resulting in loss of revenue in amounts totalling K410,747.

Further, sixty one (61) clients exported various commodities weighing 67,862,842 kg without obtaining ABM export permits resulting in loss of revenue in amounts totalling K237,520. See table 5 below.

**Table 5: Failure to Issue ABM Permits**

No.	Fee Type	Weight (kgs)	Amount K
1	Import	117,356,234	410,747
2	Export	67,862,842	237,520

In their response, management submitted that the reason for the failure by ABM to collect revenue from the fifty eight (58) importers and sixty one (61) exporters of various goods was mainly because the clients did not complete the application process and did not therefore obtain the applicable Permits.

Further, management submitted that ABM did not issue Import and Export Permits of “Coniferous Treated with paint, stains, creosote or other preservatives” (HS Code 44031100) since 2018, following the issuance of

the Forest Act No. 4 of 2015 which gave the power to issue Import and Export Permits for forest products to the Forestry Department under the Ministry of Lands, Natural Resources and Environment.

However, from the queried 58 imports and 61 exports, management could not separate “Coniferous Treated with paint, stains, creosote or other preservatives” that were permitted by the Forestry Department and other products that were permitted by the Ministry of Agriculture at the time of audit verification in July 2023.

- **Failure to Monitor Imports and Exports**

Section 3(a) and (b) of the Control of Goods Act stipulates that the issuing authority may issue a permit authorising imports or exports of agriculture products. Further, Statutory Instrument No. 53 of 2020 specifies that for every 30 metric tonnes the client should pay 350 fee units. During the period under review, the Ministry authorised the export of various agriculture commodities weighing 55,485,928 kg on Single Window System.

However, a review of actual exports from Asycuda World System administered by the Zambia Revenue Authority (ZRA) revealed that, 72,305,491 kg of various agriculture commodities were exported resulting in a variance of 16,819,563 kg of exports. In this regard, the Ministry lost revenue in amounts totalling K126,147 in respect of exports involving 16,819,563 kg for thirty six (36) clients.

Further, the Ministry authorised the import of various agriculture commodities weighing 139,915,712 kg on Single Window System.

However, a review of actual imports from Asycuda World System (ZRA) revealed that, 368,793,904 kg of various agriculture commodities were imported resulting in a variance of 228,878,191 kg of imports. In this regard, the Ministry lost revenue in amounts totalling K1,716,586 in respect of imports involving 228,878,191 kg for seventy three (73) clients. See tables 6a and 6b below.

**Table 6a: Loss of Revenue Through Exports**

No.	Type	Transactions	Weight Exported (kgs)	Approved Weight to be Exported (kgs)	Variance (kgs)	Revenue Loss (K)
1	ABM	36	72,305,491	55,485,928	16,819,563	58,868
2	PQPS	36	72,305,491	55,485,928	16,819,563	67,278
	<b>Total</b>					<b>126,147</b>

**Table 6b: Loss of Revenue Through Imports**

No.	Type	Transactions	Weight Exported (kgs)	Approved Weight to be Exported (kgs)	Variance (kgs)	Revenue Loss (K)
1	ABM	73	368,793,904	139,915,712	228,878,192	801,074
2	PQPS	73	368,793,904	139,915,712	228,878,192	915,513
	<b>Total</b>					<b>1,716,586</b>

## EXPENDITURE SECTION

### 11 Head: 15/01 Ministry of Home Affairs and Internal Security

#### 11.1 Mandate

The Ministry of Home Affairs and Internal Security (MOHAIS) is charged with the responsibility of providing and maintaining internal security to promote sustainable social-economic development for the people of Zambia.

#### 11.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

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

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a total budget provision of K434,653,480 was made to cater for operations of the Ministry out of which amounts totalling K385,121,226 were released resulting in an under funding of K49,532,254.

As at 31<sup>st</sup> December 2022, amounts totalling K355,810,955 had been spent leaving a balance of K29,310,272.

##### b. Procurement and Contract Management

##### i. Overpayment of Funds - Contract for the Provision of Transportation, Customs Clearing and Insurance in Transit Services

On 15<sup>th</sup> December 2022, the Ministry of Home Affairs and Internal Security entered into a contract with Danait Transport Limited for the provision of transportation, customs clearing and insurance-in-transit services for security wings under the Ministry at a total contract sum of K22,456,250 with a delivery period of seven (7) days. The scope of services among others included provision and clearance of forty-seven (47) 30 tonnes containerised trucks at a total cost of K7,300,000.

On 5<sup>th</sup> January 2023, the transporter cleared and delivered forty-six (46) containers as per Delivery Note No. 0512. However, it was observed that despite the transporter only delivering forty-six (46) containers out of forty-seven (47) the full amount of K7,300,000 was paid resulting in an overpayment of K155,319 being the cost for one (1) container.

As at 31<sup>st</sup> July 2023, the remaining containerised truck had neither been delivered nor the overpayment refunded.

**ii. Undelivered Motor Vehicles**

On 1<sup>st</sup> December 2022, the Ministry entered into a contract with Sarago General Dealers Limited for the supply and delivery of ten (10) Toyota Land Cruisers Hardtop Model 76 for National Registration, Passport and Citizenship Departments at a contract sum of US\$608,900 (K9,912,892) with a delivery period of twelve (12) weeks.

Although the supplier had been paid in full as at 31<sup>st</sup> August 2023, five (5) out of the ten (10) vehicles had not been delivered.

**iii. Undelivered Building Materials**

On 29<sup>th</sup> December 2022, the Ministry entered into a contract with SSF Investment Limited for the supply and delivery of building materials costing K1,319,682 for the construction of two (2) houses in Liteta, Central Province to be done by the Zambia Police Service. The supplier was paid in full on 30<sup>th</sup> December 2022.

However, inspections conducted revealed that the supplier had not delivered building materials costing K1,163,612 as at 31<sup>st</sup> August 2023.

**c. Payment of Salaries to a Deceased Officer**

A review of attrition records revealed that on 14<sup>th</sup> May 2011, an Assistant Registrar at the Ministry reached his mandatory retirement age of 55 years. On 17<sup>th</sup> December 2012, the officer died but remained on the payroll and had as at 30<sup>th</sup> April 2023, been paid salaries amounting to K508,458. As at 31<sup>st</sup> August 2023, the money had not been recovered.

**d. Unauthorised Payments - Copperbelt Province**

Financial Regulation No. 53 stipulates that an office holder processing a manual or electronic payment should indicate on the payment voucher the authority against which expenditure is being incurred, the warrant number, the memorandum or minute and the written law authorising the expenditure.

Regulation 54. (1) further states that where a hard copy payment voucher is used, the original of a payment voucher should—

(a) be signed by a warrant holder, sub-warrant holder or by any other authorised office holder; and

(b) indicate the name and, designation of the office holder signing, and the date below the office holder's signature.

Contrary to the regulations, a scrutiny of payment vouchers revealed that an accountant who was a bank signatory under the Department of National Registration, Passport and Citizenship raised payments in his favour for subsistence allowances totalling K170,080 involving

twenty-eight (28) transactions without the authority of the Provincial Registrar - Department of National Registration, Passport and Citizenship.

The payment vouchers were authorised by the officer in charge of the Department of National Archives who was also a bank signatory, but without any written authority by the Provincial Registrar - Department of National Registration, Passport and Citizenship.

Further, it was revealed that all the unauthorized payments were not subjected to pre-audit by internal Auditors contrary to Treasury Circular No. 7 of 2020 which requires all payments to be pre-audited.

In this regard, the amount of K170,080 was irregularly paid to the accountant.

## **12 Head: 17 Ministry of Foreign Affairs and International Cooperation (MOFAIC)**

### **12.1 Mandate**

The Ministry of Foreign Affairs is mandated to formulate and administer Zambia's Foreign Policy.

### **12.2 Audit Findings**

An examination of accounting and other records maintained at the Ministry Headquarters for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

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

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a total budget provision of K2,153,655,467 was made to cater for various activities against which amounts totalling K1,573,608,016 were released resulting in an under funding of K580,047,451. See table 1 below.

**Table 1: Budget, Funding and Expenditure**

No.	Details	Total Authorized K	Funding K	Variance K
1	Management and Support Service	369,658,326	369,658,324	(2.32)
2	International Relations and Cooperation	1,770,990,035	1,191,190,342	(579,799,693)
3	Protocol and Consular Affairs	2,894,102	2,894,102	(0.15)
4	Foreign Policy	6,840,973	6,840,972	(0.60)
5	Central Technical Services	3,272,031	3,024,276	(247,755)
	<b>Totals</b>	<b>2,153,655,467</b>	<b>1,573,608,016</b>	<b>(580,047,451)</b>

As at 31<sup>st</sup> December 2022, amounts totalling K1,456,097,301 had been spent leaving a balance of K117,510,715.

**b. Failure to Recover Funds - Payment of Transportation Costs**

A review of minutes of the 8<sup>th</sup> Ministerial Procurement Committee meeting held on 22<sup>nd</sup> February 2022, revealed that in March 2021, the Ministry through the Mission in Addis Ababa engaged Dispatched International Logistics (Ethiopia) to transport personal effects for two (2) former diplomats from Addis Ababa, Ethiopia to Lusaka, Zambia at a contract sum of US\$25,970 within forty five (45) days. As at the time of audit, the transporter had been paid the full contract amount.

Although, Dispatched International Logistics (Ethiopia) was paid in full, the company did not deliver the personal effects to Lusaka the designated destination as specified in the contract. Instead, the containers with the personal effects were delivered to the Port of Beira in Mozambique on 5<sup>th</sup> June 2021 and abandoned.

In this regard, the cargo remained at the port for a period of over 200 days and the Mozambican Port Authority intended to auction the personal effects though no storage charges were charged.

Consequently, on 15<sup>th</sup> February 2022, the Ministerial Procurement Committee approved a request to direct bid Sithole Despachos and Service Lda at a cost of US\$15,030 to facilitate the clearance with the Mozambican Port Authorities and transportation of the goods to Zambia. On 22<sup>nd</sup> March 2022 and 9<sup>th</sup> May 2022 Sithole Despacho was paid US\$11,800 (K213,509) and US\$3,230 (K58,444) respectively bringing the total to US\$15,030 (K271,952.82).

Although Dispatched International Logistics (Ethiopia) was paid in full by the Ministry, as at 31<sup>st</sup> March 2023, the Ministry had not recovered the funds paid to the transporter for delivery to Lusaka. Further, no loss report had been processed to allow the loss to stand as a charge to public funds.

**13 Head: 19 Office of the Vice President - Disaster Management and Mitigation Unit (DMMU)**

**13.1 Mandate**

The Disaster Management and Mitigation Unit (DMMU) is mandated to coordinate and monitor Disaster Risk Management (DRM) programmes in order to minimise loss of life, damage to property and the environment.

**13.2 Audit Findings**

An examination of accounting and other related records maintained at the Headquarters and selected stations for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

**a. Budget, Income and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a provision of K172, 916,663 was made to cater for operations of the Unit against which amounts totalling K153,565,349 were released resulting in an underfunding of K19,351,314. In addition, amounts totalling K504,715,617 were received through heads 21 and 99 (third-party) accounts bringing the total available funds to K658,280,966. See table 1 below.

**Table 1: Total Available Funds**

No.	Source	Amount K
1	Treasury	153,565,349
2	Third Party	504,205,687
3	Social Benefits	509,930
	<b>Total</b>	<b>658,280,966</b>

As at 31<sup>st</sup> December 2022, amounts totalling K654,519,798 had been spent leaving a balance of K3,761,168.

**b. Weaknesses in Relief Supplies Distribution**

Section 4 (9) of the Disaster Management Operations Manual on contracting transporter for the relief operations requires reputable transporters to be engaged to facilitate a speedy, transparent, and accountable distribution of relief supplies. To that effect, a comprehensive Memorandum of Understanding (MoU) should be signed with the transporters to facilitate uplifting of relief supplies to the disaster areas.

Further, Section 7 (10.2.3.2) of the Disaster Management Operations Manual on release of funds requires that funds for disaster response should be immediately released in order to procure basic services and relief materials for distribution to affected areas in accordance with DMMU distribution guidelines. Release of basic services and materials should be done within 24 hours after procurement.

The following were observed:

**i. Failure to Avail MoUs for Transporters**

On 26<sup>th</sup> October 2021, the Cabinet Office granted authority to DMMU to draw 30,000 metric tons of white maize from the national strategic reserves for the 2021/2022 relief operations to cater for 49,406 households. In this regard, DMMU engaged Food Reserve Agency (FRA) for the supply of relief maize and transporters to distribute relief supplies to various parts of the country.

However, DMMU failed to avail for audit the MoUs signed with respective transporters rendering it not possible to ascertain whether specific clauses which provide for transparency of handling of relief supplies in transit and those which provide for effecting payment to transporter only after proof of delivery (production of GINs and GRNs and MoU) were adhered to.

Further, a review of mealie meal distribution schedule obtained from Superior Milling for the period between 2021 and 2023 revealed that 9,950 x 10 kg; 9,690 x 12.5 kg and 5,011 x 25 kg of mealie meal distributed to various parts of the country were not supported with MoUs signed between DMMU and the respective transporters.

**ii. Delayed Payment of Supply and Distributions of Relief Supplies**

A scrutiny of records at DMMU revealed that as at 31<sup>st</sup> July 2023, DMMU owed a total amount of K470,513,636 to the Food Reserve Agency (K406,126,019) and various transporters (K64,387,617).

It was observed in this regard that out of the total amount owed, a total amount of K463,313,636 was brought forward from 2021 (FRA – K398,926,019 and transporters – K64,387,617) while a total amount of K7,200,000 was accrued in 2022 from FRA. See table 2 below.

**Table 2: Schedule of Supplier and Transporter owed by DMMU**

Period	Supplier/Transporter	Amount Owing (K)		Total
		Period		
		2021	2022	
1	<b>Food Reserve Agency</b>	398,926,019	7,200,000	406,126,019
2	Budget Logistics	702,375	-	702,375
3	Chimanga Changa ltd	24,216,472	-	24,216,472
4	Country Millers	879,225	-	879,225
5	Delicious Milling	3,201,105	-	3,201,105
6	FVG – Kabwe Milling Ltd	1,488,628	-	1,488,628
7	H.M Milling Ltd	231,000	-	231,000
8	Jimbara Merchants	3,530,256	-	3,530,256
9	Nyimba Investments Ltd	645,900	-	645,900
10	Nyimba Millers Ltd	2,061,855	-	2,061,855
11	Pembe Flour Milling (Z) Ltd	27,430,800	-	27,430,800
	<b>Total</b>	<b>463,315,657</b>	<b>7,202,022</b>	<b>470,513,636</b>

**c. Provincial Operations**

A visit to selected Provinces revealed the following:

**i. Unaccounted for Mealie Meal - Lusaka Provincial Office**

Section 7 (2) (i) on relief operations in the Disaster Management Operations Manual require that the need for relief should be necessitated by the occurrence of a verifiable event that has grown or is predicted to outstrip the coping capacity of the local community; and for District Disaster Management Committees (DDMC) to upon receipt of a report from the Satellite Disaster Management Committees (SDMCs) conduct a rapid assessment and consolidate requests in one, considering all the communities or satellites at risk.

During the period from 1<sup>st</sup> January 2021 to 31<sup>st</sup> December 2022, Superior Milling was engaged to supply 1,175 metric tonnes of relief Mealie Meal to various vulnerable communities in Lusaka Province.

However, the following were observed:

- Contrary to the provisions of the operations manual, there were no Rapid Assessment Reports produced to show how the assessments were conducted to identify the needs and requirements of the affected communities to prompt the request for relief mealie meal.

- There were no letters of request from DMMU to Superior Milling to indicate the total number of bags requested for beneficiaries for Lusaka Province as beneficiary acquittals were not available to verify whether the relief materials were received by the targeted beneficiaries.
- A review of delivery notes in Chongwe revealed that 3,000 x 10 kg bags of mealie meal, recorded to have been received by Chongwe District in Lusaka between 7<sup>th</sup> May 2021 and 6<sup>th</sup> August 2021 had no beneficiary acquittals to confirm the distribution of the mealie meal.
- Further, 4,480 x 12.5 kg bags of mealie meal which had beneficiary acquittals attached lacked vital details of village or location while some acquittals showed that some beneficiaries received more bags of mealie meal without justification.

## ii. Copperbelt Province

- **Unaccounted for 75 x 25 kg bags of Mealie Meal – Chingola**

On 10<sup>th</sup> January 2022, Chimanga Changa Limited delivered 400 x 25 kg bags of mealie meal costing K34,000 to Chingola DMMC Office using delivery note number 2780 to be distributed as relief food in the district.

A scrutiny of the acquittal sheets available for audit revealed that seven (7) beneficiaries collected a total of 75 x 25 kg bags of mealie meal costing K6,375 for further distribution.

However, there was no additional information such as acquittal sheets or acknowledgements available for audit to show how the 75 bags of mealie meal collected were distributed.

- **Unaccounted for Maize – Kitwe**

According to the Report of the Internal Auditor dated December 2022, mention was made that DMMU engaged MUZ and Nkana Milling companies to process maize whose quantity was not stated into mealie meal and maize bran and subsequently distribute to the agreed destinations. Of the allocated quantities, it was reported that the millers failed to process 3,507 x 50 kg stocks of white maize costing K631,260 at the time of audit.

A follow up on the matter in July 2023 to establish whether the 3,507 x 50kg of stocks maize costing K631,260 had been processed revealed that there were no records in place to confirm that the maize was processed and whether distribution of mealie meal and maize bran took place.

**d. Procurement Matters**

**i. Failure to Provide Beneficiary Assessment Records and Delivery Details**

On 7<sup>th</sup> April 2022, the DMMU engaged Garche General Dealers Limited for the supply and delivery of 7,142 corrugated roofing sheets at a contract sum of K3,499,580 VAT Inclusive, Ex-Stock from the date of signing. As at 31<sup>st</sup> December 2022, the supplier had been paid in full. The roofing sheets were to be prepositioned to the ten (10) provincial offices for further distribution to areas affected by disasters.

However, distribution details for 1,016 roofing sheets which were meant to be distributed to affected areas in Southern, Eastern, and Copperbelt Provinces among others were not availed for audit.

**ii. Failure to Avail Documentation for Audit**

On 11<sup>th</sup> August 2021, DMMU engaged DCEC Zambia Company Limited to construct 500m of drainage along Lumumba Road at Simon Mwewa Market at a contract price of K12,350,770 VAT Exclusive with a completion period of two (2) weeks from the date of signing.

The scope of work included the following:

- Excavation and rock blasting to the existing drainage
- Installation of 1200 mm diameter concrete culverts covering a stretch of 500m, secured in a concrete bedding.
- Installation on concrete inspection manholes.
- Backfilling and levelling of the drainage using gravel and graded crushed stones.

The terms of the contract included the following:

- Payment of 25% paid within thirty (30) days advance upon signing the contract, and upon submission of claim and bank guarantee for equivalent

amount valid to the goods delivered and in form provided in the bidding document or another form acceptable to the procuring entity,

- Payment of 65% of the contract price of goods upon submission of documents specified in GCC clause 12,
- The remaining 10% of the contract price to be paid to the Contractor within 30 days of receipt of goods upon submission of claim supported by the acceptance certificate issued by the procuring entity, and
- The liquidated damages were to be charged at 0.10% per week up to a maximum amount of 10%.

In August 2022, the Ministry terminated the contract due to delays by the contractor to complete the works on time and no liquidated damages were charged for the delay in completing the works. The contractor was paid an amount of K6,224,788 on 21<sup>st</sup> September 2022.

However, the following documents were not availed for audit by DMMU:

- Solicitation documents;
- Tender opening minutes;
- Bid evaluation reports and minutes of the Ministerial Procurement Committee;
- Clearance from the Attorney General;
- Performance Guarantees Securities; and
- Progress reports, among others.

Consequently, it could not be confirmed as to whether the provisions of the procurement guidelines and contract management were adhered to, resulting in a limitation in the audit scope.

### **iii. Construction of Simon Mwewa Lane Market in Lusaka**

In Paragraph 19 of the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31<sup>st</sup> December 2019, mention was made on delayed completion of the construction of the Lusaka City/Lumumba Main

Market and Small Market for periods of over thirty (30) months after the expected completion period.

In 2017, DMMU was selected to spearhead the construction of the new market that had been gutted by fire as the extent of the damage to the market required for the reconstruction of the market. According to records provided, the total estimated cost for reconstruction was K64,557,098, and at the time of audit in July 2020, amounts totalling K49,034,732 had been spent on the project using force account.

In response, the Controlling Officer informed the Public Accounts Committee (PAC) that the delayed completion of works of the Main Market and the Small Market was as result of inadequate funding. Further, the Controlling officer informed the Committee that the Government released a total of K31,000,000 to complete the project and the works had since resumed and were expected to be completed by the end of the first quarter of 2021.

At its sitting of the fifth (5<sup>th</sup>) Session of the twelfth (12<sup>th</sup>) National Assembly, the Public Accounts Committee (PAC) found it unfortunate that the Lusaka City Market, which was gutted by fire in 2017, remained unattended to, three (3) years later. The Committee urged the Controlling Officer to ensure that the project was completed and handed over to the beneficiaries without any further delay.

A review of the situation revealed that the works had not been completed as at 31<sup>st</sup> July 2023, seventy-one (71) months after the expected completion date. In addition, the following were observed:

- A review of expenditure details revealed that as at 31<sup>st</sup> July 2023, amounts totalling K11,415,731 had been spent between October 2020 and May 2023 bringing the total expenditure to K42,415,731 for both the Main and Small Markets.
- Records availed for audit verification revealed that works (superstructure) at the Main Market have been at 99% since 2021 and that the opening date for the market depended on the completion of the storm water drainage construction and indoor power station construction. In addition, works on the Small Market were at 66% and the contractor had demobilised.

- A physical inspection of the works carried out in July 2023, revealed that there were cracks on some newly constructed stalls and walls of the market and paint was peeling off as shown in the pictures below.



*Cracks on the newly constructed walls and paint peeling off on just painted*

#### **e. Lack of Motor Vehicle Ownership Details**

Section 41 (1) of the Public Finance Management Act No. 1 of 2018 state that, “A Controlling Officer is responsible for the management of public assets and stores of the Head of expenditure.”

- (5) A Controlling Officer shall ensure that all public assets and stores under that Controlling Officer’s charge are—
- a) accounted for in each financial year as shall be specified by the Secretary to the Treasury; and
  - b) managed and safeguarded in line with the provisions of this Act, Public Procurement Act, 2008 and any other law.”

A review of fleet records and a physical inspection conducted on assets in May 2023 revealed that DMMU had a total fleet of thirty seven (37) motor vehicles out of which twenty one (21) did not have motor vehicle registration certificates (white books) in that a search conducted at both RTSA and Ministry of Transport and Logistics (Former Works and Supply) did not have the records of ownership.

In the absence of white books, it was not possible to ascertain the ownership of the motor vehicles.

## **14 Head: 29 Ministry of Local Government and Rural Development**

### **14.1 Mandate**

The Ministry is mandated to promote a decentralised, effective local governance system and facilitate delivery of municipal services and infrastructure development through Local Authorities in order to effectively and efficiently contribute to sustainable socio-economic development.

### **14.2 Audit Findings**

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

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

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a provision of K5,920,013,145 was made to cater for the Constituency Development Fund (CDF) and various activities out of which amounts totalling K5,854,698,174 were released resulting in an under funding of K65,314,971.

As at 31<sup>st</sup> December 2022, amounts totalling K5,541,850,572 had been spent.

#### **b. Operational Matters**

##### **i. Infrastructure Development**

During the period under review, the Ministry had forty-five (45) projects with total contract sums of K3,140,497,515 relating to construction of infrastructure in various districts, out of which Interim Payment Certificates (IPC's) in amounts totalling K940,186,254 were issued against which amounts totalling K510,819,213 had been paid as at 31<sup>st</sup> December 2022.

The Ministry received funds in amounts totalling K50,450,000 from the Treasury for infrastructure development and the whole amount was spent.

The following were observed:

- **Markets, Bus Stations and Fire Stations**

The Ministry had eleven (11) projects relating to the construction of markets, bus stations and fire stations with a total contract sum of K107,146,578 in various districts which were on going during the period under review.

In November 2020, the Ministry engaged Henina Engineering and Construction Limited (Contract No. MLG/DHID/MMBS/07/2020) to complete the construction of a modern bus stop in Mpika at a contract sum of K16,800,000. The contract was for a period of eighteen (18) months starting from 19<sup>th</sup> November 2020 to 19<sup>th</sup> May 2022.

As at 30<sup>th</sup> June 2023, the contractor had been paid amounts totalling K1,998,505.

The contract expired in May 2022 and works had stalled. As at 30<sup>th</sup> June 2023, there was no evidence that the contract had been extended.

According to the Design Review Report by the Consulting Engineer dated September 2022, there were architectural concerns and deteriorated blockwork that needed to be addressed. Further, electrical drawings were not availed.

A physical inspection of the bus stop carried out in June 2023 revealed that all the buildings were at roof level and the contractor was not on site. The overall stage of completion stood at 40%.

- **Feeder Road Periodic Maintenance Projects**

In Paragraph 25.2 (c) of the Report of the Auditor General on the Accounts of the Republic for the financial year ended 31<sup>st</sup> December 2021, mention was made on the 238 contracts with a total contract sum of K12,730,238,118 relating to the periodic maintenance of feeder roads covering 9,317.85 km.

In particular, mention was made on the over commitment of funds and delayed completion of works in selected project sites.

A review of the situation in June 2023 revealed that the Ministry had taken action by terminating 197 contracts valued at K10,448,310,915 for the

rehabilitation of approximately 7,685.35 km of feeder roads across the country.

It was observed however that:

○ **Outstanding Final Accounts**

Clause 59.2 of the Contracts between the Ministry and the contractors states that as soon as is practicable after a notice of termination under Sub-Clause 59.1 (Termination by Client) has taken effect, the Project Manager shall assess the value of the works, goods and contractor’s documents, and any other sums due to the contractor for work executed in accordance with the Contract.

However, the final value of owed amounts to the contractors had not been determined as at 30<sup>th</sup> June 2023, nine (9) months after the notices of termination had been issued.

○ **Overpayment of Certified Works**

Between 2018 and 2022, twenty-seven (27) contracts with total contract values of K1,656,538,793 were overpaid by the National Road Fund Agency (NRFA) in that the contractors were paid K478,476,821 while the certified works by the Ministry were K368,747,880 resulting in an overpayment of K109,728,941. See table 1 below.

**Table 1: Overpayment of Certified Works**

No.	Province	No. of Contracts	Length (km)	Total Contract Values K	Amount Certified K	Amount Paid K	Amount Overpaid K
1	Eastern	6	259.6	308,756,462	73,076,428	87,860,028	14,783,600
2	Muchinga	1	40	68,072,805	18,415,634	24,187,123	5,771,489
3	Central	9	346	423,539,611	122,241,205	158,677,302	36,436,098
4	Northern	1	120	268,618,028	73,090,345	74,772,760	1,682,415
5	Lusaka	2	106.4	161,198,524	23,586,792	66,096,472	42,509,680
6	Copperbelt	3	117.8	168,759,006	16,875,901	21,930,058	5,054,157
7	Western	1	20	58,630,822	18,504,761	19,570,847	1,066,086
8	Luapula	4	123.5	198,963,535	22,956,815	25,382,231	2,425,416
	<b>Total</b>	<b>27</b>	<b>1,133.30</b>	<b>1,656,538,793</b>	<b>368,747,880</b>	<b>478,476,821</b>	<b>109,728,941</b>

**c. Undelivered Skip Bins**

On 23<sup>rd</sup> December 2022, the Ministry issued Local Purchase Order Numbers 7000015615 and 7000015617 to Ketafazia General Dealers and Epikaizo Investments for the supply and delivery of five (5) and four (4) skip bins respectively at a total cost of K449,500, with a delivery date of 30<sup>th</sup> December 2022.

However, as at 31<sup>st</sup> August 2023, five (5) skip bins costing K250,000 had been delivered leaving a balance of four (4) skip bins valued at K199,800 not delivered, twenty eight (28) weeks after the expected delivery date. See table 2 below.

**Table 2: Undelivered Skip Bins**

No.	Date	Supplier	LPO No.	Quantity Ordered	Quantity Delivered	Quantity Undelivered	Cost of Undelivered K	Delivery Date	Period Delayed
1	12/23/2022	Ketafazia General Dealers	7000015615	5	3	2	99,800	12/30/2022	28 Weeks
2	12/23/2022	Epikaizo Investments Limited	7000015617	4	2	2	100,000	12/30/2022	28 Weeks
		<b>Totals</b>		<b>9</b>	<b>5</b>	<b>4</b>	<b>199,800</b>		

**d. Delayed Repair of Fire Tender Trucks**

A review of documents and enquiries made revealed that eight (8) fire tenders stationed at seven (7) local authorities around the country were involved in road traffic accidents between 2017 and 2022 and were extensively damaged.

At the time of the accidents, the fire tenders were comprehensively insured with ZSIC General Insurance. In this regard, the Ministry contacted ZSIC which issued two (2) Repair Authorisation Orders in December 2022 for two (2) trucks belonging to Chililabombwe and Solwezi Councils.

Despite being comprehensively insured with ZSIC General Insurance, there was no evidence that the six (6) fire trucks were compensated by the insurance firm as at 31<sup>st</sup> July 2023. Further, there was no evidence that the Ministry had raised the necessary loss reports. See table 3 below.

**Table 3 – Delayed Repair of Fire Tender Trucks**

No.	Registration No.	Council	Current Location	Date of accident	Observation
1	GRZ 851 CN	Chililabombwe	Marce Zambia Garage	14.11.2017	Repair Order issued
2	GRZ 713 CN	Solwezi	Marce Zambia Garage	30.06.2018	Repair Order issued
3	GRZ 707 CN	Lusaka	Lusaka City Council Garage	02.05.2020	No Repair order
4	GRZ 844 CN	Siavonga	Siavonga Town Council	07.11.2020	No Repair order
5	GRZ 848 CN	Choma	Choma Municipal Council	08.12.2021	No Repair order
6	GRZ 710 CN	Lusaka	Marce Zambia Garage	06.02.2020	No Repair order
7	GRZ 712 CN	Mkushi	Mkushi District Council	07.09.2022	No Repair order
8	GRZ 715 CN	Chingola	Chingola Municipal Council	-	Police report not availed

As at 31<sup>st</sup> July 2023, the fire tender trucks had not been repaired.

**15 Head: 30 Ministry of Home Affairs and Internal Security - Zambia  
Correctional Service**

**Unit: Prisons and Reformatory Unit**

**Programme: General Administration**

**15.1 Mandate**

The Ministry of Home Affairs and Internal Security – Zambia Correctional Service (ZCS) is mandated to manage all Prisons and Correctional Centres across the Country.

**15.2 Audit Findings**

An examination of accounting and other records carried out at Headquarters for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

**a. Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a provision of K628,925,129 was made to cater for personal emoluments and general operations of the Zambia Correctional Services and the whole amount was released. See table 1 below.

**Table 1: Budget, Funding and Expenditure**

No.	Commitment Item	Approved Estimate K	Total Authorised K	Funding K	Actual Expenditure K
1	Personal Emoluments	368,132,097	368,132,097	368,132,097	368,020,628
2	Use of Goods and Services	184,411,715	184,411,715	184,411,715	183,694,961
3	Non Financial Assets	75,000,000	75,000,000	75,000,000	69,225,360
4	Grants and Other Payments	1,381,317	1,381,317	1,381,317	1,362,089
	<b>TOTAL</b>	<b>628,925,129</b>	<b>628,925,129</b>	<b>628,925,129</b>	<b>622,303,038</b>

As at 31<sup>st</sup> December 2022, amounts totalling K622,303,038 had been spent.

**b. Irregular Payment of Housing Allowance**

The Public Service Management Division Circular (PSMD) No. B 24 of 2013 stipulates that housing allowance should be paid to officers not accommodated by Government in standard/pool houses through the payroll.

Contrary to the Circular, 170 officers who were accommodated in institutional houses were irregularly paid housing allowances in amounts totalling K2,299,187.

**c. Failure to Deliver Steel Materials - Power IT Limited**

On 1<sup>st</sup> November 2022, the Ministry of Home Affairs and Internal Security engaged Power IT Limited to supply and deliver steel materials for bunk beds at a total contract sum of K5,245,530 with a delivery period of four (4) weeks.

The contract terms provided among others for a 25% advance payment and a balance of 75% upon full delivery of the materials.

On 21<sup>st</sup> November 2022, the supplier was paid K1,130,502 being 22% of the total contract sum.

However, as at 31<sup>st</sup> July 2023, the supplier had not delivered materials costing K3,945,593 eight (8) months after the contract signing. See table 2 below.

**Table 2: Undelivered Steel Materials for Bunk Beds**

No.	Description	Expected Deliveries	Actual Deliveries	Balance Not Delivered	Unit Price K	Total Cost K
1	Square Tubes 40 x 40 x 1.6mm x 6m(Mild Steel)	6,000	2,888	3,112	381.32	1,186,668
2	Square Tubes 30 x 30 x 1.6mm x 6m(Mild Steel)	9,000	500	8,500	294.25	2,501,125
3	Angle Lines 40 x 40 x 3mm x 6m (Mild Steel)	1,500	250	1,250	206.24	257,800
	<b>Total</b>					<b>3,945,593</b>

#### **d. Dilapidated Prison Infrastructure**

A review of infrastructure reports and physical inspections carried out in fifty nine (59) correctional facilities revealed that the facilities and staff houses were dilapidated.

In particular, the following were observed:

##### **i. Mongu Correctional Facility**

- The barbed wires fencing the facility were rusty. In addition, there were gaps between the footings of the barbed wire of the perimeter fence and the ground.
- There was no wire mesh on the ceiling board and windows of all the prison cells.
- The door frames and the doors to the cells were made of wood instead of metal.
- The spaces between metal bars on the windows were wide and not protected by wire mesh. See the pictures below.



*Unsecured Barbed Wires*



*Cell Ceiling without wire mesh*



*Rusty Barbed Wire*



*Wooden Doors, Frames and Windows*

##### **ii. Kaoma Correctional Service**

Male cell had partial wire gauze on the ceiling. See picture below.



*Partial wire gauze and worn-out wire fence*

**iii. Mansa Correctional Facility**

- The water and sewer lines were out of use.
- The recreation centre was dilapidated and out of use.
- The houses had no windows.
- The doors were broken.

See pictures below.



*Outside Paint peeling off*



*racked wall inside the house*

**iv. Deplorable Staff Houses – Namwala Correctional Facility**

The facility had seven (7) houses with cracks, broken windowpanes, leaking and blocked sewer system, among others. See table 3 and pictures below.

**Table 3: Deplorable Staff houses - Namwala**

Property No.	Observations
House No. 3	Water leakages; broken windows
House No. 4	Cracks on the wall; Sewer blockage; water leakages in bathroom
House No. 5	Broken windows; water leakages in the sink; sewer brokages
House No. 6	Sewer leakages.
House No. 7	Sewer leakages.



*One of dilapidated Staff House and Sewer leakage at Namwala Correctional Facility*

**v. Kamfinsa Correctional Facility**

There was lack of maintenance of buildings at the facility and the institution had failed to replace the blown off roof at the ceramic workshop, building workshop and house No. 46. See pictures below.



*Blown off roof at the Ceramic Workshop Blown off roof at the Mechanical Workshop*

**e. Failure to Settle Outstanding Staff Obligations**

As at 31<sup>st</sup> December 2022, the Zambia Correctional Service had accrued debts in amounts totalling K14,882,313 in respect of personal emoluments related arrears such as settling in allowances, terminal and repatriation benefits, some of which had been outstanding as far back as 2008. See table 4 below.

**Table 4: Outstanding Staff Liabilities**

No.	Type of Arrears	Outstanding K
1	Settling In Allowances	8,640,628
2	Loading and Offloading	1,263,508
3	Leave terminal/Repatriation	4,978,177
	<b>Total</b>	<b>14,882,313</b>

## **16 Head: 37 Ministry of Finance and National Planning - Government Service Bus (GSB) and Unified Payment Gateway**

### **16.1 Background**

The Government Service Bus (GSB) and Payment Gateway (GPG) is a comprehensive e-Government solution encompassing integration, payments, access, authentication, digital signing, notifications and auditing. Since 2020, the GSB/GPG processed over 1.13 million applications from over 165,000 registered users (including nearly 100,000 e-filers) and collected over K1.26 billion in online revenue.

The following were the components of the solution:

#### **i. Payment Gateway (ZamPay)**

The payment gateway facilitates the transfer of funds from the user to the account of the public service provider.

#### **ii. Zamportal**

The Zamportal is an integrated gateway for online Government services, which provides both external and internal users with a single point of contact for online access to Government information and resources.

#### **iii. Authentication (Zampass)**

This is the digital identity service to uniquely identify users of Government online services.

#### **iv. Signature Service (Zamsign)**

ZamSign is a centralised and reusable way of applying and verifying digital signatures in all public services.

#### **v. Notification Service (Zamnotify)**

ZamNotify is a notification service that aims to provide real-time electronic feedback to citizens regarding the progress of their e-Services requests.

#### **vi. Automated Audit Trail (Zamlog)**

ZamLog is a comprehensive monitoring and auditing solution that enables troubleshooting, visible operations, and data exchange transactions audit.

## 16.2 Audit Findings

A review of the Government Service Bus and Payment Gateway System, financial and other records at the Ministry and selected stations for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

### a. **Contract for Designing, Developing and Implementation of Government Service Bus**

On 11<sup>th</sup> June 2019, the Ministry of Finance and National Planning, in consultation with the SMART Zambia Institute, contracted DotGov Solutions, LLC(USA), to design, develop and implement a national interoperability platform (Government Service Bus) and the online payment gateway (Government Payment Gateway).

The Contract was awarded and funded for three (3) years in a phased implementation at a contract sum of US\$16,410,048 which was categorised as shown in the table 1 below.

**Table 1: GSB Phases**

<b>Phases</b>	<b>Amount US\$</b>
Phase I	2,412,663
Phase II	7,990,629
Phase III	6,006,756
<b>Total</b>	<b>16,410,048</b>

As at 31<sup>st</sup> July 2023, amounts totalling K351,402,033 (US\$16,350,364) had been paid towards Phase I, Phase II and part of Phase III.

The following were observed:

#### i. **Implementation of Phase I**

According to the contract requirements, the scope of works for Phase 1 were to build three (3) modules namely: Government Service Bus Suite, Data Exchanges and Government Payment Gateway.

A review of the deliverables under Phase 1 revealed the following:

- **Operating as a Certification Authority without a Licence**

Section 27(1) of the Electronics, Communication and Transaction Act No.4 of 2021 stipulates that a person shall not provide a certification service or a

timestamping service to an institution with critical information infrastructure without a licence issued under this Act.

However, it was observed that the Ministry of Finance did not have a licence to administer the ZamSign service, which was part of the e-Government infrastructure. A licence mandates strict data protection guidelines to ensure the confidentiality, integrity, and availability of sensitive information.

- **Failure to Conduct Information Technology Audits**

Section 40(1) of the Electronic Communications and Transactions Act No 4 of 2021 stipulates that a certification authority should conduct an Information System Audit (IS) annually and submit the audit report to the National Root Certification Authority (NRCA).

However, the Ministry which acted as a certification authority did not conduct Information System audits in compliance with the Act.

Failure to carry out periodic IS Audits may result in failure to address potential system vulnerabilities, data breaches and could result in the loss of critical information such as private keys used for document authentication, risking the security of sensitive data.

- **Underutilised Developed Services**

According to Project Sign-off documents, the consultant completed the design, development, and implementation of Integration of Road Transport and Safety Agency (RTSA), Patents and Companies Registration Agency (PACRA), Zambia Department of Immigration (ZDI), National Registration and Citizenship (NRC) and Police Service (Interpol) under Phase 1 on 26<sup>th</sup> February 2020.

Although the NRC integration was built and paid for, the developed service was not implemented as at 31<sup>st</sup> July 2023.

Further, it was observed that utilisation of Police Service (Interpol) was low as only two (2) transactions were recorded between January and June 2023.

## ii. Implementation of Phase II

On 9<sup>th</sup> October 2020, the Ministry signed an addendum with DotGov Solutions LCC to commence implementation of Phase II of the Government Service Bus and Payment Gateway project. The scope of works for phase II were as shown in table 2 below.

**Table 2: Implementation Phase II**

No.	Description
1	Regulatory Reform
2	National Interoperability Platform
3	Government Payment Gateway
4	Digital Public Services <ul style="list-style-type: none"> <li>• Type A (Self-Services)</li> <li>• Type B (Operator-Assisted Services)</li> <li>• Type C (Services Requiring a Visit to a Government Office)</li> </ul>
5	Development of Backend Information Management Systems
	i. Basic Systems <ul style="list-style-type: none"> <li>• Tourism Licensing and Grading System (MOTA)</li> <li>• Zambia Compulsory Standards Agency (ZCSA)</li> <li>• Societies Registration System (ROS)</li> <li>• Mining Licensing System (MoMD)</li> <li>• Zambia Immigration Management System</li> </ul>
	ii. Medium Complexity Systems System <ul style="list-style-type: none"> <li>• e-ZAMTIS (RTSA)</li> <li>• e-PACRA (PACRA)</li> </ul>
6	Complex Systems <ul style="list-style-type: none"> <li>• Land Administration and Management System (MLNR)</li> </ul>
7	Cloud Infrastructure

The following were observed:

- **Low Utilisation of Mobile Enforcement Application**

According to the scope of works and sign-off documents, the Consultant developed and implemented a Smart Enforcement Application on 16<sup>th</sup> October 2020. The application supports the automated enforcement of vehicle and driver related violations such as validity of road tax, certificate of fitness, driving license and the Road Service License (RSL) for commercial vehicles.

Law enforcement officers are also able to issue and check the status of fines using the application. The application also addresses the delays caused to motorists during the random stoppages for physical checking of vehicles and verification of documents.

A review of the user utilisation on the application revealed that there was low utilisation of the application in that only 266 users were using the application

of which 29 out of 738 were Zambia Police traffic officers and 235 out of 641 were RTSA officers.

- **Un-utilised Developed Services - Phase II**

According to Project sign-off documents, the Consultant completed the design, development and implementation of Societies Registration System, Tourism Licensing and Grading System and Mining licensing system under phase II on 31<sup>st</sup> October 2021.

Although the deliverable was billed, signed off as completed and paid for, a review of the GSB platform revealed that the systems had not been operationalised as at 31<sup>st</sup> July 2023.

- **Non-Functional Road Tolling at RTSA Port of Entry**

According to the scope of works under Addendum 1 to the Contract, the Consultant was required to develop road tolling at all the border posts under the Road Traffic and Safety Agency (RTSA) on 2<sup>nd</sup> July 2021.

However, as at 31<sup>st</sup> July 2023, the service was not functional for a delayed period of twenty four (24) months after the consultant had fully delivered and was paid under the first addendum.

**iii. Implementation of Phase III**

On 11<sup>th</sup> August 2021, the Ministry signed an addendum with DotGov Solutions LCC to commence phase III of the Government Service Bus and Payment Gateway project. The scope of works for phase III were as follows:

**Table 3: Implementation Phase III**

No.	Description
1	Regulations
2	Platform
3	Payments
4	Infrastructure
5	Development of Services
	- Ministry of Works and Supply
	- Ministry of Commerce, Trade and Industry
	- Ministry of Agriculture
	- Ministry of Water Dev, Sanitation and Env Prot
	- Zambia Police Service
	- Judiciary
	- Ministry of Home Affairs
	- Ministry of Fisheries & Livestock
	- Ministry of Lands and Natural Resources
	- Ministry of Tourism and Arts

The following were observed:

- **Underutilised Developed Services - Phase III**

According to project sign-off documents, the Consultant completed the design, development and implementation of Zambia Police Service (Traffic fines), Seed Control, Passport (Travel Documents), Ministry of Fisheries under phase III on 31<sup>st</sup> October 2021.

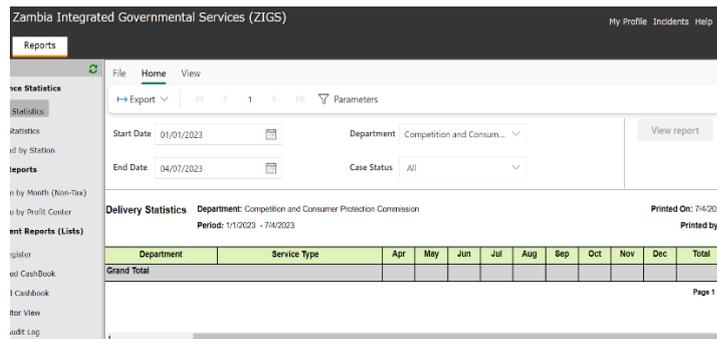
However, the system had not been implemented on the GSB, despite the services having been billed and signed off as completed as at 31<sup>st</sup> July 2023.

Further, it was observed that utilisation of services under the Seed Control and Certification Institute, Water Resources Management Authority (WARMA), Plant Quarantine and Competition and Consumer Protection Commission (CCPC) was low between January and June 2023. See pictures below.

The screenshot shows a dashboard for 'Zambia Integrated Governmental Services (ZIGS)'. The main section is 'Reports' with a sub-section for 'Delivery Statistics'. The statistics are for the 'Water Resources Management Authority' for the period '1/1/2023 - 7/4/2023'. The data is presented in a table with columns for months (Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec) and a 'Total' column. The rows show 'Application for Water Permit' and 'Borehole Registration' services, both with zero values for all months and a total of 1. A 'Grand Total' row shows zero for all months and a total of 2.

Department	Service Type	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Water Resources Management Authority	Application for Water Permit	0	0	0	0	0	0	0	0	0	1
	Borehole Registration	0	0	0	0	0	0	0	0	0	1
	Total	0	0	0	0	0	0	0	0	0	2
Grand Total		0	0	0	0	0	0	0	0	0	2

*WARMA statistical dashboard*



*CCPC statistical dashboard*

- **Failure to Provide User Acceptance Testing Certificates**

ISO 27001 on *System Acceptance Testing* requires that acceptance testing programs and related criteria should be established for new information systems, upgrades and new versions. The User Acceptance Testing (UAT) certificates are crucial documents that provide evidence of the completion and satisfactory outcome of user testing activities.

However, the Ministry had not provided the UAT certificates for the six (6) systems on the GSB that the Consultant had marked complete and had invoiced the Government. See table 4 below.

**Table 4: UAT Certificates not Provided**

No.	System
1	Competition & consumer protection services (CCPC / Ministry of Commerce)
2	Seed control & certification services - 15 services (SCCI / Ministry of Agriculture)
3	Export, import & transit permits (DAM / Ministry of Agriculture)
4	Water resource licencing services (WARMA / Ministry of Water Development)
5	Collection of traffic fines (ZPS / Ministry of Home Affairs)
6	Travel passport services (NRPC / Ministry of Home Affairs)

In this regard, it could not be ascertained whether the systems were meeting user requirements or expectations.

- b. Lack of Enterprise Risk Management Framework – ICT Risks**

CoBIT EDM03, Ensure Risk Optimisation, requires organisations to ensure that the enterprise’s risk appetite and tolerance are understood, articulated and communicated, and that risk to enterprise value related to the use of IT is identified and managed.

Enterprise Risk Management (ERM) is an essential component in an organisation's strategic management. It is the process of planning, organising, leading, and

controlling the activities of an organisation to minimise the effects of risk on an organisation.

However, the Ministry did not have in place an ERM for ICT risks.

**c. Weaknesses in the Management of Service Level Agreements**

**i. Lack of Signed Service Level Agreements (SLAs) – Mobile Service Providers**

Treasury and Financial Management Circular No. 5 of 2015 requires Ministries, Provinces and Agencies to continue operating transit accounts in accordance with Service Level Agreements (SLAs) which require banks and service providers to sweep all funds clearing on the Revenue Transit Account to the designated Bank of Zambia (BOZ) accounts every Tuesday, Friday and the last working day of every month; and to provide access to account statements via internet banking for officers nominated by the Office of the Accountant General.

As at 31<sup>st</sup> July 2023, the Ministry had not signed SLAs for the two (2) mobile service providers (Airtel and MTN) regarding the use of Online Revenue Collection Services (Government Service Bus - GSB).

**ii. Lack of Monthly Reports**

According to Section 2.6.14 of the SLA, Payment Gateway services should include monthly reporting to the Supervisors, the Director of Finance of the concerned MPAs and the Office of the Accountant General. Such reporting should include the following:

- Number and Value of transactions processed through the Gateway systems – in total and broken down by card issuer;
- Number and value of transactions attempted but not approved at the time of the transaction – in total and broken down by the reason for rejection;
- Number and value of approved transactions subsequently repudiated by the customer – showing those that resulted in chargeback, those still under investigation, and those investigated but not resulting in chargeback;
- Alerts received of unauthorised accesses to the systems, including the date/time of the alert and recovery action undertaken;

- The number of support calls received by the Bank regarding the services, in total and broken out by problem severity and identifying those unable to be resolved within the stipulated time frames and therefore requiring escalation; and
- The number of service outages since the last report, in total, with details provided for each outage of the date/time, the level of impact, the actions taken to restore service and the date/time that service was fully restored; and if relevant, emerging security risks and recommended responses.

However, there was no evidence of monthly reports being submitted by the banks during the period under review.

#### **d. Disaster Recovery and Business Continuity**

##### **i. Lack of Business Continuity and Disaster Recovery Plan**

Lack of Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) Disaster recovery and IT continuity planning help institutions prepare for and resume operations in the event of disruption, whether the event might be a power outage, fire or system failure.

CoBIT DS4.2 IT Continuity Plans, requires organisations to develop IT Continuity plans based on a framework that is designed to reduce the impact of a major disruption on key business functions and processes.

As 31<sup>st</sup> July 2023, the GSB and GPG did not have a BCP and a DRP in place for the IT system being operated. Therefore, in the event of an incident such as a fire or significant damage to its infrastructure, it is unlikely that the Ministry would resume normal operations for its critical systems within a reasonable time period to ensure business continuity.

##### **ii. Failure to Implement a Disaster Recovery Site**

According to DSS04 Manage Continuity, an organisation should establish and maintain a plan to enable the business and IT to respond to incidents and disruptions in order to continue operation of critical business processes and required IT services and maintain availability of information at a level acceptable to the enterprise.

According to component C5 – Infrastructure, of the Second Addendum of the contract between the Ministry of Finance and DotGov LLC, the Consultant was supposed to set up the Backup and Disaster Recovery Centre.

However, a review of documentation revealed that the backup and disaster recovery centre was not established as at 31<sup>st</sup> July 2023.

## **17 Head: 45 Ministry of Community Development and Social Services**

### **17.1 Mandate**

The Ministry is mandated to provide and facilitate the provision of equitable social protection services to communities in order to contribute to sustainable human development.

### **17.2 Audit Findings**

An examination of accounting and other records at the Ministry Headquarters and selected stations for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

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

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a provision of K4,425,521,918 was made to cater for the operations of the Ministry against which amounts totalling K4,422,106,269 were released resulting in an underfunding of K3,415,649.

As at 31<sup>st</sup> December 2022, amounts totalling K4,202,550,607 had been spent leaving a balance of K219,555,662.

#### **b. Operational Matters - Food Security Pack Programme**

The Food Security Pack (FSP) Programme targets the vulnerable but viable farming households and provides them with inputs to ensure food security and nutrition at household and community level. The beneficiaries are required to pay back 10% of their produce in kind which promotes communities' food security grain banks. Once collected, the district offices are empowered to sell and deposit the funds in the recovery accounts and the funds are applied on empowering vulnerable households.

During the period under review, the Ministry signed twenty one (21) contracts with various suppliers for the procurement of 2021/22 farming season inputs. See table 1 below.

**Table 1: List of Suppliers**

No.	Suppliers	Contract Sum K	Contract Date	Contract End Date
1	Lindham Investment Group	79,485,717	26.09.2022	26.11.2022
2	Best Med Services	75,064,733	26.09.2022	26.11.2022
3	Greenfield Commodities ltd	43,753,605	26.09.2022	26.11.2022
4	Daniel Tembo General Dealers	275,000	29.09.2022	30.10.2022
5	Daniel Tembo General Dealers	1,199,544	25.10.2022	26.11.2022
6	Daniel Tembo General Dealers	10,473,569	06.02.2022	13.06.2022
7	Sepli Investment	421,560	10.10.2022	11.12.2022
8	Dlroba Seed	11,823,484	31.10.2022	31.12.2022
9	Zamseed	3,222,343	29.09.2022	30.12.2022
10	ETG Inputs Zambia	46,624,247	30.10.2022	31.12.2022
11	Kariba Seed	40,177,837	29.09.2022	30.12.2022
12	Kamano Seed	23,633,786	29.09.2022	30.12.2022
13	United Capital Fertilizer	75,737,692	26.09.2022	26.11.2020
14	Sepli Investment	56,016,165	10.10.2022	10.12.2022
15	Ruvt Investment Ltd	62,533,970	26.09.2022	26.11.2022
16	Lindham Investment Group	96,268,559	26.10.2022	26.12.2022
17	United Capital Fertilizer	51,208,200	26.10.2022	26.12.2022
18	United Capital Fertilizer	76,754,250	26.10.2022	26.12.2022
19	United Capital Fertilizer	45,447,825	26.10.2022	26.12.2022
20	Stewards Globe Ltd	40,951,500	20.06.2022	20.07.2022
21	Lindham Investment Group	97,533,632	20.07.2022	20.07.2022
	<b>Total</b>	<b>938,607,216</b>		

The following were observed:

**i. Beneficiaries who Collected Farming Inputs Twice – Livingstone District**

Section No. 2.3.1 of the Food Security Pack Guidelines requires that a single beneficiary is entitled to receive one pack.

Contrary to the Guideline, nineteen (19) beneficiaries in Livingstone District collected two (2) packs each in the 2022 / 2023 farming season costing K138,360 instead of single packs costing K69,100.

**ii. Failure to Secure Title Deeds – Skills Training Centres**

Section 41 (4) of the Public Finance Management Act No. 1 of 2018, requires Controlling Officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, eleven (11) parcels of land on which various properties for the skills training centres and colleges are located were not secured with title deeds.

Further, a review of the Management Meeting Minutes dated 11<sup>th</sup> January 2022 revealed that there was encroachment of land at Katete Skills Centre where sixteen (16) houses were built.

### **iii. Failure to Provide a Contract - Magnum Security Service**

Section 72 (2) of the Public Procurement Act of 2020 states, “A contract, purchase order, letter of bid acceptance or other communication in any form conveying acceptance of a bid or award of contract shall not be issued prior to— any other approvals required, including clearance of the contract by the Treasury and the legal advice of the Attorney-General.”

A review of the Minutes of the first Ministerial Procurement Committee Meeting held on 1<sup>st</sup> February 2022 revealed that the Committee granted authority to the Director, Human Resource and Administration (HRA) to award a contract to Magnum Security Services for the provision of security services for a period of three months (30<sup>th</sup> March 2022 to 30<sup>th</sup> June 2022) upon obtaining a “No Objection” from the Zambia Public Procurement Authority at a contract sum of K61,248.

On 1<sup>st</sup> March 2022, the Ministry entered into a contract with Magnum Security Services for a period of three (3) months from 24<sup>th</sup> March 2022 to 24<sup>th</sup> June 2022 for provision of security services at the Ministry Headquarters.

It was however observed that after the contract expired on 24<sup>th</sup> June 2022, the security company continued to provide security services to the Ministry without a contract and amounts totalling K98,000 were paid between 10<sup>th</sup> October 2022 and 14<sup>th</sup> December 2022.

**18 Head: 45 Ministry of Community Development and Social Services –  
Implementation of Social Cash Transfer Programme**

**a. Mandate**

The Ministry is mandated to provide and facilitate the provision of equitable social protection services to communities in order to contribute to sustainable human development.

**b. Audit Findings**

An examination of accounting and other relevant records maintained at Ministry Headquarters and selected stations for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

**a. Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a provision of K2,031,811,005 was made to cater for the implementation of the Social Cash Transfer Programme and the whole amount was released.

As at 31<sup>st</sup> December 2022, amounts totalling K1,569,220,782 had been spent leaving a balance of K462,590,223.

**b. Operational Matters - Administration of Social Cash Transfer**

The Ministry has been implementing the Social Cash Transfer Scheme (SCT) in all the districts across the country with the objective of reducing extreme poverty and vulnerability at household level.

Further, the programme aims to contribute towards the increase in the number of households having a second meal per day and promote household food security.

There are two (2) categories of beneficiaries under the programme namely; the vulnerable and the disabled who received K400 and K800 per payment cycle respectively (bi-monthly).

During the period under review, the Ministry had 1,027,000 beneficiaries for social cash transfer programme.

The following were observed:

**i. Failure to Avail Disability Cards for Beneficiaries**

The Social Cash Transfer Guidelines No. 3.1(B) (2) provides that the social cash transfer programme identifies a household with a member or members with severe disability as indicated by the Disability Medical Assessment form signed by a medical practitioner.

However, an examination of the payment records revealed that Chililabombwe districts paid amounts totalling K9,600 to two (2) beneficiaries under the disability category rate without evidence of a medical assessment form signed by a medical practitioner or disability cards from the Zambia Agency for Persons with Disabilities (ZAPD).

In this regard, it could not be ascertained whether the beneficiaries were eligible to receive the funds.

**ii. Failure to Deduct and Remit NHIMA Contributions**

Regulation 9 of the National Health Insurance (General) Regulation of 2019 stipulates that an employer or self-employed citizen or established resident should pay to the Scheme contribution consisting of employer's and employees' contributions at the rate set out in the third schedule.

During the period under review, the Ministry paid total basic salaries of K12,442,228 to contractual workers managing the social cash transfer. However, it was observed that the Ministry did not deduct and remit a total amount of K248,845 as NHIMA contributions.

**iii. Implementation of Social Cash Transfer at District Level**

**• Irregular inclusion of Civil servants as SCT beneficiary**

During the period under review, two (2) Civil servants from Luwingu district were included as SCT beneficiaries and irregularly drew amounts totalling K7,200.

**• Delayed Banking of Uncollected Transfers**

Section 5.4 (h) and (i) of the Social Cash Transfer Guidelines of 2018 requires that all uncollected transfers are deposited in the transfers account at the bank

and that the Pay-point Managers (PPMs) should retire the cash within a period of one (1) month.

Contrary to the guideline, there were delays for periods ranging from thirty (30) to 306 days in depositing amounts totalling K380,165 that were not collected by the beneficiaries in six (6) districts in Muchinga and Western Provinces. See table 1 below.

**Table 1: Delayed Banking**

Province	Station	No. of Day Delayed	Amount K
Muchinga	Isoka DSWO	30 - 50	187,565
Western	Mongu DSWO	32 - 178	119,200
	Kalabo DSWO	32 - 114	21,200
	Nalolo DSWO	32 - 125	22,200
	Sioma DSWO	32 - 306	28,400
	Senanga DSWO	42 - 100	1,600
	<b>Total</b>		<b>380,165</b>

- **Unauthorised Payments**

Regulation 53 of the Public Financial Management (General) Regulation, 2020 states, “An office holder processing a manual or electronic payment shall indicate on the payment voucher the authority against which expenditure is being incurred, the warrant number, the memorandum or minute and the written law authorising the expenditure.”

Contrary to the regulation, three (3) payment vouchers in amounts totalling K22,280 processed at Nalolo DSWO during the period under review were not authorised by the sub warrant holder.

- **Unaccounted for Fuel Imprest – Kalomo District**

The Cabinet Office Circular No. B7 of 2012 and No. B23 of 2012 stipulate that fuel for government transport which is required to take officers for official business outside the district boundary be paid using the prescribed formula.

Contrary to the circular, fuel imprest in amounts totalling K52,756 was paid using the prescribed formula to three (3) officers to take officers for official business within the District. In addition, 872.88 litres of fuel costing K23,899 was drawn from the institution pool account held with a local filling station for the same activity.

In this regard, the utilisation of funds in amounts totalling K52,756 was questionable as the activities on which the funds were spent could not be established.

- **Payments to Suppliers without Tax Clearance Certificates**

Section 89 (1) of the Public Procurement Act No. 8 of 2020 stipulates that a bidder is eligible to participate in a procurement if he is licensed, in good standing with the professional body to which he is aligned where applicable and has fulfilled his obligation to pay taxes and social security contributions.

Contrary to the Act, Mongu DSWO procured goods and services in amounts totalling K20,280 from a supplier who did not submit a tax clearance certificate from the Zambia Revenue Authority (ZRA).

**c. Implementation of Food Security Pack (FSP) at District Level**

As part of the Government's efforts to reduce the levels of poverty in vulnerable households found predominantly in the rural and remote areas, the Government introduced Food Security Pack Programme (FSP) in 2000. The Programme initially was aimed at assisting farmer households who had suffered negative effects of limited access to inputs and market due to economic liberalisation, as well as the erosion of resource base due to recurrent droughts and floods. In 2006, the FSP Programme target criteria was redefined with focus on the vulnerable but viable farmer households and included nutrition as part of the service.

The listing of the potential poor and vulnerable but viable beneficiary farmer households is done by the Satellite Committees/Community Welfare Assistance Committees (CWACs). The list has to be approved through Community Participatory Wealth Ranking (CPWR) or Self-Community Validation and the District Food Security Committee (DFSC). Beneficiaries on the approved list are expected to receive Food Security Packs and the combination in the pack or items, quantities, volumes and unit weights may vary from one season to the other depending on the availability of resources and needs.

The FSP requires beneficiaries to pay back a part or 10% of their harvest in kind or cash equivalent which promotes communities' food security grain banks. Once collected, the district offices are empowered to sell and deposit the funds in the recovery accounts maintained in the districts. The funds are to be applied for such similar undertakings of empowering vulnerable households to enable them achieve food security and community development projects. See table 2 below.

**Table 2: Recoveries or Payback Guide on Rain fed cropping**

Input Type	Quantity	Unit Weight	Recoveries or Payback
Maize	1	10 Kg	2 x 50 Kg (or 3 buckets i.e. 3 x 20 Litres by volume or equivalent in monetary terms)
Ground Nuts	1	10 Kg	1 x 50 Kg bag by volume, unshelled or equivalent in monetary terms
Beans	1	10 Kg	10 Kg grain or equivalent in monetary terms
Soya Beans	1	5 Kg	10 Kg grain or equivalent in monetary terms

The following were observed:

**i. Maize Seed-Senga Hill**

Senga district was allocated to receive a total of 2,123 x 10 kg bags of maize seed to cover the 2,123 beneficiaries. However, a review of delivery notes and FSP reports revealed that the district only received 2,108 x 10 kg bags of maize seed resulting in a shortage of 15 bags.

In this regard, fifteen (15) beneficiaries did not receive Maize seed.

**ii. Unaccounted for Excess Beans Seed - Senga Hill**

A review of documents such as FSP reports revealed that Senga District had been allocated a total of 1,123 x 10 kg bags of beans seed costing K477,575.

A scrutiny of goods received vouchers and delivery notes revealed that the district received 1,638 x 10 kg of seed costing K706,750 resulting in an excess of 515 bags of seed costing K229,175. An examination of the FSP register and physical inspection showed that 1,123 x 10 kg bags had been distributed to the farmers leaving a balance of 515 costing K229,175. The undistributed bags were unaccounted for in that they were neither acquitted for nor found in the storage facility.

**iii. Irregular Distribution of Food Security Packs – Northern Province**

During the period under review, Senga and Nsama Community Development Offices received agricultural inputs for 4,246 authorised beneficiaries for 2021/2022 farming season.

However, a scrutiny of the authorised beneficiary caseload revealed that NRCs for twelve (12) beneficiaries had been duplicated rendering the distribution of the FSP inputs to the said beneficiaries irregular. See table 3 below.

**Table 3: Duplicate FSP Beneficiaries**

District	No. of Duplicate Beneficiaries
Senga Hill	10
Nsama	2
<b>Total</b>	<b>12</b>

**iv. Delay in Distribution of Inputs – Lundazi District**

During the period under review, Lundazi District Community Development Office delayed distributing farming inputs they had received on behalf of the beneficiaries to the Satellite Committees by periods ranging from twenty one (21) to sixty one (61) days. The delays in distribution could have had a negative impact on the beneficiaries' yield. See table 4 below.

**Table 4: Late Delivery of Inputs**

Date of Receipt	Item Description	Date of Distribution	Delay Period (Days)
10.10.2022	Maize Seed (1,820 x 10kgs)	19.12.2022	59
18.10.2022	Soya Beans Seed (950x10kg)	02.12.2022	61
17.11.2022	D Compound fertilizer (3500x50kg)	02.12.2022	31
10.12.2022	Urea fertilizer (1820x50kg)	21.12.2022	21

**v. FSP Beneficiaries Sharing Same National Registration Card Numbers**

In Paragraph 27 of the Report of the Auditor General on the Accounts of the Republic for the Financial year ended 31<sup>st</sup> December 2021, mention was made on Beneficiaries Using the Same National Registration Cards in nine (9) districts (Ndola, Kitwe, Masaiti, Kabwe, Serenje, Mkushi, Chifunabuli, Sikongo and Choma).

In response, the Controlling Officer submitted that the anomaly was due to the duplication in the issuance of National Registration Cards as well as human errors in the manual Food Security Pact Programme (FSP) registration system. The Ministry engaged the Department of National Registration to help resolve cases of duplicate National Registration Cards affecting the cited recipients. In addition, the Ministry had since secured financial and technical support from its cooperating partners to develop and implement a computerised FSP management information system which would facilitate effective management of beneficiary data.

An audit of the 2022 accounts revealed that despite the Controlling Officer's assurance to the Public Accounts Committee (PAC), there were 238 beneficiaries in

six (6) other districts who had different names but sharing the same NRCs and were entitled to be paid amounts totalling K468,043.

However, they were instead paid K935,640 due to duplication of NRC numbers, resulting in an overpayment of K467,598. See table 5 below.

**Table 5: Questionable Beneficiaries with Duplicate NRCs**

Province	Station	No. of Beneficiaries	Total Amount K	Entitled Amount K	Over paid Amount K
Eastern	Chipangali DCDO	145	442,254	221,127	221,127
Southern	Monze	7	51,865	25,933	25,933
	Mazabuka	28	211,166	105,583	105,583
Western	Mongu DCDO	16	62,664	31,332	31,332
	Sioma DCDO	8	31,879	15,849	16,030
	Senanga DCDO	34	135,813	68,220	67,593
	<b>Total</b>	<b>238</b>	<b>935,640</b>	<b>468,043</b>	<b>467,598</b>

As at 30<sup>th</sup> June 2023, the anomalies had not been corrected.

**vi. Questionable Beneficiaries with Duplicate NRCs**

A scrutiny of the caseload for Senga, Nsama and Mporokoso Food Security Pack Beneficiaries revealed that seventy two (72) beneficiaries had duplicate NRCs which made it impossible to determine the identity of the said beneficiaries. See table 6 below.

**Table 6: Beneficiaries with Duplicate NRCs**

District	No. of Beneficiaries
Senga Hill	28
Mporokoso	32
Nsama	12
<b>Total</b>	<b>72</b>

**vii. Under Collection of Agricultural Produce**

Section No. 2.2.2 of the FSP Guidelines (2019) stipulates that benefiting farmers are expected to pay back part or 10% equivalent of their produce to be deposited in a community storage facility. This is in line with the consideration that inputs initially given to farmers are a conditional grant and the conditions need to be adhered to. The paybacks or recoveries can also be received in the form of cash or produce.

A review of the 0002021/2022 Farming Season Recovery Reports revealed that beneficiaries from twelve (12) stations with expected recovery amounts of

K12,299,384 paid back K6,184,518 leaving a balance of K6,114,866 unrecovered as of 31<sup>st</sup> July 2023. See table 7 below.

**Table 7: Under Collection of Agricultural Produce**

Province	Station	Expected Amount to be Recovered K	Amount Received K	Uncollected Amount K
Luapula	Mansa DCDO	1,774,000	1,109,306	664,694
	Kawambwa DCDO	1,766,000	637,565	1,128,435
	Nchelenge DCDO	1,280,000	648,415	631,585
	Mwense DCDO	1,088,000	573,230	514,770
	Mwansabombwe DCDO	920,024	341,883	578,141
Western	Mongu DCDO	798,600	94,480	704,120
	Sioma DCDO	660,000	329,990	330,010
	Senanga DCDO	734,840	442,964	291,876
Copperbelt	Chililabombwe	720,000	418,940	301,060
	Kitwe	1,064,000	634,730	429,270
	Mufulira	853,920	580,025	273,895
	Ndola	640,000	372,990	267,010
	<b>Total</b>	<b>12,299,384</b>	<b>6,184,518</b>	<b>6,114,866</b>

**viii. Unaccounted for Inputs – Chinsali District**

During the period under review, the district received from the Ministry farming inputs comprising D compound and Urea fertiliser, maize, beans and soya beans seeds costing K8,158,097.

However, a scrutiny of the disposal records revealed that farming inputs costing K6,506,057 were acquitted for leaving farming inputs costing K1,652,040 unaccounted for in that there were no disposal records to show how the inputs were distributed.

**ix. Irregular Inclusion of Farmer Input Support Programme (FISP) Beneficiaries into FSP Programme**

The Government through the Ministry of Agriculture introduced the Farmer Input Support Programme (FISP) in 2002 which was aimed at improving access of small-scale farmers to inputs and enhancing the participation and competitiveness of the private sector in the supply and timely distribution of agricultural inputs in adequate amounts.

In an effort to sustain the Food Security Pack (FSP), the FSP guideline No. 2.8 requires the Ministry of Community Development and Social Services, Ministry of Agriculture, Ministry of Fisheries and Livestock and Ministry of Commerce Trade and Industries to engage each other to give special preference to the poor and

vulnerable farmer groups for continuous development. In this regard, upon selection of FSP farmer on the programme, the beneficiary would be supported to join cooperatives or farmer groups and ensure that at the end of the two (2) farming seasons, the beneficiary households meet the requirements necessary to access the Farmer Input Support Programme services.

A comparison of data regarding beneficiaries on FSP and FISP revealed that during the 2021/2022 farming season 2,153 farmer members who collected inputs costing K7,262,410 from the FSP also collected fertiliser and seeds under the FISP resulting in accrued double benefits. See table 8 below.

**Table 8: Double Beneficiaries Under FSP and FISP**

No.	Province	District	Number of Beneficiaries	FSP Amount K	FISP Amount K
1	Eastern	Vubwi	350	1,136,559	750,027
		Kasenengwa	150	487,097	321,440
2	Luapula	Kawambwa	243	959,413	821,328
3	Muchinga	Mpika	219	716,130	438,000
4	NorthWestern	Solwezi	125	359,373	-
		Mushindamo	64	183,999	-
		Kalumbila	69	198,374	-
		Chavuma	77	221,373	-
5	Southern	Kalomo	210	701,311	704,216
		Zimba	344	1,153,840	1,169,194
		Monze	57	211,166	211,166
		Mazabuka	144	533,472	1,147,248
6	Western	Mongu	20	78,330	31,869
		Sioma	12	47,180	20,092
		Senanga	69	274,794	116,328
		<b>Total</b>	<b>2,153</b>	<b>7,262,410</b>	<b>5,730,907</b>

The implication is that the vulnerable people who should have benefited from the two programmes were deprived of the assistance.

**x. Unaccounted for Stores**

Public Stores Regulation No. 16 requires that every stores officer or any other officer having in his charge any public stores or other articles of public property should keep and maintain record of the receipt and issue of such public stores.

Contrary to the regulation, fuel costing K7,000 procured at Senga Hill DSWO during the period under review was not accounted for in that there were no receipt and disposal details.

## **19 Head: 46 Ministry of Health**

### **19.1 Mandate**

The Ministry is mandated to provide equitable access to promotive, preventive, curative, palliative and rehabilitative quality health care services at all levels of service delivery.

### **19.2 Audit Findings**

An examination of accounting and other records for the financial year ended 31<sup>st</sup> December 2022 maintained at the Ministry Headquarters, Provincial Health Offices (PHOs) and selected District Health Offices (DHOs) revealed the following:

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

In the Estimate of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a provision of K12,808,197,685 was made to cater for various activities against which amounts totalling K11,123,559,464 were released, resulting in an underfunding of K1,684,638,221.

As at 31<sup>st</sup> December 2022, amounts totalling K10,847,891,903 had been spent.

#### **b. Procurement Related Matters**

##### **i. Repair, Maintenance and Servicing of Imaging Equipment - Maba Medicals Limited**

On 13<sup>th</sup> January 2017, the Ministry of Health entered into a contract with Maba Medicals Limited for the repair, maintenance and servicing of imaging equipment for the Ministry at a contract sum of US\$3,232,119.15 for a contract period of one (1) year.

Section 6.5 of the contract regarding delayed payments provided as follows, “If the Procuring Entity has delayed payments beyond fifteen (15) days after the due date stated in the Special Conditions of Contract (SCC), interest shall be paid to the service provider for each day of delay at the rate stated in the SCC.”

Documents examined revealed that a total amount of US\$2,424,089 had been paid to the contractor during the period from July 2017 to November 2022 leaving a balance of US\$808,030.20. See table 1 below.

**Table 1: Payments made to the Contractor**

<b>Date</b>	<b>Description</b>	<b>Amount Paid US\$</b>
27/07/2017	Quarter 1 part payment	500,000
31/12/2017	Quarter 1 part payment	300,000
07/11/2022	Part payment	1,624,089
<b>Total</b>		<b>2,424,089</b>

The following were observed:

- **Delayed Payments**

As can be seen from the table above, there was a delay in payments for a period of four (4) years from 2017 to 2022, and consequently the contractor claimed interest in amounts totalling US\$4,942,136.59 as at 31<sup>st</sup> August 2022.

As at 31<sup>st</sup> August 2023, the principal amount of US\$808,030.20 was outstanding and was likely to attract further interest charges.

- **Questionable Computation of Interest**

Documents examined revealed that the contractor was charging interest using interest rates ranging from 16.5% to 25%. There was however no documentation to show how interest rates were arrived at.

**c. Unaccounted for Assets**

Section 41(2) of the Public Finance Management Act No.1 of 2018 states, “A controlling officer shall keep a register of the public assets and stores in respect of every head of expenditure.”

Further Section 41 (5) states, “A controlling officer shall ensure that all public assets and stores under that controlling officer’s charge are —

(a) accounted for in each financial year as shall be specified by the Secretary to the Treasury; and

(b) managed and safeguarded in line with the provisions of this Act, Public Procurement Act, 2008 and any other law.”

Contrary to the Act, assets such as thermal scanners, heavy duty cameras, 32” television sets, laptops and sprayers costing K1,172,950 that were procured to

facilitate the hosting of the African Union summit were unaccounted for, in that the disposal and physical location details of the assets were not availed for audit. See table 2 below.

**Table 2: Unaccounted for Assets**

<b>Item</b>	<b>Amount K</b>
10 motorised spray pumps for AU summit lpo 1967250	205,000
4 thermal scanners, 4 laptops, 4 TVs 32" , 4 cameras heavy duty	418,600
Napsack sprayer,infra thermometers and automatic dispensers for the AU heads of state	549,350
<b>Total</b>	<b>1,172,950</b>

**d. Infrastructure Development**

In order to facilitate equity of access to quality health care services, the Ministry of Health set out to increase access to health care services through construction and rehabilitation of health facilities. The health facilities under construction during the period under review, included the following;

- Completion of a Car park at the University Teaching Hospital (UTH).
- Construction of seventeen (17) district hospitals, countrywide;
- Upgrading of Ndeke Village clinic in Kitwe District to a level one Hospital.
- Construction of five (5) district hospitals in Kitwe, Ndola, Mambwe, Nchelenge and Mwansabomwe Districts and 115 mini hospitals across the Country.
- Completion of forty (40) health posts in addition to 563 posts completed by 2021, out of the targeted number of 650.
- Construction of King Salman Bin Abdul- Aziz Hospital in Lusaka District and
- Rehabilitation of various health posts across the country, among others.

During the period under review, a budget provision of K1,599,306,769 was made to cater for the construction, completion and rehabilitation of health facilities and procurement of medical equipment.

In this regard, the Treasury released funds amounting to K378,038,636, out of which amounts totalling K312,987,130 were spent, leaving a balance of K65,051,506.

The following were observed;

**i. Failure to Utilise Funds**

Although the Ministry was under funded, funds in amounts totalling K65,051,506 were not utilised as at 31<sup>st</sup> December 2022. See table 3 below.

**Table 3: Unutilised Funds**

Programme	Details	Budget K	Funding K	Expenditure K	Variance K
5531	Primary Health Services	1,503,359,155	282,091,022	235,411,554	46,679,468
5532	Hospital Services	69,879,530	69,879,530	54,797,022	15,082,508
5534	Human Resource Developemnt	26,068,084	26,068,084	22,778,554	3,289,530
	<b>Total</b>	<b>1,599,306,769</b>	<b>378,038,636</b>	<b>312,987,130</b>	<b>65,051,506</b>

In response to the query dated 20<sup>th</sup> February 2023, the Controlling Officer stated that management could not make any payments to contractors for works that were not certified since contractors demobilised from sites, citing a review of rates in the Bills of Quantity (BoQ). In addition, management further submitted that negotiations on rates had been concluded and amended contracts have since been submitted to Attorney General for approval. However, there was no evidence that the Attorney General had been engaged.

**ii. Contract for the Construction of Three (3) District Hospitals and 108 Mini Hospitals - NMS Infrastructure Limited**

On 15<sup>th</sup> May 2015, the Ministry of Health signed a Memorandum of Understanding (MoU) with NMS Infrastructure Limited to design and construct nine (9) district hospitals and 324 health centres with required modern equipment, comprehensive equipment training within administration, clinical maintenance disciplines and post-delivery maintenance, handover teams and initial consumable supply systems. The total project cost was US\$750 million and was expected to be undertaken in three (3) phases, with each phase costing US\$250 million.

On 28<sup>th</sup> April 2017, the Ministry of Health entered into a contract with NMS Infrastructure Limited of the United Kingdom (UK) for the design and construction of three (3) x 200 Bed District Hospitals and 108 health centres across the country, on a turnkey basis with a completion period of thirty six (36) months.

The consideration payable by the Ministry to the contractor in amounts totalling US\$300,000,000 was to be provided by loans arranged by the Contractor's mandated lead arranger for the project design, construction, equipment supply and installation, excluding financing costs, credit insurance costs and all statutory duties and taxes.

Three (3) amendments to the contract were made between March 2020 and June 2021 as shown in table 4 below.

**Table 4: Amendments made to the Contract**

<b>Date</b>	<b>Details</b>	<b>Comment</b>
25.03. 2020	Amendment on the payment of retention money and amortisation of advance payment.	Signed
06.10.2020	Change of amortisation rate of the advance payment from 25% to 29.73%	Not signed
20.12.2021	Change in scope from construction of 3X200 bed District Hospitals and 108 health centres to 5x80 bed District Hospitals and 115 health centres	Signed

A review of a project status report prepared by the Contractor revealed that 101 health centres (mini hospitals) had been completed, nine (9) were still under construction, while no mention was made about five (5) mini hospitals.

The value of certified works was US\$258,400,997.66 and as at 31<sup>st</sup> August 2023 amounts totalling US\$270,691,749.19 which included an advance payment of US\$12,291,451.53 had been paid leaving of US\$29,308,250.81.

However, the following were observed:

- **Project Status - Construction of Mini Hospitals**

The contractor was engaged to construct 115 mini hospitals across the country.

A review of documents provided by the Ministry revealed that out of the 115 health centres, 101 had been completed, ten (10) were under construction while construction works had not commenced for the remaining four (4) health centres in Lufwanyama, Mpongwe, Lusaka and Mufumbwe as at 31<sup>st</sup> August 2023.

A physical inspection of mini hospitals in selected districts revealed the following:

○ **Delays in Training Staff - Installed Medical Equipment**

According to Addendum No. 3 of the contract, the contractor was required to, among other things, conduct training of staff in respective mini-hospitals on how to operate installed equipment such as resuscitators, ultra sound machines, defibrillator, suction pumps, lullaby LED phototherapy, portable oxygen generator system and fire extinguishers among others.

However, a physical inspection and inquiries made with staff in selected mini hospitals in Eastern Province revealed that out of eighty five (85) officers at the facilities, only fifteen (15) had been trained to operate the installed equipment. See table 5 below.

**Table 5: No. of Trained and Untrained Officers**

District	Name of Facility	Total No. of Officers	No. of Officers Trained	Officers not Trained	% Rate
Petauke	Kaumbwe	10	4	6	40
	Mkwama	14	2	12	14
	Nkwewakwewa	9	2	7	22
Chipata	Chipembaulo	6	1	5	17
	Kagunda	14	4	10	29
Lumezi	Mwasemphangwe	7	1	6	14
Lundazi	Kanyanga	25	1	24	4
	<b>Total</b>	<b>85</b>	<b>15</b>	<b>70</b>	<b>17.6</b>

○ **Failure to Utilise Mini Theatres and Laboratories**

A physical verification of selected mini hospitals in Eastern, Southern and North Western Provinces revealed that minor theatres and laboratories were not operational due to lack of specialised staff such as medical doctors, licentiates and laboratory technologists to conduct surgical procedures and provide laboratory services, respectively. See table 6 below.

**Table 6: Unutilised Facilities**

No	Province	Name of District	Name of Facility	Name of non operational Sections
1	Eastern	Petauke	Kaumbwe	Mini theatre
2	Eastern	Petauke	Mkwama	Mini theatre
4	Eastern	Chipata	Chipembaulo	Laboratory Mini theatre
5	Eastern	Lumezi	Mwasemphangwe	Mini theatre
6	Eastern	Sinda	Ndaula	Mini theatre
7	Eastern	Sinda	Nsheketeni	Mini theatre
8	Eastern	Katete	Katete Boma	Mini theatre
9	North Western	Kabompo	Enock Kavindele	Laboratory
10	Southern	Monze	Mulumbwa	Mini theatre
11	North Western	Zambezi	Mize	Mini theatre
12	North Western	Manyinga	Manyinga	Mini theatre
13	North Western	Kasempa	Kabisonga	Mini theatre
14	North Western	Mushindamo	Kasapa	Mini theatre

○ **Failure to Utilise Medical Equipment**

A physical inspection carried out at selected mini hospitals in Eastern Province revealed that various medical equipment such as a resuscitator, suction pump electrical and orbital shaker among others had not been utilised from the time of delivery and were still kept in stores. See table 7 below.

**Table 7: Unutilised Medical Equipment**

Name of Facility	District	Date of Hand Over
Kaumbwe	Petauke	12.08.2022
Mkwama	Petauke	28.06.2021
Chipembaulo	Chipata	23.02.2022
Mwasemphangwe	Lumezi	15.12.2022

○ **Undelivered Medical and Non-Medical Equipment**

A scrutiny of records and physical inspection of selected mini hospitals revealed that medical and other equipment such as laboratory equipment and theatre equipment, costing US\$42,079.60 were not delivered by the contractor at seventeen (17) mini hospitals as at 31<sup>st</sup> August 2023, although the facilities were handed over between 22<sup>nd</sup> October 2019 and 27<sup>th</sup> September 2022 and operational.

○ **Failure to Install Medical Equipment**

A physical verification carried out revealed that various IT equipment such as computers, wireless routers and cloud controllers although delivered between 4<sup>th</sup> March 2021 and 15<sup>th</sup> December 2022, had not been installed at ten (10) facilities as at 31<sup>st</sup> August 2023. See table 8 below.

**Table 8: Medical Equipment Not Installed**

No	District	Name of Facility	Description of Equipment
1	Petauke	Kaumbwe	5 computers, wireless router, cloud controller, dual band wireless
		Mkwama	5 computers, wireless router, cloud controller, dual band wireless
		Nkwewakwewa	5 computers, wireless router, cloud controller, dual band wireless
2	Chipata	Chipembaulo	5 computers, wireless router, cloud controller, dual band wireless
		Chipata Trades	5 computers, wireless router, cloud controller, dual band wireless
		Kagunda	5 computers, wireless router, cloud controller, dual band wireless
3	Lumezi	Mwasemphangwe	5 computers, wireless router, cloud controller, dual band wireless
4	Lundazi	Kanyanga/Chasefu	5 computers, wireless router, cloud controller, dual band wireless
5	Kasama	Nkolemfumu	Internet equipment
6	Zambezi	Mize	4 Computers
7	Kabompo	Enock Kavindele	5 Computers
8	Manyinga	Manyinga	5 Computers
9	Kasempa	Kabisonga	5 Computers
10	Mushindamo	Kasapa	5 Computers

○ **Unaccounted for Medical and Non-medical Equipment**

Regulation 16 of the Finance (Control and Management) (Public Stores) Regulations requires that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain record of the receipt and issue of such public stores.

A physical verification carried out in April 2023 at Musenga, Milima, Nkolemfumu and Enock Kavindele mini hospitals revealed that seventy one (71) items such as dressing trollies, wall clocks, steam irons and bed nets, among others valued at US\$37,424.84,

delivered between 25<sup>th</sup> June 2021 and 21<sup>st</sup> December 2022 were not accounted for in that the items were not found at the facilities.

○ **Failure to Install Solar Systems – North Western Province**

A visit to five (5) mini hospitals in North Western Province revealed that although five (5) rechargeable batteries were installed at each of the mini hospitals, solar systems had not been installed as at 31<sup>st</sup> May 2023, despite the mini hospitals having been handed over between August 2022 and March 2023. See table 9 below.

**Table 9: Facilities with Solar Systems Not Installed**

No	District	Name of Facility	Date of Handover
1	Zambezi	Mize	04.03.2022
2	Kabompo	Enock Kavindele	24.08.2022
3	Manyinga	Manyinga	04.03.2022
4	Kasempa	Kabisonga	02.03.2022
5	Mushindamo	Kasapa	16.12.2022

○ **Delivery and Installation of Non-functional Equipment**

A physical inspection carried out between March and May 2023 revealed that five (5) mini hospitals received non-functional equipment costing US\$10,817.66. However, the defective equipment had not been replaced by the contractor as at 31<sup>st</sup> August 2023. See table 10 below.

**Table 10: Supply of Non-Functional Equipment**

No	Name of District	Name of Facility	Details	Amount (US\$)	Hand over Date
1	Mushindamo	Kasapa	• Two (2) fridges	1,418.07	16.12.2021
			• Microscope	1,797.25	
2	Luanshya	Mpatamatu	• Fridge for the laboratory	1,418.07	30.06.2022
			• Glucometer	841.36	
3	Mazabuka	Kaonga	• Mobile examination light	2,506.77	23.06.2022
4	Livingstone	Dambwa	• Fridge	1,418.07	27.09.2022
5	Chipata	Kagunda	• Fridge	1,418.07	09.06.2022
<b>Total</b>				<b>10,817.66</b>	

- **Broken Fittings/Wall and Peeling Paint - Milima and Musenga Mini Hospitals**

A physical inspection of the structures at Milima and Musenga mini hospitals in Kasama District revealed that they were poorly constructed in that the prefabricated materials were breaking and the paint was peeling off. In addition, a prefabricated wall had cracked and the roof was leaking at Kasapa mini hospital in Mushindamo District.

Further, it was observed that bathrooms were leaking and kitchen drawers falling off for all houses at Mize, Kabisonga, Kasapa, Enock Kavindele and Manyinga mini hospitals in North Western Province. See pictures below.



*Broken fittings/wall at Milima mini hospital*



*Peeling off paint at Msenga mini hospital*



*Leaking roof*



*Cracked wall*

- e. **Management of Liabilities - Failure to Settle Outstanding Bills**

As at 31<sup>st</sup> December 2022, the Ministry owed staff, suppliers of medicines and medical equipment amounts totalling K2,255,859,857, some dating as far back as 2009. See table 11 below.

**Table 11: Outstanding Bills**

No.	Details of Arrears	Total K
1	Personnel related arrears	591,482,790
2	Suppliers of goods and services	1,574,748,376
3	Electricity bills	24,635,751
4	Water bills	61,108,140
5	Telephone bills	1,008,929
6	Rentals	1,944,175
7	Other accrued expenses	931,696
	<b>Total</b>	<b>2,255,859,857</b>

**20 Head: 46 Ministry of Health**

**Departments: Provincial Health Offices**

**District Health Offices**

### **20.1 Mandate**

The Ministry of Health is mandated to provide effective, quality health care services to the citizens.

### **20.2 Audit Findings**

An examination of accounting and other records for the financial year ended 31<sup>st</sup> December 2022 maintained at the Ministry Headquarters and selected stations revealed the following:

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

In the Estimate of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a total provision of K190,218,295 was made to cater for various activities against which amounts totalling K189,841,748 were released, resulting in an underfunding of K376,548. See table 1 below.

**Table 1: Budget and Funding**

No.	Province	Station	Total Budget Provisions K	Total Releases K	Underfunding K
1	Western	Mongu PHO	5,304,376	5,304,376	-
		Mongu DHO	2,870,778	2,870,778	-
		Limulunga DHO	1,309,207	1,309,210	(3)
		Nalolo DHO	1,755,716	1,755,716	-
		Senaga DHO	2,071,804	2,071,804	-
		Sesheke DHO	1,486,571	1,486,571	-
2	Luapula	Mansa PHO	5,954,432	5,954,432	-
		Mansa DHO	5,035,257	5,035,257	-
		Samfya DHO	2,793,320	2,793,320	-
		Mwense DHO	3,625,080	2,287,525	1,337,555
		Kawambwa DHO	1,876,025	1,876,025	-
		Nchelenge DHO	3,318,437	3,318,437	-
3	Southern	Choma PHO	4,660,329	4,660,329	-
		Chirundu DHO	1,364,556	1,364,556	-
		Siavonga DHO	1,489,010	1,489,010	-
		Livingstone DHO	2,289,666	2,289,666	-
		Mazabuka DHO	3,632,405	3,632,405	-
4	Lusaka	Lusaka PHO	7,764,264	7,764,264	-
		Lusaka DHO	3,857,781	3,857,781	-
		Chilanga DHO	2,211,611	2,211,611	-
		Chongwe DHO	2,849,142	2,849,142	-
		Kafue DHO	2,653,879	2,653,879	-
		Luangwa DHO	1,394,761	1,394,761	-
		Lufunsa DHO	1,924,697	1,924,697	-
5	Eastern	Chipata PHO	9,665,522	9,665,522	-
		Chipata DHO	4,176,524	4,176,524	-
		Chasefu DHO	1,964,232	1,964,232	-
		Lundazi DHO	2,468,938	2,468,938	-
		Lusangazi DHO	1,221,429	1,221,429	-
		Petauke DHO	3,541,882	3,541,882	-
		Nyimba DHO	1,903,557	1,903,557	-
6	Copperbelt	Ndola PHO	4,819,098	4,819,098	-
		Ndola DHO	5,473,534	5,473,534	-
		Lufwanyama DHO	1,958,603	1,958,603	-
		Masaiti DHO	1,414,608	1,414,608	-
		Chingola DHO	3,610,612	3,410,333	200,279
		Chililabombwe DHO	1,414,601	1,414,601	-
7	Muchinga	Chinsali PHO	3,304,684	4,203,576	(898,891)
		Chinsali DHO	2,426,512	2,426,512	-
		Mpika DHO	2,314,689	2,314,689	-
		Kanchibiya DHO	2,013,090	2,013,090	-
		Isoka DHO	2,039,360	2,039,360	-
		Nakonde DHO	3,078,753	3,078,753	-
8	Northern	Kasama PHO	5,998,955	5,249,008	749,947
		Kasama DHO	4,981,591	4,981,591	-
		Kaputa DHO	2,017,535	2,017,535	-
		Nsama DHO	1,459,060	1,459,060	-
		Mporokoso DHO	1,375,854	1,375,854	-
		Mpulungu DHO	2,544,663	2,544,663	-
9	Central	Mbala DHO	2,482,687	2,482,687	-
		Kabwe PHO	4,948,149	5,960,488	(1,012,339)
		Kabwe DHO	2,895,672	2,895,672	-
		Serenje DHO	2,587,531	2,587,531	-
		Mkushi DHO	2,200,306	2,200,306	-
		Kapiri Mposhi DHO	4,543,001	4,543,001	-
10	North-Western	Chibombo DHO	4,085,826	4,085,826	-
		Solwezi PHO	6,729,517	6,729,517	-
		Solwezi DHO	2,533,670	2,533,670	-
		Chavuma DHO	1,293,778	1,293,778	-
		Zambezi DHO	2,421,973	2,421,973	-
		Kabompo DHO	1,453,350	1,453,350	-
<b>Total</b>			<b>190,218,295</b>	<b>189,841,748</b>	<b>376,548</b>

In addition, amounts totalling K33,922,898 were brought forward from 2021 and other funds amounting to K560,433,121 in respect of Covid-19 activities, infrastructure development and other personnel emoluments were received. See table 2 below.

**Table 2: Other Funds Received**

No.	Province	Balances B/F K	Funding K	Total K
1	Western	4,667,355	73,415,852	78,083,207
2	Luapula	2,819,141	44,832,506	47,651,647
3	Southern	1,777,036	81,336,854	83,113,890
4	Lusaka	5,092,935	107,140,129	112,233,064
5	Eastern	5,251,945	37,969,260	43,221,205
6	Copperbelt	5,656,110	2,207,019	7,863,129
7	Muchinga	1,166,157	13,675,632	14,841,790
8	Northern	2,589,613	119,333,601	121,923,214
9	Central	3,189,775	53,030,863	56,220,638
10	North Western	1,712,831	27,491,405	29,204,236
	<b>Total</b>	<b>33,922,898</b>	<b>560,433,121</b>	<b>594,356,019</b>

In this regard, the total funds available amounted to K784,574,314. As at 31<sup>st</sup> December 2022, amounts totalling K695,102,781 were spent leaving a balance of K89,471,533.

**b. Operational Matters**

**i. Unaccounted for Drugs and Medical Supplies**

Regulation 16 of the Finance (Control and Management) (Public Stores) Regulations requires that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain record of the receipt and issue of such public stores.

Contrary to the Regulation, various drugs and medical supplies costing K2,313,484 received from ZAMMSA were not accounted for at seventeen (17) stations in that there were no disposal details such as stock control cards and supply vouchers. See table 3 below.

**Table 3: Unaccounted for Drugs and Medical Supplies**

Province	Station	Amount K
Western	Mongu PHO	68,267
	Mongu DHO	368,584
	Lewanika Urban Clinic	11,791
	Liyoyelo Urban Clinic	27,559
	Prisons Urban Clinic	20,307
	Mulambwa Urban Clinic	25,887
	Mongu Chest Clinic	33,778
	Yeta District Hospital	341,818
	Mulimambango Health Centre	35,539
	Litoya Health Centre	32,235
	Nanjucha Rural Health Centre	20,065
Central	Serenje DHO	14,221
	Mkushi DHO	42,014
	Chibombo DHO	440,695
	Kabwe DHO	248,508
Lusaka	Rufunsa DHO	383,616
	Kafue DHO	198,600
	<b>Total</b>	<b>2,313,484</b>

**ii. Failure to Store Drugs under the Required Conditions**

The National Health Care Standard No. 4.3.1 of 2020 requires bulk pharmacy storeroom to have adequate shelves, pallets, working surfaces and a pedal bin and the storage conditions (the room and medicine fridge) be temperature regulated with an updated temperature chart(s).

However, the following were observed:

- **Luapula Province**

Four (4) pharmacy bulk stores at Samfya and Nchelenge District Health Offices did not have air vents and functional air conditioners. Further, the bulk stores did not have shelves and pallets. See pictures below.



*Inside the storage room – Samfya DHO*

- **Copperbelt Province**

Ten (10) pharmacy bulk stores at Ndola, Chingola, Chililabombwe, Masaiti and Lufwanyama District Health Offices did not have functional air conditioners and had no temperature charts.

**iii. Non-operational Medical Equipment**

- **Copperbelt Province**

Various laboratory equipment such as CD4 count machines, gene expert machines and sysmex XP300 at fifteen (15) stations were malfunctional. See table 4 below.

**Table 4: Malfunctional Equipment**

No.	Station	Mulfunctioning Equipment
1	Ndola DHO-Chipokota Mayamba	CD4 Count Machine
		Gene Expert Machine
		Air conditioner
2	Ndola DHO-New Masala	Air conditioner
		ABX Micro FBC Count Machine
		Cobas C111 Chemistry Machine
		CD4 Presto Machine
3	Ndola DHO- Chipulukusu	ABX Micro ES 60 Machine
		Sysmex XP300
		BD Facs Count
		Air conditioner
4	Ndola DHO - Twapia	CD4 Count Machine
5	Ndola DHO-Itawa Clinic	Air conditioner
		CD4 Count Machine
		Distiller Machine
6	Ndola DHO - Kabushi Clinic	Air conditioner
		Centrifuge
7	Ndola DHO - Kawama Clinic	Centrifuge
8	Ndola DHO - Lubuto Clinic	Facpresto CD4 Machine
		ABX Micros
9	Lufwanyama District Hospital	Water Distiller SR 02.0475
10	Chililabombwe DHO- Kakoso	Sysmex XP550
		BD Facs Count
11	Chililabombwe DHO-Lubengele	Microscope SR qB03798
		Microscope SR 4905018
12	Masaiti DHO - Masaiti Boma Clinic	Air conditioner
		Centrifuge
13	Masaiti DHO-Masaiti Council RHC	Air conditioner
		Doppler
		Resus neonatal
14	Chingola DHO - Chiwempala Clinic	Sysmex XP300
		Distiller Machine
		Cobas C111 Chemistry Machine
15	Chingola DHO - Clinic 1	BD Facs Count
		ABX Micros ES 60

- **Central Province**

There were five (5) blood storage refrigerators and six (6) air conditioners at the Kabwe Provincial Health Office for the blood bank unit which had not been operational since 2019.

**c. Accounting Irregularities**

**i. Unauthorised Transfer of Funds between Accounts**

Section 32 (5) of the Public Finance Management Act No.1 of 2018 stipulates that a transfer of public money should not be made between accounts at the same bank or different banks without the written approval of the Secretary to the Treasury.

Contrary to the Act, two (2) stations transferred funds in amounts totalling K767,684 between accounts without obtaining authority from the Secretary to the Treasury. See table 5 below.

**Table 5: Unauthorised Transfers**

Province	Station	From	To	Amount K
Luapula	Mansa PHO	RDC Account	ZNBTS Account	627,684
Lusaka	Chilanga DHO	RDC Account	Global Fund Account	140,000
	<b>Total</b>			<b>767,684</b>

**ii. Unsupported Payments**

Public Finance Management (General) Regulation No. 46 (1) and 55 (1), stipulates that a payment voucher relating to purchases should be supported by a purchase order, the supplier's invoice and proof of delivery or performance.

Contrary to the Regulation, eight (8) payments in amounts totalling K62,250 made at three (3) stations were not supported with relevant documents such as cash sale receipts, local purchase orders and goods received notes. See table 6 below.

**Table 6: Unsupported Payments**

Province	Station	No. of Transactions	Amount K
Western	Sesheke DHO	1	6,000
Southern	Mazabuka DHO	3	49,000
Central	Serenje DHO	4	7,250
	<b>Total</b>	<b>8</b>	<b>62,250</b>

**iii. Irregular Use of Accountable Imprest – Sesheke DHO**

Regulation 94 (3) of the Public Finance Management (General) Regulations of 2020 states that, “Accountable imprest be issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time of payment for which the imprest holder is required to submit receipts after the purchase of those goods and services.”

Contrary to the Regulation, imprest in amounts totalling K13,330 was issued to four (4) officers at Sesheke DHO to procure goods and services whose values were obtainable on the market.

**iv. Missing Payment Vouchers**

Public Finance Management Regulation No. 72 (1) stipulates that payment vouchers with supporting documents and any other form which support a charge entered in the accounts should be filed, secured against loss and be readily available for audit.

Contrary to the Regulation, forty eight (48) payment vouchers in amounts totalling K812,059 processed at two (2) stations had not been availed for audit as at 30<sup>th</sup> June 2023. See table 7 below.

**Table 7: Missing Payment Vouchers**

Province	Station	No. of Payments	Amount K
Southern	Mazabuka DHO	3	75,160
Western	Nalolo DHO	45	736,899
	<b>Total</b>	<b>48</b>	<b>812,059</b>

**v. Failure to Claim Cost of Leaked Gas – North Western Province**

On 20<sup>th</sup> April 2022, Solwezi PHO procured forty (40) medical oxygen cylinders costing K34,795 from Afrox Zambia Ltd for use at Solwezi General Hospital. The cylinders were later connected to the manifold system by the supplier to supply gas to the isolation wards.

However, the gas leaked two (2) days after the cylinders had been connected. Inquiries with management revealed that the cause of the leakage was a faulty connection which was made by Afrox.

In a response to the interim management letter dated 30<sup>th</sup> May 2023, management submitted that a claim was made to Afrox Zambia Ltd to refill the oxygen cylinders. However, as at 30<sup>th</sup> June 2023, the cylinders had not been refilled.

**vi. Irregular Withdraw of Cash**

Section 3.26 of the Ministry of Finance Treasury and Finance Management Circular No. 1 of 2022 states, “No cash shall be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary’s account.”

Contrary to the Circular, cash totalling K530,962 involving forty one (41) transactions was drawn as imprest to facilitate payment of daily subsistence, meal and fuel allowances instead of paying directly into the beneficiaries’ bank accounts. See table 8 below.

**Table 8: Irregular Cash Withdraw**

No.	Province	Station	No. of Transactions	Amount K
1	Southern	Choma PHO	14	55,320
2	Central	Kabwe PHO	3	11,280
3	Lusaka	Lusaka PHO	8	255,300
		Chilanga DHO	6	97,750
		Lufunsa DHO	3	41,219
		Luangwa DHO	4	38,780
4	Northern	Nsama DHO	3	31,313
		<b>Total</b>	<b>41</b>	<b>530,962</b>

**d. Infrastructure Development**

During the period under review, a total amount of K34,502,967 was funded to Northern and Luapula Provincial Health Offices for infrastructure development for construction of district hospitals, staff houses, health posts, rehabilitation and extension of health facilities among others.

The following were observed:

**i. Construction of Bangweulu General Hospital in Lupososhi**

In January 2018, the Northern Provincial Health Office engaged Sunshare Construction Limited to construct Phase I of the OPD, Maternity Block and other facilities at Bangweulu General Hospital in Lupososhi Constituency in Luwingu District at a contract sum of K154,174,341. The contract was for a period of thirty six (36) months starting from 22<sup>nd</sup> January 2018 to 22<sup>nd</sup> January 2021.

As at 30<sup>th</sup> June 2023, the contractor had been paid amounts totalling K51,784,778 representing 34% of the contract sum.

The scope of works included construction of casualty, various OPD clinics, five (5) theatres, two (2) ICU wards, maternity wing, laboratories, blood bank, physiotherapy, pharmacy, dental lab and radiology.

A physical verification carried out in June 2023 revealed that the ground floor had been completed for both the L and H blocks, first floor for the L block had been cast with the rest of works outstanding.

It was further observed that the works had stalled and the contractor had not been on site since 2020.

**ii. Construction of 52 Bed Student Hostel - Chilubi Nursing School in Chilubi District**

In February 2020, the Northern Provincial Health Office engaged Mumash Construction and Suppliers to construct fifty two (52) Bed Capacity Students block at Chilubi Nursing School in Chilubi District at a contract sum of K6,315,507. The contract was for a period of three (3) months starting from 2<sup>nd</sup> February 2020 to 3<sup>rd</sup> May 2020.

As at 30<sup>th</sup> June 2023, the contractor had been paid amounts totalling K5,492,590 representing 87% of the contract sum.

The scope of works included construction of 52 bed capacity student block with the steel spider trusses, water reticulation including 2 x 10,000 litres water tank, siting, drilling, testing and equipping with pump and all accessories, soil drainage including septic tank and soak pit and wire fencing.

A physical verification carried out in June 2023 revealed that project was at 70% complete and the structure had been roofed, plastered, window and door frames fitted, electrical and plumbing works done, borehole sunk, septic tank and soak pit built.

However, the contractor had not been on site since 2021 with the following works outstanding; fitting of ceiling board, laying floor tiles, painting internally and externally, glazing and installation of the tank stand among others.

**iii. Construction OPD at Lukangaba in Mansa District**

In January 2018, the Luapula Provincial Health Office engaged Frave General Dealers to construct an OPD, ablution block, maternity ward and canopy at Lukangaba in Mansa District at a contract sum of K469,960. The contract was for a period from January 2018 to February 2019.

As at 30<sup>th</sup> June 2023, the contractor had been paid amounts totalling K393,539 representing 84% of the contract sum.

The scope of works involved construction of OPD, ablution block, maternity ward and canopy including ironmongery, plumbing installations, electrical installations, finishes, glazing, painting and decorating.

A physical verification carried out in July 2023 revealed that the project had stalled at 92% with the following works outstanding: completion of painting and roofing, external works and water reticulation.

**e. Failure to Maintain Assets – Nyimba District Hospital - Eastern Province**

Section 41 of the Public Finance Management Act No. 1 of 2018 stipulates that a Controlling Officer is responsible for the management of public assets and stores of the head of expenditure.

A physical inspection carried out in July 2023 at the hospital which was commissioned in December 2017 revealed that several cracks had developed on the walls of the outpatient and administration block. See pictures below.



*Crack on the wall of Out - Patient  
Department (OPD)*



*Cracks on the wall of  
Administration Block*

**f. Unaccounted for Motor Bikes - Mazabuka District Health Office**

Section 41 (1) of the Public Finance Management Act No.1 of 2018 stipulates that a Controlling Officer is responsible for the management of public assets and stores of the head of expenditure.

A review of the asset register and physical inspection of movable assets conducted at Mazabuka District Health Office, revealed that five (5) motor bikes valued at K99,790 were unaccounted for in that they were missing.

In response to the management letter dated 30<sup>th</sup> May 2023, management submitted that the responsible officers were charged.

As at 30<sup>th</sup> June 2023, no funds were recovered from the officers.

**g. Lack of a Functional Ambulance - Mbala District Health Office**

The National Health Care Standards of 2020 No. 1.2.2 requires a hospital facility to have an ambulance equipped with medications and devices intended to stabilise patients while transporting them to a fixed health facility.

Contrary to the Standard, Mbala District Health Office did not have a functional ambulance as its ambulance (GRZ 118 CR) had broken down since November 2022.

**h. Failure to Insure Motor Vehicles and Motorcycles – Southern Province**

Section 86 of the Road Traffic Act No. 11 of 2002, requires all users of motor vehicles or trailers to have at least third - party insurance.

Contrary to the Act, eleven (11) motor vehicles and twenty one (21) motor bikes at twelve (12) stations whose values could not be ascertained had not been insured during the period under review. See table 9 below.

**Table 9: Uninsured Motor Vehicles and Bikes**

No	Station	No. of Motor Vehicles	No. of Motor Bikes
1	Chikankata DHO	1	1
2	Chirundu DHO	1	0
3	Gwembe DHO	0	5
4	ItezHITEZHI DHO	1	5
5	Kazungula DHO	0	1
6	Livingstone DHO	1	1
7	Mazabuka Hospital	1	0
8	Monze DHO	0	2
9	Namwala DHO	1	3
10	Sinazongwe DHO	2	1
11	Pemba DHO	2	2
12	Zimba DHO	1	0
<b>Total</b>		<b>11</b>	<b>21</b>

As at 30<sup>th</sup> June 2023, the motor vehicles and motor bikes had not been insured.

**i. Management of Vehicle Service Centres - Southern, Copperbelt, Luapula and Central Provinces**

In 1999, the Ministry of Health established the Vehicle Service Centres (VSC) to service and repair vehicles, marines, motorcycles and other related machines for Provincial Health Offices in order to cut down on costs incurred when using private garages.

An examination of records and physical inspection of equipment at VSCs in Southern, Copperbelt, Luapula and Central Provinces revealed that key equipment were not functional and staff had not been trained to manage the machinery/equipment.

In particular, the following were observed:

**i. Choma Provincial Health Office**

- Two (2) pole lifter was not working as the hydraulic cylinder was leaking.
- Tire changer machine was not in use.
- The workshop was not able to perform wheel alignment because the core software that is used to operate the wheel alignment machine was configured in Chinese Language.

**ii. Ndola Provincial Health Office**

- The 30 ton pressing machine had broken seals.
- The wheel alignment machine had its operating Software installed in Chinese Language.

**iii. Mansa Provincial Health Office**

The wheel alignment machine was non - functional since its installation in 2017 due to a faulty computer processing unit (CPU).

**iv. Kabwe Provincial Health Office**

The keys positions for auto mechanic and auto electrical mechanic were not filled.

**j. Failure to Recover Advances**

The Terms and Conditions of Service for the Public Service No. 92 requires that an advance of salary is recovered within a reasonable period but not exceeding six (6) months.

Contrary to the Terms and Conditions of Service, recoveries in respect of salary and tuition advances in amounts totalling K465,880 paid to seventy seven (77) officers at four (4) stations, during the period under review, had not been effected as at 30<sup>th</sup> June 2023. See table 10 below.

**Table 10: Failure to Recover Advances**

No.	Province	Station	No. of Officers	Salary Advance K	Tuition Advance K	Total K
1	Central	Kabwe PHO	17	39,800	72,000	111,800
2	Southern	Choma PHO	26	159,600	-	159,600
3	Lusaka	Lusaka PHO	1	-	20,000	20,000
4	Western	Mongu PHO	33	174,480	-	174,480
	<b>Total</b>		<b>77</b>	<b>373,880</b>	<b>92,000</b>	<b>465,880</b>

**k. Management of Liabilities**

**i. Failure to Withhold Value Added Tax**

The Value Added Tax (VAT) Amendment Act No.12 of 2017 and Treasury and Financial Management Circular No. 6 of 2017 directed all institutions which were appointed as tax agents to withhold and remit VAT from payments to suppliers of goods and services to the Zambia Revenue Authority (ZRA).

Contrary to the Act and the Circular, five (5) station paid amounts totalling K881,491 to various suppliers without withholding VAT in amounts totalling K121,607 during the period under review. See table 11 below.

**Table 11: VAT not Withheld**

No.	Province	Station	Payments K	VAT Payable K
1	Lusaka	Lusaka DHO	193,512	27,085
2	Southern	Chirundu DHO	213,529	33,091
		Mazabuka DHO	131,019	18,072
3	Eastern	Lundazi DHO	225,482	31,101
4	Luapula	Nchelenge DHO	117,949	12,257
	<b>Total</b>		<b>881,491</b>	<b>121,607</b>

**ii. Failure to Settle Outstanding Bills**

As at 30<sup>th</sup> April 2023, twenty six (26) stations had outstanding bills in amounts totalling K483,610,425 owed to suppliers of goods and services, other personal emoluments and utility bills. See table 12 below.

**Table 12: Outstanding Bills**

No.	Province	Station	Utility/ Suppliers Amount K	Personnel Emoluments Amount K	Total K
1	Eastern	Chipata - PHO	-	40,209,514	40,209,514
		Chipata DHO	-	1,881,064	1,881,064
		Lundazi DHO	-	1,350,645	1,350,645
		Chasefu DHO	-	811,911	811,911
		Chipangali DHO	-	664,262	664,262
2	Northern	Kasama PHO	-	290,789.00	290,789
		Mpulungu DHO	374,370	5,286,716	5,661,086
		Kasama DHO	-	8,245,676	8,245,676
3	Copperbelt	Ndola PHO	-	82,486,711	81,921,886
4	Luapula	Mwense DHO	39,281	-	39,281
		Kawambwa DHO	-	1,987,128	1,987,128
5	Southern	Choma - PHO	13,235,370	67,047,154	80,282,524
		Chirudu DHO	-	3,362,825	3,362,825
		Siavonga DHO	-	5,079,600	5,079,600
6	Muchinga	Chinsali PHO	-	306,394	306,394
		Chinsali DHO	-	4,499,162	4,499,162
		Mpika DHO	119,260	8,104,550	8,223,810
		Kanchibiya DHO	120,624	1,021,484	1,142,108
		Isoka DHO	-	5,112,666	5,112,666
7	Western	Nakonde DHO	5,357,779.00	-	5,357,779
		Mongu PHO	-	56,426,553	56,426,553
8	Lusaka	Sesheke DHO	27,738.00	-	27,738
		Lusaka PHO	-	79,747,662	79,747,662
9	North Western	Solwezi PHO	-	15,968,201	15,968,201
10	Central	Kabwe PHO	-	74,326,652	74,326,652
		Mkushi DHO	-	683,510	683,510
		<b>Total</b>	<b>19,274,422</b>	<b>464,900,828</b>	<b>483,610,425</b>

## **21 Head: 46 Ministry of Health - Personnel Emoluments (Payroll)**

### **21.1 Mandate**

The Ministry is mandated to provide effective, quality healthcare services to the citizens.

### **21.2 Audit Findings**

A review of the payroll system, financial and other records related to the payroll at the Ministry and selected stations for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

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

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a provision of K5,507,086,569 was made for salaries and other personnel emoluments related expenses and the whole amount was released.

As at 31<sup>st</sup> December 2022, amounts totalling K7,074,933,542 were spent resulting in excess expenditure of K1,567,846,973.

#### **b. Failure to Replace Successful Candidates who did not Report**

In March 2022, the Ministry of Health through the Civil Service Commission advertised for the recruitment of 11,276 suitably qualified health workers under the following conditions:

- Must be a Zambian Citizen and have Green National Registration Card (NRC);
- Must be between 18 – 45 years old;
- Must have a full Grade Twelve (12) School Certificate with five (5) O' levels or better including English Language;
- Must be registered with Health Professions Council of Zambia (HPCZ) and possess a current Practicing License where applicable;
- Must have a valid temporal or full Registration certificate where applicable; and
- Must be ready to work where their services are needed for a minimum period of four (4) years.

The recruitment was conducted through various committees constituted at National, Provincial and District levels.

On 29<sup>th</sup> July 2022, the Civil Service Commission (CSC) published a list of 11,276 successful applicants who were expected to collect their appointment letters and report at their various stations between 1<sup>st</sup> September and 30<sup>th</sup> September 2022. See table 1 below.

**Table 1: Recruitment of Health Workers**

No.	Province	No of Facilities	No. of Positions on TA	Reported Candidates	Variance
1	Central	289	1,190	1,119	71
2	Copperbelt	299	1,367	1,343	24
3	Eastern	252	1,113	1,083	30
4	Luapula	262	1,052	1,047	5
5	Lusaka	220	954	985	(31)
6	Muchinga	160	836	795	41
7	Northern	254	1,059	1,045	14
8	North-Western	262	1,047	997	50
9	Southern	358	1,354	1,355	(1)
10	Western	311	1,304	1,286	18
	<b>Total</b>	<b>2,667</b>	<b>11,276</b>	<b>11,055</b>	<b>221</b>

As at 20<sup>th</sup> February 2023, a total of 166 candidates had not collected their appointment letters and reported at their various stations. It was however observed that the officers had not been replaced despite having a reserve list of candidates who met the criteria but could not be recruited due to the limited number of available positions.

Although management indicated that a directive was given to the Human Resource Committees to commence the replacement process, as at 31<sup>st</sup> July 2023, the process had not commenced.

**c. Officers Introduced on Payroll without Supporting Documentation**

Section 12 (a) of the Public Service Terms and Conditions of Service requires an officer on appointment to the public service to submit to the responsible officer Arrival Advice Form 81 as confirmation of arrival at duty station. The submitted forms are then used to introduce that officer on the payroll with effect from the date of arrival.

During the period under review, a total of 475 officers were introduced on payroll through transfers or first appointment and paid salaries in amounts totalling K4,045,224.

However, no documentation such as appointment letters, transfer letters and arrival advice were availed for audit to support the introductions. See table 2 below.

**Table 2: Unsupported Payroll Introductions**

No.	Province	No of Officers	Amount K
1	Western	6	502,144
3	Lusaka	375	3,113,464
4	Northern	10	55,578
5	Luapula	7	32,487
6	North-Western	77	341,551
	<b>Total</b>	<b>475</b>	<b>4,045,224</b>

**d. Ungazetted Health Facilities with/without Establishment Registers**

An examination of records and visits to selected stations in the provinces revealed that there were 233 ungazetted facilities, 3,094 gazetted facilities with partial establishment and 218 facilities with establishment but without Treasury Authority. See table 3 below.

**Table 3: Status of Health Facilities**

No.	Province	Number of Ungazetted facility	Gazetted Facilities With Partial Establishment	No. of Facilities Without Establishment	Facilities with Establishment Without Treasury Authority
1	Central	14	312	14	14
2	Copperbelt	27	335	27	32
3	Eastern	1	383	1	77
4	Luapula	46	296	46	30
5	Lusaka	12	236	12	8
6	Muchinga	31	160	31	9
7	North Western	35	301	35	8
8	Northern	23	321	23	24
9	Southern	25	429	25	9
10	Western	19	321	19	7
	<b>Total</b>	<b>233</b>	<b>3094</b>	<b>233</b>	<b>218</b>

The above condition contributed to the misplacement of 10,332 officers, representing 14% of the total 72,031 staff on the payroll for the Ministry, whose pay-points were different from their physical stations. See table 4 below.

**Table 4: Misplacement of Payroll Area**

No.	Province	No. of Officers on Payroll	No. of Misplaced Officers	% Misplaced
1	Central	6,445	911	14%
2	Copperbelt	11,713	1,281	11%
3	Eastern	5,902	991	17%
4	Luapula	5,064	1,117	22%
5	Lusaka	15,609	893	6%
6	Muchinga	3,463	658	19%
7	Northern	5,132	752	15%
8	North-Western	4,482	1,826	41%
9	Southern	8,867	1,195	13%
10	Western	5,354	708	13%
	<b>Total</b>	<b>72,031</b>	<b>10,332</b>	<b>14%</b>

As at 31<sup>st</sup> July 2023, the pay-points and the physical location of the officers had not been normalised.

**e. Health Facilities with Unfunded Structure**

On 7<sup>th</sup> February 2022, the Cabinet Office approved the organisation structure for 601 facilities with 10,700 positions. Out of these, 383 facilities with 6,493 positions were granted Treasury Authority leaving a balance of 218 with 4,207 unfunded positions. See table 5 below.

**Table 5: Unfunded Structure**

No	Facility	Approved No of Facilities	No of Positions per Facility	Total Positions	Facilities not Funded	Unfunded Positions	Funded Facilities	Funded Positions
1	District Health Offices	11	29	319			11	319
2	First Level Hospitals	4	223	892	4	892	0	0
3	Mini Hospitals	48	60	2880		0	48	2880
4	Training Schools	12	97	1164	12	1164	0	0
5	One Zonal Health Centre	1	60	60	1	60	0	0
6	Rural Health Centres	45	13	585	27	351	18	234
7	Health Posts	480	10	4800	174	1740	306	3060
	<b>Total</b>	<b>601</b>		<b>10,700</b>	<b>218</b>	<b>4207</b>	<b>383</b>	<b>6493</b>

In their response dated 16<sup>th</sup> June 2023, management attributed the unfunded health facilities to inadequate funds.

**f. Payments of Salaries to Ghost Employees**

A headcount carried out in July 2023 revealed that total amount of K4,341,655 was paid to six (6) individuals who were purportedly employees of Ministry of Health during the period from April 2010 to July 2023. See table 6 below.

**Table 6: Salaries to Ghost Employees**

Emp No.	Paypoint	Date Introduced	Date Terminated	Amount Paid K	Comment
277085	Kazungula District Health Office	3/4/2016	Still on payroll	675,476	Not known
111411	Livingstone District Health Office	4/1/2010	Still on payroll	846,355	Not known
241843	Sinazongwe District Health Office	8/1/2013	Still on payroll	838,385	Not known
166952	Kitwe District Health Office	4/30/2012	7/30/2023	690,770	Not known
232923	Kitwe District Health Office	11/28/2012	7/31/2023	769,422	Not known
295035	Kitwe District Health Office	3/28/2017	7/31/2023	521,247	Not known
	<b>Total</b>		<b>Total</b>	<b>4,341,655</b>	

**g. Irregular Payment of Allowances****i. Irregular Payment of Rural and Remote Hardship Allowances**

Section 166 of the Terms and Conditions of Service for the Public Service read with the Public Service Management Division Circular No. B2 of 2010 requires an officer serving in an area declared to be rural and remote to be entitled to receive a hardship allowance at the rate as may be determined by the Government from time to time.

However, during the period under review, amounts totalling K9,704,889 were irregularly paid as rural hardship allowance to 960 officers who were not eligible in that their work stations were not designated for payment of such an allowance.

In an effort to address the irregularity, the Ministry had effected recoveries. However, as at 31<sup>st</sup> July 2023, only a total of K11,028 had been recovered from thirteen (13) officers leaving a balance of K9,693,861. See table 7 below.

**Table 7: Rural Hardship Allowance**

No.	Province	No. of Officers	Amount Paid K	Recovered Amount K	Outstanding Balance K
1	Central	184	1,315,047	-	1,315,047
2	Copperbelt	76	1,419,376	-	1,419,376
3	Luapula	56	713,506	11,028	702,478
4	Lusaka	79	135,612	-	135,612
5	North Western	107	990,985	-	990,985
6	Northern	223	1,921,892	-	1,921,892
7	Southern	183	2,744,281	-	2,744,281
8	Western	52	464,189	-	464,189
	<b>Total</b>	<b>960</b>	<b>9,704,889</b>	<b>11,028</b>	<b>9,693,861</b>

In addition, amounts totalling K2,669,991 were paid as remote hardship allowance to 170 officers who were not eligible to receive the allowance in that their work stations were not designated for payment of the allowance.

As at 31<sup>st</sup> July 2023, amounts totalling K972,491 were recovered from forty nine (49) officers leaving a balance of K1,697,500. See table 8 below.

**Table 8: Remote Hardship Allowance**

No.	Province	No. of Officers	Amount Paid K	Recovered Amount K	Outstanding Balance K
1	Central	33	1,192,397	958,742	233,655
2	Western	22	306,257	-	306,257
3	Lusaka	4	4,910	-	4,910
4	Copperbelth	15	241,023	-	241,023
5	North Western	33	332,520	-	332,520
6	Northern	13	142,049	13,750	128,299
7	Luapula	5	34,149	-	34,149
8	Southern	45	416,687	-	416,687
	<b>Total</b>	<b>170</b>	<b>2,669,991</b>	<b>972,491</b>	<b>1,697,500</b>

**ii. Payment of Remote Instead of Rural Hardship Allowance**

Two hundred and nine (209) officers at the Provincial office who were entitled to rural hardship allowance in amounts totalling K1,998,304 were instead paid remote hardship allowance in amounts totalling K2,497,880 resulting in overpayments in amounts totalling K495,693.

As at 31<sup>st</sup> July 2023, amounts totalling K40,347 had been recovered from 154 officers leaving a balance of K455,346. See table 9 below.

**Table 9: Officers with Remote instead of Rural Hardship**

Province	No. of Officers	Amount Paid K	Amount Entitled K	Over Payment K	Recovered Amount K	O/standing Amount K
Muchinga	14	182,102	145,682	32,537	-	32,537
Western	195	2,315,778	1,852,623	463,156	40,347	422,809
<b>Total</b>	<b>209</b>	<b>2,497,880</b>	<b>1,998,304</b>	<b>495,693</b>	<b>40,347</b>	<b>455,346</b>

**iii. Commuted Night Duty Allowance**

The Terms and Conditions of Service No. 167 (i) states, “Commutated night duty allowance shall be paid to nursing and paramedical personnel who work during the night over and above normal working hours.”

Contrary to the Terms and Conditions of Service, commuted night duty allowance in amounts totalling K32,577 was irregularly paid to nine (9) officers who were not eligible in that they were neither nurses nor paramedical staffs.

As at 31<sup>st</sup> July 2023, the irregularly paid allowances had not been recovered.

**iv. Retired Employees Paid Repatriation Still Receiving Housing Allowance**

The Public Service Management Division (PSMD) Circular No. B26 of 2022 regarding payment of allowances to retirees that are retained on payroll stipulates as follows:

- Retired employees that served on permanent and pensionable terms of appointment that are retained on the payroll pending payment of pension benefits should be entitled to receive the last basic salary and housing allowance;
- The housing allowance should only be paid to retired employees that are not accommodated in government housing facilities; and
- Retired employees that are yet to be paid their pension benefits but have been paid the repatriation allowance should be entitled to receive the basic salary only.

Contrary to the Circular, a review of the Integrated Financial Management Information System (IFMIS) and Payroll Management and Establishment Control (PMEC) revealed that fifteen (15) retired officers who were paid repatriation allowances remained on payroll and drew housing allowances amounting to K259,462.

As at 31<sup>st</sup> July 2023, no recoveries had been made.

**h. Weaknesses in the Administration of Terminated Officers**

The following were observed:

**i. Payment of Salaries to Officers who Resigned**

The Public Service Management Division (PSMD) Circular No. B1 of 2019 (d) requires that employees who are separated from employment by way of resignation, dismissal or discharge should be terminated from the payroll with effect from the date of resignation, dismissal or discharge.

A review of the payroll and other records revealed that fifteen (15) officers were paid salaries in amounts totalling K2,184,683 for periods ranging between five (5) to fifty two (52) months after the date of resignation.

As at 31<sup>st</sup> July 2023, the Ministry had not recovered the amounts irregularly paid as salaries to officers who were not rendering a service. See table 10 below.

**Table 10: List of Officers who Resigned**

<b>Emp No.</b>	<b>Date Resigned</b>	<b>Date Terminated</b>	<b>Period of Delay (months)</b>	<b>Amount Paid K</b>	<b>District</b>
233837	8/30/2021	4/30/2023	20	186,891	Livingstone
345839	7/2/2020	7/30/2022	24	100,619	Livingstone
108536	12/11/2020	3/30/2022	15	22,865	Kalomo
227150	9/16/2021	3/30/2022	6	25,562	Kalomo
298595	12/31/2018	1/31/2022	37	229,278	Lusaka
215835	12/31/2021	6/30/2022	5	47,201	Lusaka
165289	7/27/2021	3/30/2022	8	58,048	Mazabuka
289793	2/1/2021	7/31/2023	29	251,277	Chinsali
136454	1/11/2021	6/30/2023	29	140,645	Lusaka
190420	3/17/2020	9/30/2022	30	220,232	Lusaka
203201	4/1/2021	5/30/2022	13	205,682	Lusaka
272963	3/1/2021	1/31/2022	10	46,140	Lusaka
123679	3/15/2019	7/31/2022	40	285,894	Kafue
208537	1/1/2018	5/31/2022	52	341,258	Lusaka
250503	3/1/2022	8/31/2022	5	23,090	Masaiti
<b>Total</b>				<b>2,184,683</b>	

**ii. Payment of Salaries to Deceased Officers**

Section 35 (f) of the Terms and Conditions of Service for the Public Service provides that a responsible officer should terminate payment of salary upon death of an officer.

A review of the payroll and other records revealed that nine (9) officers were paid salaries in amounts totalling K935,230 for periods ranging from four (4) to fifty nine (59) months after the date of death notice.

As at 31<sup>st</sup> July 2023, the Ministry had not recovered the amounts. See table 11 below.

**Table 11: Payment to Deceased Officers**

<b>Emp No.</b>	<b>Date of Death</b>	<b>Date Terminated</b>	<b>Period of Delay (Months)</b>	<b>Amount Paid K</b>	<b>District</b>
253631	3/26/2019	1/31/2022	34	204,496	Sinazongwe
273784	9/18/2020	7/31/2023	34	53,254	Livingstone
119205	11/11/2021	5/31/2022	6	45,993	Livingstone
109307	2/22/2022	3/31/2023	13	33,296	Mazabuka
232486	11/25/2021	3/31/2022	4	30,668	Kalomo
203538	9/27/2021	3/31/2022	6	25,562	Kafue
191458	7/22/2018	7/21/2023	59	431,707	Lusaka
249554	5/1/2021	1/31/2022	8	56,823	Kafue
259378	12/10/2021	11/30/2022	11	53,432	Lusaka
<b>Total</b>				<b>935,231</b>	

**iii. Delayed Transfer of Officers to Seperatees' Payroll**

Section 2 (g) of the Treasury and Financial Management Circular No. 9 of 2020 gives additional roles to the Director Human Resource in line Ministries or Head of Human Resource, at Provincial or District level to transfer all the retirees timeously to Seperatees' payroll.

Contrary to the Circular, twenty two (22) retired officers were retained on main payroll and irregularly paid allowances in amounts totalling K816,900 for periods ranging from four (4) to thirty (30) months.

As at 31<sup>st</sup> July 2023, the irregularly paid allowances had not been recovered. See table 12 below.

**Table 12: Returned Retired Officers**

<b>EmpNo</b>	<b>Date of separation</b>	<b>Date Removed</b>	<b>Period of Delay</b>	<b>Amount K</b>	<b>District</b>
108401	9/22/2021	3/1/2022	5	8,167	Livingstone
108659	2/26/2021	2/28/2022	12	46,621	Mazabuka
108685	11/27/2021	5/31/2022	6	16,432	Mazabuka
108722	9/30/2021	5/31/2022	8	21,289	Mazabuka
119051	2/28/2021	1/31/2022	11	6,124	Mazabuka
119052	11/3/2021	12/31/2022	13	6,440	Mazabuka
109024	2/27/2022	11/9/2022	8	13,702	Mazabuka
107799	31/06/2021	6/30/2022	12	17,766	Kalomo
108523	5/31/2021	7/31/2023	26	50,091	Kalomo
108536	12/11/2020	3/31/2023	27	25,851	Kalomo
108593	7/31/2021	4/30/2022	8	15,390	Livingstone
108806	6/27/2022	10/31/2022	4	8,080	Livingstone
114931	9/30/2019	4/1/2022	30	44,768	Livingstone
134199	5/31/2020	2/28/2022	20	30,319	Livingstone
108183	11/27/2021	4/30/2022	5	41,122	Sinazongwe
109564	6/1/2022	2/28/2023	8	61,224	Sinazongwe
109101	3/31/2022	7/31/2022	4	12,624	Chikankata
120868	4/30/2021	6/30/2022	14	28,280	Livingstone
103846	8/31/2021	4/30/2023	19	17,133	Livingstone
227415	10/25/2020	11/30/2022	25	345,478	Livingstone
<b>Total</b>				<b>816,900</b>	

**iv. Salaries Paid to Deserters**

The Terms and Conditions of Service for the Public Service No. 60 (a) and (b) provides that an officer who is absent from duty without leave for a continuous period of ten (10) or more working days should be liable to dismissal. An officer should not be paid a salary for the period he or she is absent from duty without leave unless he or she produces satisfactory evidence justifying such absence.

Contrary to the Terms and Conditions of Service, thirteen (13) officers who were absent from duty for periods ranging from five (5) to twenty six (26) months had not been separated from the Service.

As at 31<sup>st</sup> July 2023, the officers had been paid salaries in amounts totalling K1,419,574 which had not been recovered. See table 13 below.

**Table 13: Payments to Deserters**

Emp No.	Date Deserted	Date Terminated	Months	Amount Paid K	District
397296	01/09/2022	31/03/2023	6	58,674	Mbala
234958	01/09/2022	31/07/2023	10	404,403	Chembe
253380	01/09/2022	7/31/2023	10	96,610	Chembe
406620	03/11/2022	31/07/2023	8	62,373	Chembe
403441	01/10/2022	31/07/2023	9	82,920	Lunte
401081	15/09/2022	31/03/2023	6	31,913	Mbala
340707	04/05/2021	31/07/2023	26	122,358	Mansa
298514	01/02/2022	31/07/2023	17	69,767	Mpika
246549	26/10/2021	31/10/2022	12	109,485	Mazabuka
295103	06/06/2022	31/07/2023	13	109,607	Monze
327957	20/09/2022	28/02/2023	5	46,732	Siavonga
327995	16/08/2021	31/03/2023	19	165,925	Gwembe
185532	01/07/2022	01/07/2023	12	58,807	Livingstone
<b>Total</b>				<b>1,419,574</b>	

**v. Irregular Payment of Salaries to Employees on Unpaid Leave**

The Terms and Conditions of Service for the Public Service No. 114 stipulates that the Permanent Secretary, Public Service Management Division may grant unpaid leave for up to one (1) year to an officer for personal reasons. An officer who has been granted unpaid leave should continue to pay pension contributions in accordance with section 30, sub-section four (4) of the Public Service Pension Act, 1996.

During the period under review, nine (9) officers who were granted unpaid leave for a period of one (1) year were irregularly paid salaries in amounts totalling K974,886 for the period they were on unpaid leave.

In addition, third-party obligations for both employer and employee contribution had continued to be settled by the Ministry of Finance and National Planning.

As at 31<sup>st</sup> July 2023, the Ministry had not recovered the amounts irregularly paid as salaries to officers who were not rendering a service. See table 14 below.

**Table 14: Employees on Unpaid Leave**

No.	Date of separation	Date Removed	Period of Delay	Amount K	District	Reason
1	2/28/2023	7/31/2023	5	44,089	Livingstone	Unpaid leave
2	9/1/2021	8/1/2022	11	74,292	Kalomo	Unpaid Leave
3	9/1/2020	5/31/2023	32	195,426	Lusaka	Unpaid leave
4	7/1/2020	11/30/2022	28	368,497	Lusaka	unpaid leave
5	6/3/2021	2/28/2022	8	38,493	Lusaka	unpaid leave
6	6/1/2021	2/28/2022	8	108,534	Lusaka	unpaid leave
7	6/24/2021	3/31/2022	9	61,573	Lusaka	unpaid leave
9	9/20/2021	9/30/2022	12	83,983	Chingola	Unpaid Leave
	<b>Total</b>			<b>974,886</b>		

**vi. Termination from Payroll without Authority**

Sections 35(f), 36(a), 38(a) and 60(a) of the Terms and Conditions of Service for the Public Service stipulates that a responsible officer can terminate the payment of a salary on account of death, resignation, retirement and absenteeism.

During the period under review, 109 officers who were on the payroll for periods ranging from eight (8) month to 125 months and paid salaries in amounts totalling K840,244 were terminated from the payroll without provision of documentation such as death certificates, dismissal letters, resignation letters and transfer letters. See table 15 below.

**Table 15: Unsupported Termination from Payroll**

Station	No of Officers	Amount K
Muchinga	2	88,187
Lusaka	107	752,058
<b>Total</b>	<b>109</b>	<b>840,244</b>

**i. Salaries Paid to Officers without Valid Contracts**

Section 52 (7) (d) of the Employment Code Act No. 3 of 2019 provides that a contract of employment expires in any other manner in which a contract of employment lawfully expires or is deemed to expire.

During the period under review, twelve (12) officers who had their contract of employment terminated/expired were irregularly paid salaries in amounts totalling K2,067,388.

However, the Ministry continued to maintain the officers on payroll for the periods ranging from seven (7) to sixty two (62) months after their contracts expired.

As at 31<sup>st</sup> July 2023, the amounts had not been recovered from the officers. See table 16 below.

**Table 16: Payment of Salaries to Officers without Contracts**

Emp No.	Date of separation	Date Removed	Period of Delay	Amount K	District
255214	2/13/2017	4/30/2022	62	387,835	Mazabuka
109037	10/28/2019	4/30/2022	30	216,576	Chikankata
209040	12/30/2019	4/30/2022	28	194,308	Livingstone
227698	5/31/2021	4/30/2022	10	71,332	Livingstone
208997	12/31/2019	4/30/2023	39	43,168	Livingstone
330082	1/13/2022	8/28/2022	7	62,887	Mazabuka
208989	12/9/2019	2/28/2023	38	278,363	Livingstone
227698	5/31/2021	4/30/2022	10	18,918	Livingstone
208997	10/30/2019	4/30/2022	30	42,060	Livingstone
209040	2/28/2020	4/30/2022	26	39,323	Livingstone
125109	11/1/2019	5/31/2023	42	271,240	Kitwe
202144	6/1/2018	6/30/2023	60	441,379	Kitwe
<b>Total</b>				<b>2,067,389</b>	

**j. Overpayment of Salary to Officers on Wrong Salary Notches**

PSMD Circular No. B19 of 2015 revised minimum basic salary scale and entry notches for unionised serving employees and those recruited on or after 1<sup>st</sup> January 2016.

However, a review of personnel files revealed that 9,276 officers were placed in higher notches than required. Consequently, the officers were paid basic salary of K3,641,650 instead of K3,118,300 resulting in an overpayment of K523,350.

As at 31<sup>st</sup> July 2023, the positions had neither been normalised nor the overpayments recovered. See table 17 below.

**Table 17: Overpayment of Salaries**

No.	Province	No. of Officers	No. of Transactions	Paid Basic Pay K	Expected Basic Pay K	Variance K
1	Central	3	26	189,649	164,400	25,249
2	Copperbelt	6	72	419,677	381,600	38,077
3	Eastern	2	24	157,518	132,000	25,518
4	Luapula	19	224	1,419,834	1,160,000	259,834
5	Lusaka	13	135	842,363	711,000	131,363
6	Muchinga	1	2	11,602	11,000	602
7	Northern	3	25	138,993	126,300	12,693
8	Southern	3	34	189,447	179,000	10,447
9	Western	5	55	272,565	253,000	19,565
	<b>Total</b>	<b>55</b>	<b>597</b>	<b>3,641,648</b>	<b>3,118,300</b>	<b>523,348</b>

## **22 Head: 51 Ministry of Transport and Logistics**

### **22.1 Mandate**

The Ministry is mandated to formulate and implement Government policies as well as regulate the transport and logistics sector to enhance the sectors' contribution to sustained social economic growth and development for the people of Zambia.

### **22.2 Audit Findings**

An examination of accounting and other relevant records maintained at the Ministry headquarters for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

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

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a provision of K529,474,864 was made to cater for operations of the Ministry against which amounts totalling K525,985,713 were released resulting in an under funding of K3,489,151.

As at 31<sup>st</sup> December 2022, amounts totalling K525,784,965 had been spent.

#### **b. Accounting Irregularities**

##### **i. Unaccounted for Stores**

Regulation 16 of the Finance (Control and Management) (Public Stores) Regulations requires that every stores officer or any other officer having in his

charge any public stores or other articles of public property must keep and maintain a record of the receipt and issue of such public stores.

Contrary to the Regulation, various stores items costing K54,922 procured during the period under review were not accounted for in that there were no receipt and disposal details.

**ii. Unsupported Payments**

Regulation 72 (1) of the Public Finance Management (General) Regulations of 2020 states that, “A payment voucher with supporting documents, and any other forms which support a charge entered in the accounts, shall be filed, secured against loss, and be readily available for audit.”

Contrary to the Regulation, various payments in amounts totalling K138,743 made during the period under review were not supported with relevant documentation.

**c. Lack of Title Deeds for Properties**

Section 41 (4) of the Public Finance Management Act No. 1 of 2018 requires that controlling officers ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, the Ministry did not secure title deeds for parcels of land on which three (3) buildings were located. See table 1 below.

**Table 1: Properties without Title Deeds**

No.	Name of the Buildings	Location
1	Government Printing Department	Lusaka
2	Office and Equipment Maintenance Department	Lusaka
3	Office and Equipment Maintenance Department	Chipata

**d. Staff Related Matters**

**i. Failure to Avail Other Personnel Emoluments Expenditure Records**

The Ministry was allocated and funded amounts totalling K5,310,213 towards the payment of outstanding other personnel emoluments.

It was however noted that the Ministry did not have expenditure records to support the payments in amounts totalling K875,350 made between November and

December 2022 thereby making it difficult to ascertain the validity of the payments.

**ii. Irregular Payment of Salary to an Officer on Unpaid Leave**

A review of accounting and other documents availed for audit revealed that one (1) officer went on an unpaid leave which commenced on 3<sup>rd</sup> August 2022.

However, it was observed that despite the officer being on an unpaid leave, she was paid salaries in amounts totalling K28,254 for a period of five (5) months.

As at 31<sup>st</sup> July 2023, the amount had not been recovered.

**iii. Irregular Payment of Salaries to Officers Who Resigned**

A review of accounting and other documents availed for audit revealed that two (2) officers who resigned from the Civil Service between 1<sup>st</sup> January 2022 and 5<sup>th</sup> July 2022 continued getting salaries in amounts totalling K34,874 for a period of three (3) months and as at 31<sup>st</sup> July 2023, the amounts had not been recovered.

**23 Head: 51 Ministry of Transport and Logistics - Government Fleet Management**

**23.1 Motor Vehicle Management**

The Ministry is mandated to control Government transport through the Government Transport Control Unit (GTCU) who among other things is responsible for the following:

- i. Coordinating the management of Government vehicles, plant and equipment;
- ii. Coordinating the acquisition, disposal, inspection and maintenance of vehicle, plant and equipment;
- iii. Management of the national pool of vehicles, plant and equipment;
- iv. Overseeing and tracking procurement of vehicles in MPAs to ensure value for money and fit for purpose as well as taking advantage of economies of scale through bulk buying;
- v. Developing and managing the national electronic database for vehicles, plant and equipment;

- vi. Ensuring that Accidents to Government fleet are recorded and reported to relevant authorities and the Standing Accidents Board; and
- vii. Serving as Secretariat to Plant, Vehicle and Equipment Committee.

### 23.2 Audit Findings

The Office conducted an audit on motor vehicle fleet management between October 2021 to August 2022. The audit covered the period 1<sup>st</sup> January 2016 to 31<sup>st</sup> December 2021. In this regard, a review of fleet management control systems maintained by the Government Transport Control Unit (GTCU), Government fleet management Policy, various circulars and measures issued by the Secretary to the Cabinet, ZRA and RTSA databases, other documentations maintained at various Ministries, Provinces and Spending Agencies and oral interviews conducted revealed the following:

**a. Failure to Record Motor Vehicle Details and Update Fleet Management Registers**

Government motor vehicles are serially numbered with alpha numerical numbers starting with the letter “GRZ” as shown in table 1 below.

**Table 1: Serial Numbers of Motor vehicle Registration**

Year	Series From	Series To
2016	GRZ424CM	GRZ348CN
2017	GRZ349CN	GRZ182CP
2018	GRZ183CP	GRZ449CR
2019	GRZ450CR	GRZ299CS
2020	GRZ300CS	GRZ453CV
2021	GRZ454CV	GRZ115CX

The total number of motor vehicles recorded in the register as at 31<sup>st</sup> December 2021 was 4,126.

An analysis of the Government Fleet Management Register revealed that a total of 753 series of GRZ numbers were missing from the Government Fleet Management register. Further, MPAs submitted fleet management registers that were not updated in that some motor vehicles were not recorded.

## b. Unaccounted for Motor Vehicles

An analysis of the Zambia Revenue Authority (ZRA) database revealed that a total of 1,002 motor vehicles whose Value for Duty Purposes (VDP) was K464,930,734 were procured by various Ministries using their TPINs during the period under review were not accounted for as the motor vehicles were not recorded in the various MPAs fleet management registers and could not be traced to the Road Transport and Safety Agency (RTSA) database and their physical whereabouts were not known as at 31<sup>st</sup> July 2023.

There was a risk that private individuals were using Ministries' TPINs to procure private motor vehicles and thereby evading tax. See table 2 below.

**Table 2: Unaccounted for Motor Vehicles**

No.	Name of Ministry	No of Vehicles	Value for Duty Purposes K
1	Ministry of Transport and Logistics	44	121,038,287
2	Ministry of Local Government and Rural Dev	146	56,581,238
3	Ministry of Water Development and Sanitation	26	16,546,958
4	Ministry of Home Affairs and Internal Security	191	80,141,184
5	Ministry of Finance and National Planning	132	43,694,134
6	Ministry of Health	30	9,385,460
7	Ministry of Energy	40	28,660,860
8	Ministry of Commerce, Trade and Industry	8	2,325,779
9	Ministry of Technology and Science	2	418,723
10	Ministry of Tourism and Arts	2	2,160,753
11	Ministry of General Education	329	95,228,169
12	Ministry of Agriculture	43	7,620,778
13	Ministry of Chiefs and Traditional Affairs (In Dissolution)	9	1,128,410
	<b>Total</b>	<b>1,002</b>	<b>464,930,734</b>

In their responses to the audit queries regarding the above unaccounted for vehicles, the Controlling Officers stated that they were still verifying information to establish the status of the motor vehicles except for the following ministries:

### i. Ministry of Transport and Logistics

An audit query dated 13<sup>th</sup> January 2022, was issued to the Controlling Officer - Ministry of Transport and Logistics to account for the forty four (44) motor vehicles as stated in table 2 above.

In an internal memo dated 19<sup>th</sup> January 2022 from the CGT to the Director of Finance Ministry of Transport and Logistics, the CGT stated that the

procurement and ownership of the above stated motor vehicles was not done by the Ministry of Transport and Logistics. The CGT further stated that evidence for the location of the motor vehicles could not be ascertained by the Ministry of Transport and Logistics as it was not the one that procured the vehicles in question.

**ii. Ministry of Energy**

A total of forty (40) motor vehicles costing K28,660,860 that were procured by the Ministry of Energy as per the ZRA database were not traced to the RTSA database and the Ministry's fleet management register and therefore their ownership could not be established despite being procured by the Ministry.

An Audit Query dated 3<sup>rd</sup> January 2022 referenced OAG/101/2/87 was issued to the Controlling Officer at the Ministry of Energy to account for the above stated vehicles.

In his response dated 10<sup>th</sup> January 2022 and referenced MOE/71/27/1, the Controlling Officer stated that although the Zambia Revenue Authority database showed that the vehicles were procured by the Ministry using its TPIN, the forty (40) motor vehicles did not belong to the Ministry of Energy and therefore could not be made available for physical inspection.

However, as at 31<sup>st</sup> July 2023, the status on all the missing motor vehicles remained the same.

**c. Motor Vehicles on RTSA Database but not recorded on the MPAs' Fleet Registers**

A comparison of data extracted from the ZRA database and RTSA database for GRZ motor vehicles procured by various MPAs using their TPINs with the data extracted from the GTCU GRZ Fleet Management Register revealed that 290 motor vehicles although registered with GTCU and RTSA were not accounted for in that they were not recorded in the respective MPAs' fleet management registers and their physical whereabouts were not known as at 31<sup>st</sup> July 2023. See table 3 below.

**Table 3: Motor Vehicles not on MPAs Registers**

No.	Name of Ministry	No of Vehicles	Value for Duty Purposes K
1	Ministry of Local Government and Rural Development	68	18,877,512
2	Ministry of Water Development and Sanitation	27	10,015,355
3	Ministry of Transport and Logistics	7	4,566,231
4	Ministry of Health	6	4,073,698
5	Ministry of Energy	14	3,324,168
6	Ministry of Commerce, Trade and Industry	44	11,827,862
7	Ministry of General Education	124	35,770,336
	<b>Total</b>	<b>290</b>	<b>88,455,162</b>

As at 31<sup>st</sup> July 2023, the vehicles were still unaccounted for.

**d. Government Motor Vehicles registered in Private Individual Names - Ministry of General Education**

A total of eight (8) motor vehicles costing K1,838,492 were procured by the Ministry of General Education as per the ZRA database during the period from 2016 to 2021. However, an analysis of the RTSA database revealed that the eight (8) motor vehicles were registered in private number plates and were owned by private individuals.

As at 31<sup>st</sup> July 2023, the Ministry had not explained the circumstances in which the ownership of the vehicles had changed from Government to private hands.

**e. Unaccounted for Project Motor Vehicles - Ministry of Water Development and Sanitation**

Five (5) motor vehicles procured for the rehabilitation and improvement of water supply systems project in Mpika, Kasama and Mbala were unaccounted for despite being handed over to the Ministry on 11<sup>th</sup> March 2019 by UNIK Construction Engineering Ltd. See table 4 below.

**Table 4: Unaccounted for Project Vehicles**

<b>Reg No.</b>	<b>Make/Type</b>
BAD 9179	Ford Everest
BAE 1789	Toyota Hilux
BAE 5758	Toyota Hilux
BAE 5754	Toyota Hilux
BAE 5755	Toyota Hilux

**f. Missing GRZ Motor Vehicles Collected by CGTU from the Ministry of Local Government and Rural Development (MLGRD)**

Two (2) motor vehicles collected by the CGTU in April 2020 from the MLGRD for the purpose of COVID 19 pandemic activities and State Functions during the period under review were as at 31<sup>st</sup> July 2023 not accounted for in that the vehicles were not returned to the Ministry and CGTU could not account for the same vehicles. See table 5 below.

**Table 5: Unaccounted for Motor vehicles by CGT**

<b>Make/Model</b>	<b>Engine No.</b>	<b>Chassis No.</b>	<b>M/Vehicle Reg. Number</b>	<b>Date Borrowed</b>
Toyota Hilux D/CAB	1KDA456201	AHTFZ29GX09112136	ALT 8482	1/4/2020
Toyota Hilux D/CAB	1KD7214611	609004855	GRZ 853BX	Not Indicated

**g. Unaccounted for old GRZ Motor Vehicles – Ministries of General Education and Transport and Logistics**

Eighteen (18) old motor vehicles owned by different Ministries were unaccounted for in that their physical location could not be ascertained as at 31<sup>st</sup> July 2023. See table 6 below.

**Table 6: Unaccounted for old Motor Vehicles**

Vehicle Reg No	Make	Chassis No.	Engine No	Ministry/ Department
ZP672B	Nissan Navara	-	-	Ministry of transport and Logistics
GRZ685CH	Nissan Navara	MNTVCuD40Z0040532	YD25360347T	Ministry of transport and Logistics
GRZ758BR	Mercedes Benz	JN1TC5Y61Z0521528	TB42162159	Ministry of transport and Logistics
GRZ100BR	Mercedes Benz	WDB201652A227056	11294431053794	Ministry of transport and Logistics
GRZ853BN	Mercedes Benz	-	-	Ministry of transport and Logistics
GRZ424CA	Toyota Corolla	E200139950	2NZ4599377	Ministry of transport and Logistics
GRZ148CH	Toyota Corolla	JTEBH9F30K046444	1KD2074886	Ministry of transport and Logistics
GRZ886CH	Higer Bus	LKLR1D599BC578063	87273876	Ministry of transport and Logistics
GRZ907CH	MG6	LSJW26G91BS090986	18K4GF020001667	Ministry of transport and Logistics
GRZ917CH	MG6	LSJW26G90BS090977	18K4GF020001773	Ministry of transport and Logistics
GRZ 616 BF	Mitsubishi 10 Tonne Truck	FM515H-A20143	6D14-598905	Ministry of transport and Logistics
GRZ 603 BF	Mitsubishi 10 Tonne Truck	FM515H-A20180	6D14-602071	Ministry of transport and Logistics
GRZ 614 BF	Mitsubishi 10 Tonne Truck	FM515H-A20117	6D14-594870	Ministry of transport and Logistics
GRZ 871 BR	Isuzu KB 250	118110	4AJ862898	Ministry of transport and Logistics
GRZ 188 CK	Nissan Patrol	JNITESY6120567181	2030-3331170K	Ministry of General Education
GRZ 496BX	Mitsubishi Pajero	-	4M41-HD1273	Ministry of General Education
GRZ 777BV	Toyota Landcruzer	-	1HZ-0506915	Ministry of General Education
GRZ 503 CF (AKB 1268)	Toyota Prado	JTEBHGFJ6oK41304	IKD-2059443	Ministry of General Education

**h. Unaccounted for GRZ Motor Vehicles - Provincial Administrations**

An examination of fleet management registers and physical inspections of motor vehicles carried out at the Provincial Administrations revealed that sixty seven (67) motor vehicles in six (6) provinces could not be accounted for in that they were not available for verification and their whereabouts was not known as at 31<sup>st</sup> July 2023. See table 7 below.

**Table 7: Unaccounted for GRZ motor vehicles at six (6) Provincial Administration**

No.	Province	District	No. of Vehicles
1	Central	Kabwe	5
		Mkushi	1
		Chibombo	2
		Itezhi tezhi	1
2	Muchinga	Chinsali	15
		Isoka	1
3	Western	Mongu	12
		Mitete	1
		Lukulu	2
4	Northern	Chilubi/ Kasama	1
4	North Western	Solwezi	11
		Chavuma	1
		Mufumbwe	1
		Mwinilunga	1
		Ikelengi	1
5	Copperbelt	Mufulira DC	1
		Kalulushi DHO	7
		Drug Enforcement Commission	1
		Ministry of Local Government - Ndola	2
	<b>Total</b>		<b>67</b>

**i. Cannibalised Government Motor Vehicles**

A physical inspection conducted at various garages and Government premises where some identified Government vehicles were parked revealed that fifty four (54) motor vehicles were cannibalised and stripped of spare parts such as engines, gear boxes and various other body parts. See table 8 below.

**Table 8 Cannibalised Government Motor Vehicles**

Ministry	No. of Vehicles
Ministry of Works and Supply	46
Ministry of Youth and Sport	7
Ministry of Health	1
<b>Total</b>	<b>54</b>

## 24 Head: 52 Ministry of Water Development and Sanitation

### 24.1 Mandate

The Ministry is mandated to develop and manage water resources as well as ensure universal access to clean and safe water and adequate sanitation services.

### 24.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

#### a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a provision of K2,211,693,903 was made to cater for the operations of the Ministry against which amounts totalling K1,177,114,969 were released resulting in an under funding of K1,121,209,049. See table 1 below.

**Table 1: Budget Provision and Funding**

Funder	Approved Estimate 2021 K	Amounts Funded K	Total Expenditure K	Under Funding K
GRZ Funding	747,809,024	685,035,290	672,987,988	62,773,734
External Assistance	1,463,884,879	405,449,564	405,449,564	1,058,435,315
Other Receipts	-	86,630,115	86,630,115	(86,630,115)
<b>Total</b>	<b>2,211,693,903</b>	<b>1,177,114,969</b>	<b>1,165,067,667</b>	<b>1,121,209,049</b>

As at 31<sup>st</sup> December 2022, amounts totalling K1,165,067,667 had been spent.

#### b. Contract Management

During the period under review, the Ministry awarded various contracts for projects in amounts totalling K830,002,569 out of which amounts totalling K391,205,857 were paid to contractors for drilling of boreholes, installation of hand pumps and construction of piped water schemes among others.

The following were observed:

##### i. Questionable Award of Contract

In 2015, the Ministry entered into a contract with DDYPE (Tender No. MLGH/NRWSSP/W/02/2015) for drilling and equipping of 480 boreholes (440 in Eastern Province and 40 on the Copperbelt) at a contract sum of K23,029,526. The contract expired in 2019 and at the time the contract expired, the contractor

had drilled and equipped 116 boreholes (107 in Eastern Province and 9 on the Copperbelt) leaving a balance of 364 boreholes undrilled.

On 12<sup>th</sup> October 2022, the Ministry engaged the same company (DDYPE) for borehole siting, drilling and installation of 192 boreholes in two provinces: Copperbelt (31) and Eastern (161) Provinces at a contract price of K17,588,590. The contract was for a period of twelve (12) months and the contractor was paid an advance payment of K4,397,148 on 2<sup>nd</sup> November 2022.

It was observed that despite the failure by the contractor to fully perform his contract entered into in 2015, the Ministry still engaged the company in 2022. In this regard, it was noted that out of the 192 boreholes the company only drilled and cased thirty four (34) boreholes (Eastern - 23 and Copperbelt - 11) which had not been equipped with handpumps as at 31<sup>st</sup> August 2023.

**ii. Construction of 120 Boreholes Equipped with Hand Pumps - Western Province**

On 28<sup>th</sup> December 2015, the Ministry entered into a contract with Kampe Investments Limited to drill 200 (80 under Lot 5 and 120 under Lot 6) boreholes equipped with hand pumps in Western Province at a contract price of K5,602,800 for Lot 5 and K7,901,456 for Lot 6 for a contract period of seven (7) months.

At the time the contract expired, the contractor had only drilled and equipped eighty (80) boreholes leaving a balance of 120 boreholes undrilled.

On 7<sup>th</sup> November 2022, the Ministry re-engaged the same contractor (Kampe Investment Limited) through direct bidding for siting, drilling and equipping of the remaining undrilled 120 boreholes at the contract sum of K11,136,000. The contract was for a period of twelve (12) months and the contractor was paid an advance payment of K2,784,000 on 23<sup>rd</sup> November 2022.

It was observed that despite the failure by the contractor to fully perform his contract entered into in 2015, the Ministry still engaged the company in 2022. In this regard, it was noted that out of the 120 boreholes, only five (5) boreholes were been drilled and equipped with handpumps and amounts totalling K511,995 had been paid to the contractor for the works done as at 31<sup>st</sup> August 2023.

**iii. Questionable Award of Borehole Drilling Contracts - Lack of Adequate Equipment**

During the period under review, the Ministry awarded six (6) contracts to DDYPE Company Limited for various works as shown in table 2 below.

**Table 2: List Contracts Awarded to DDYPE**

No.	Name of Contractor	Contract Name	Date Awarded	Contract Sum K	Advance Payment K	Status	No. of Boreholes to Drill	No. of Boreholes Drilled
1	DDYPE Company Ltd	Contract for borehole siting, drilling and installation of 972 in 9 Provinces of Zambia	23/09/2022	3,677,867	919,467	5%	45	14
2	DDYPE Company Ltd	Contract for borehole siting, drilling and installation of 972 in 9 Provinces of Zambia	23/09/2022	4,691,115	1,172,779	4%	59	0
5	DDYPE Company Ltd	Contract for Borehole Siting, Drilling, Supply and Installation of 192 Hand Pumps in Two (2) Provinces of Zambia : Copperbelt (31) and Eastern (161) Provinces Eastern	08/9/2022	17,588,590	4,397,148	5%	192	34
6	DDYPE Company Ltd	Contract for borehole siting, drilling and installation of 972 in 9 Provinces of Zambia	23/09/2022	5,729,170	1,432,293	5%	65	4
No.	Name of Contractor	Contract name	Date Awarded	Contract Sum K	Advance Payment K	Status	No. of Piped Water Schemes	No. of Piped Water Schemes Installed
7	DDYPE Company Ltd	Contract for Construction of 80 Piped Water Schemes in 9 Provinces of Zambia	26/10/2022	4,474,584	1,118,646	5%	9	0
8	DDYPE Company Ltd	Contract for Construction of 80 Piped Water Schemes in 9 Provinces of Zambia	07/11/2022	4,997,512	1,249,378	5%	10	0
		<b>Total</b>		<b>41,158,839</b>	<b>10,289,710</b>	<b>14%</b>	<b>380</b>	<b>52</b>

As can be seen from the table above, the contractor had as at 31<sup>st</sup> August 2023 drilled only fifty two (52) boreholes out of the 361 and nineteen (19) piped water schemes had not been installed.

ITB Clause 2.4 (1) - equipment capabilities per lot, of the solicitation document for drilling and installation of 972 boreholes stipulates that the applicant should own, or have assured access through purchase agreement, availability of manufacturing capacity, and the following key items of equipment in good working order. The clause further states that, “It must be understood that equipment listed for specific tenders must be the equipment to be used; the substitution with written consent or the mobilisation of inferior equipment will lead to immediate contract termination.”

Contrary to the Clause, DDYPE was awarded six (6) contracts which required the company to have a minimum of fifteen (15) rigs. However, a review of the solicitation document revealed that DDYPE Company only had three (3) rigs

which they used to bid for all the six (6) contracts that were awarded. See table 3 below.

**Table 3: Lack of Adequate Equipment**

No.	Type of Equipment	Minimum Number of Equipment Required per Lot	No. of Contracts Awarded	Total Number of Equipment Required	No. Owned by Contractor	Variance
1	Drilling rigs - Drilling of 972 boreholes	3	3	9	0	9
2	Drilling rigs - 192 boreholes	2	1	2	3	-1
3	Drilling rigs - 80 piped water schemes	2	2	4	0	4
	<b>Total</b>	<b>7</b>	<b>6</b>	<b>15</b>	<b>3</b>	<b>12</b>

## **25 Head: 76 Ministry of Youth, Sport and Arts**

### **25.1 Mandate**

The Ministry of Youth, Sport and Arts is mandated to carry out the development and implementation of youth, sport and arts development programmes in order to facilitate realisation of their full potential and contribute to their physical and mental well-being.

### **25.2 Audit Findings**

An examination of accounting and other records for the financial year ended 31<sup>st</sup> December 2022 maintained at the Ministry Headquarters and selected stations revealed the following:

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

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a provision of K164,642,178 was made to cater for various activities out of which amounts totalling K164,340,008 were released resulting in an underfunding of K302,170.

As at 31<sup>st</sup> December 2022, amounts totalling K164,037,491 had been spent.

#### **b. Support to Micro, Small and Medium Youth Enterprises**

A review of disbursement schedules provided by the Ministry revealed that during the period between August 2020 and December 2021, the Ministry disbursed amounts totalling K54,537,393 to 554 youth co-operative groups towards support to micro,

small and medium enterprises in Western, Southern, North-Western, Copperbelt, Northern and Eastern Provinces as summarised in table 1 below.

**Table 1: Loan Disbursements to Provinces**

No.	Province	No. of Beneficiary Youth Groups	Amount Paid K
1	Western	78	8,331,300
2	Southern	104	6,874,225
3	North-Western	70	4,797,950
4	Copperbelt	115	19,190,153
5	Northern	111	10,436,765
6	Eastern	76	4,907,000
	<b>Total</b>	<b>554</b>	<b>54,537,393</b>

The loan amounts ranged from K30,000 to K2,000,000 with a repayment period of thirty six (36) months inclusive of 10% administration fee. The cooperatives were required to make repayments of K59,991,132 to the Ministry for the entire loan tenure.

The following were observed:

**i. Failure to Recover Loans**

According to the loan terms and conditions, neglecting to pay the loan instalments for any reason for two (2) consecutive months without prejudice to the lender shall result in the lender terminating the agreement and issuing a notice of seizure to the borrower within seven (7) days. Further, the borrower shall forfeit the initial deposit and other payments made before and the defaulter will be reported and listed on the Credit Reference Bureau.

Contrary to the agreement, amounts totalling K29,995,566 were expected to be repaid by the 554 youth cooperative groups in eighteen (18) months from 1<sup>st</sup> July 2021 to 31<sup>st</sup> December 2022. However, only K3,413,818 had been repaid during the same period leaving an amount of K26,581,748 unpaid as at 31<sup>st</sup> July 2023 despite the issuance of demand notices to defaulting youth cooperative groups. Further, out of the 554 youth cooperative groups, only eighty five (85) serviced their loans in the year 2021 compared to 125 that serviced their loans in the year 2022.

**ii. Non Recovery of Loan Amounts - Kasama Institute of Health Sciences**

On 3<sup>rd</sup> September 2020, Kasama Institute of Health Sciences applied for a business loan of K4,000,000 under the Youth Empowerment Programme for the

procurement of teaching aid equipment. In February 2021, the Ministry approved and paid the institute a total amount of K2,000,000 recoverable in thirty six (36) months.

Part (c) of the loan terms and conditions states, “the borrower shall deposit a monthly deposit of K61,111 to the Youth Empowerment Scheme and keep a proper record of such deposits.”

Further, the loan agreement provided that in the event of default, the borrower;

- would be duly serviced with reminders to pay, issued at monthly intervals,
- serviced with a termination of the agreement and a notice of seizure, effective fourteen (14) days after being served, after neglecting to pay the loan instalments for any reason for two (2) consecutive months, and
- will be reported and listed on the Credit Reference Bureau.

As at 31<sup>st</sup> July 2023, amounts totalling K1,405,556 had accrued in respect of the loan liability out of which amounts totalling K12,000 had been paid leaving a balance of K1,393,556.

In an effort to recover the balance, on 8<sup>th</sup> July 2022 the Ministry issued a seizure notice to the institution. However, no further action had been taken as at 31<sup>st</sup> July 2023.

### **c. Unrecovered Loans**

On 29<sup>th</sup> November 2020, the Ministry approved 188 projects in amounts totalling K11,199,259 for the purchase of equipment in Central Province under the Paid Cash or Received Equipment Youth Empowerment Programme.

The terms and conditions of the programme required the borrower to pay the first payment in ninety (90) days from the date of execution of the loan agreement and continue thereafter each month on the anniversary until the loan was paid in full.

Further, the loan agreement provided that in the event of default, the borrower;

- would be duly serviced with reminders to pay, issued at monthly intervals,
- serviced with a termination of the agreement and a notice of seizure, effective fourteen (14) days after being served, after neglecting to pay the loan instalments for any reason for two (2) consecutive months, and

- will be reported and listed on the Credit Reference Bureau.

Out of the 188 approved projects, five (5) cooperatives that were paid amounts totalling K1,084,255 in February 2021 had not repaid a total amount of K1,107,267 (principal and interest).

In an effort to recover the outstanding loans, on 23<sup>rd</sup> February 2023, the Ministry issued demand notices to the five (5) defaulting youth cooperative groups. However, no further action had been taken as at 31<sup>st</sup> August 2023.

## **26 Head: 80 Ministry of Education**

### **26.1 Mandate**

The mandate of the Ministry is to formulate and implement policy on early childhood, primary and secondary, university education, teacher training, licensing and enforcement of standards. The goal is to increase equitable access to quality education and skills training to enhance human capacity for sustainable national development.

### **26.2 Audit Findings**

An examination of accounting and other records maintained at the Ministry Headquarters and selected primary and secondary schools for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

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

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a provision of K14,590,230,627 was made to cater for operations of the Ministry against which amounts totalling K13,916,054,211 were released resulting in underfunding of K674,176,416. See table 1 below.

**Table 1: Budget, Funding and Expenditure**

No.	Programme Name	Approved Budget K	Supplementary Budget K	Total Authorised K	Total Released K	Under Funding K
1	Early Childhood Education	102,615,365	62,000,000	164,615,365	157,679,516	6,935,849
2	Primary Education	7,961,447,684	-	7,961,447,684	7,958,706,101	2,741,583
3	Secondary Education	3,959,641,117	280,662,010	4,240,303,127	3,579,156,045	661,147,082
4	Adult and Youth Literacy	2,474,838	-	2,474,838	2,474,836	2
5	Management and Support Services	962,724,016	1,000,000	963,724,016	962,334,939	1,389,077
6	University Education	1,184,493,081	73,172,516	1,257,665,597	1,255,702,774	1,962,823
	<b>Total</b>	<b>14,173,396,101</b>	<b>416,834,526</b>	<b>14,590,230,627</b>	<b>13,916,054,211</b>	<b>674,176,416</b>

As at 31<sup>st</sup> December 2022, amounts totalling K13,796,965,126 had been spent leaving a balance of K119,089,085. The balance of K119,089,085 was carried forward to the 2023 financial year after obtaining treasury authority.

**b. Schools Operating without Accounting Officers – 3,067 Schools**

Section 13 (1) of the Public Finance Management Act No. 1 of 2018 states, “There shall be appointed by the relevant Commission, as public officers, accounting officers that shall be necessary for the proper administration of this Act.”

A review of establishment registers and staff returns from selected schools in Southern, North-western, Central, Muchinga, Northern and Luapula provinces revealed that during the financial year under review, 3,067 schools operated without accounting officers. Some of the schools have operated without accounting officers since 2018 when the establishment was created.

**c. Contract Management**

**i. Supply of Textbooks and Teachers Guide**

On 22<sup>nd</sup> September 2022, the Ministry engaged Equalizer General Trading for the supply and delivery of 6,221 Grade 4 textbooks in Mathematics for schools across the country at a cost of K463,423 with a delivery period of seven (7) days and the supplier was paid in full. See table 2 below.

**Table 2: Procured Textbooks and Teachers Guide**

No.	Description	Quantity	Unit Price	Amount K
1	Chinyanja Learners Text Books	2,000	75	152,000
2	Chitonga Learners Text Books	1,000	75	76,000
3	Icibemba Learners Text Books	2,500	75	190,000
4	Chinyanja Teachers Guide	314	63	19,782
5	Chitonga Teachers Guide	157	63	9,891
6	Ichibemba Teacher Guide	250	63	15,750
	<b>Total</b>	<b>6,221</b>		<b>463,423</b>

An examination of stores records such as goods received notes and delivery notes revealed that the supplier delivered the textbooks in full on 6<sup>th</sup> December 2022.

The following were however observed:

- As at 31<sup>st</sup> August 2023, 313 textbooks costing K24,411 had not been delivered to the schools by the Ministry;
- There were no receipt and disposal details for 5,908 textbooks valued at K439,012 that were distributed to eight (8) provinces by the Ministry. See table 3 below.

**Table 3: Undistributed Textbooks**

No.	Description	Quantity Received	Quantity Distributed	Quantity Allocated per Province	Undistributed Books
1	Chinyanja Maths L.B 4	2,000	1760	Eastern -920, Lusaka-680, Muchinga -160	240
2	Chinyanja Maths T.G 4	314	274	Eastern -144, Lusaka-120, Muchinga -10	40
3	Chitonga Maths L.B4	1,000	994	Southern -994	6
4	Chitonga Maths T.G 4	157	150	Southern-150	7
5	Chibemba Maths L.B 4	2,500	2480	Copperbelt -496, Muchinga -496, Luapula -496, Northern -496, Central -496	20
6	Chibemba Maths T.G 4	250	250	Copperbelt -50, Muchinga -50, Luapula -50, Northern -50, Central -50	0
	<b>Total</b>	<b>6,221</b>	<b>5,908</b>		<b>313</b>

## ii. Supply and Delivery of Educational Materials

On 10<sup>th</sup> October 2022, the Ministry engaged Pebble Signs Advertising Company for the supply and delivery of 9,552 sign language charts and 3,821 teachers' guides and textbooks for learners with hearing impairment at Grade 1 to 3 levels at a contract sum of

K8,364,000 VAT Exclusive with a delivery period of 2 to 6 weeks from the date of signing the contract.

Clause 6 of the terms of the contract provided for the charging of liquidated damages of half (0.5) percent per week and not exceeding ten (10) percent of the contract price for none or delayed delivery.

The quantities ordered and the costs are as shown in the table 4 below.

**Table 4: Schedule of Quantities Ordered**

Lot	Description	Quantity	Unit Price K	Total K
Lot 1	Teachers' Guides (Grade 1 - 3)	3,821	179	684,000
Lot 2	A1 Size flip charts (Grade 1 - 4)	9,552	804	7,680,000
<b>Total</b>				<b>8,364,000</b>

On 20<sup>th</sup> December 2022, the supplier was paid amounts totalling K836,400 on Efta number 495 as 10% advance.

The supplier had not delivered the educational materials as at 31<sup>st</sup> August 2023 despite the supplier not delivering 3,821 textbooks under Lot 1 and 9,552 textbooks under Lot 2 for a delayed period of thirty two (32) weeks as at 31<sup>st</sup> August 2023, the Ministry had not enforced Clause 6 of the contract on liquidated damages.

**d. Administrative Matters**

**i. Failure to Settle Outstanding Bills**

A review of outstanding bills revealed that the Ministry accrued debts in amounts totalling K1,202,765,973 involving ninety eight (98) suppliers of various goods and services, contractors and personal emoluments. The debts had been outstanding for periods exceeding three (3) years. See table 5 below.

**Table 5: Outstanding Bills**

Category	Amount K
Contractors	53,226,031
Suppliers of Goods and Services	264,413,580
Personal Emoluments	885,126,363
<b>Total</b>	<b>1,202,765,973</b>

**ii. Lack of an Updated Fixed Asset Register**

Regulation 40 (1) and (2) of the Public Finance Management (General) Regulations 2020 requires that a head of an accounting unit should keep and

maintain a register of public assets and of a public body and should submit to the Accountant General a quarterly report of public assets in its charge.

During the period under review, the Ministry spent amounts totalling K32,834,711 on procurement of office and ICT equipment. Contrary to the Regulations, the Ministry did not avail for audit an updated fixed asset register showing the year of purchase, location, value, asset code, allocation of asset and condition.

### iii. Infrastructure Development - Rehabilitation of Blown off Roofs

During the period under review, the Ministry targeted to rehabilitate 3,950 schools with blown off roofs across the country. In this regard, a total budget of K72,903,870 was provided against which K72,806,245 was released. See table 6 below.

**Table 6: Rehabilitation of Blown off Roofs**

No.	Province	No. of Schools	Amount K	Completed Schools	Work in Progress (No. of Schools)
1	Central	33	7,212,000	21	12
2	Copperbelt	38	6,435,000	35	3
3	Eastern	30	7,506,000	23	7
4	Luapula	37	7,480,000	33	4
5	Lusaka	23	7,200,000	13	10
6	Muchinga	31	7,425,000	21	10
7	Northern	72	7,568,493	62	10
8	North Western	45	7,400,752	43	2
9	Southern	48	7,350,000	35	13
10	Western	38	7,229,000	22	16
	<b>Total</b>	<b>395</b>	<b>72,806,245</b>	<b>308</b>	<b>87</b>

A review of records at the Ministry Headquarters and a visit to thirty one (31) selected schools that received a total K7,670,916 to rehabilitate blown off roofs in six (6) provinces revealed that the blown off roofs had been rehabilitated. However, stores items such as roofing sheets, paint, timber and nails costing K1,007,137 procured at six (6) schools during the period under review had no receipt and disposal details contrary to Stores Regulations.

### e. Questionable Re -Valuation of Benefits – Expatriate Retiree

During the period under review, the Ministry of Education paid amounts totalling K3,180,203 as gratuity and baggage claims to five (5) expatriate retirees for contract periods of one (1) to three (3) years.

On 11<sup>th</sup> August 2011, one (1) of the former expatriate teachers appealed to the Permanent Secretary of the Ministry of Education to factor in inflation in the computation of gratuity due to her up to 2004. In a memo dated 4<sup>th</sup> May 2012 to the Chief Human Resources Management Officer, the Deputy Permanent Secretary requested for the contractual dues for the Officer to be computed using the information from Central Statistics Office.

On 19<sup>th</sup> April 2022, the Zambia Statistics Agency wrote a letter to the Permanent Secretary – (A) tabulating the current values of the benefits as of March 2022 after re-evaluation. The table below shows the data used in deriving the inflation Adjustment Factor (IAF). The IAF is calculated as: Current Index (Average Index) / Previous Index (Average) Current Index being 2022 average index. See table 7 below for Re-valuated Benefits.

**Table 7: Re-valuated Benefits**

Period	Consumer Price Index (CPI)	Current CPI	Amount to Calculated K	Kwacha Unrebased K	Kwacha Rebased K
1986/1989	0.16	349.8	47,842	104,595,054	104,595
1989/1992	0.77	349.8	805,795	366,061,248	366,061
1992/1995	5.24	349.8	926,664	61,860,159	61,860
1995/1998	13.23	349.8	1,840,873	48,672,505	48,673
1998/2001	25.82	349.8	5,838,752	79,101,295	79,101
2001/2004	46.86	349.8	14,071,100	105,037,789	105,038
2004/2007	71.06	349.8	19,875,416	97,838,735	97,839
2007/2010	97.73	349.8	34,522,816	123,565,753	123,566
<b>Total</b>				<b>986,732,538</b>	<b>986,733</b>

As can be seen from the table above, the Zambia Statistics Agency re-calculated the benefits from K77,929 to K986,733 resulting in additional payments of K908,803.

However, the Ministry did not avail the authority used to recalculate gratuities in such a manner. Further, there was no documentary evidence availed for audit to indicate why the Ministry delayed to pay the gratuity for twenty five (25) years.

<b>27 Head:</b>	<b>80</b>	<b>Ministry of Education</b>
<b>Departments:</b>		<b>Provincial Education Offices</b>
		<b>District Education Offices</b>

### **27.1 Mandate**

The mandate of the Ministry is to formulate and implement policy on early childhood, primary and secondary, university education, teacher training, licensing and enforcement of standards. The goal is to increase equitable access to quality education and skills training to enhance human capacity for sustainable national development.

### **27.2 Audit Findings**

An examination of accounting and other records maintained at ten (10) Provincial Education Offices (PEOs) and selected District Education Offices (DEOs) for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

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

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a provision of K25,686,090 was made to cater for operations at the ten (10) Provincial Education Offices and District Education Offices against which amounts totalling K24,497,048 were released resulting in an underfunding of K1,189,042.

As at 31<sup>st</sup> December 2022, amounts totalling K24,497,048 had been spent.

#### **b. Management of Assets**

##### **i. Failure to Secure Title Deeds**

Section 41(4) of the Public Finance Management Act, No. 1 of 2018 requires Controlling Officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, thirty-one (31) stations visited had no title deeds for their properties. See table 1 below.

**Table 1: Stations without Title Deeds**

No.	Province	Station	No. of Properties
1	Lusaka	Lusaka DEO	1
		Kafue DEO	1
2	Copperbelt	PEO	1
		Kalulushi DEO	1
		Masaiti DEO	1
		Kitwe DEO	1
		Lufwanyama DEO	1
3	Muchinga	Chinsali DEO	1
		Mpika DEO	1
		Nakonde DEO	1
		Kanchibiya DEO	1
4	North-Western	PEO	1
		Solwezi DEO	1
		Chavuma DEO	1
		Zambezi DEO	1
		Kasempa DEO	1
5	Southern	PEO Choma	1
		Mazabuka DEO	1
		Siavonga DEO	1
		Choma PEO Farm	1
6	Western	Mongu PEO	1
		Mongu DEO	1
		Sesheke DEO	1
7	Luapula	Mansa DEO	1
		Kawambwa DEO	1
		Mwense DEO	1
		Provincial Library	1
8	Central	Chibombo DEO	1
		Serenje DEO	1
		Kapiri Mposhi DEO	1
		Mkushi DEO	1
<b>Total</b>			<b>31</b>

**ii. Failure to Recover Funds - Mpika DEO – Muchinga Province**

On 9<sup>th</sup> August 2019, a Nissan truck registration No. GRZ 259 CK belonging to Mpika DEO was involved in a road traffic accident and was extensively damaged. The motor vehicle was not insured at the time of the accident. On 16<sup>th</sup> June 2020, the Standing Accidents Board found the driver negligent and charged him with the cost of repairing the truck.

However, as at 31<sup>st</sup> August 2023, recoveries had not been effected against the erring officer.

**iii. Failure to Dispose of Unserviceable Motor Vehicles**

Section 43 of the Public Finance Management Act No. 1 of 2018 requires a controlling officer to constitute a committee of survey whose function include

recommending to the Secretary to the Treasury, the disposal of unserviceable or obsolete public assets or stores.

During the period under review, eleven (11) unserviceable or obsolete motor vehicles at five (5) schools had not been disposed of and there was no evidence that a disposal committee had been established as at 31<sup>st</sup> August 2023. See table 2 below.

**Table 2: Schools with Unserviceable Motor Vehicles**

No.	District	Station	No. of Motor Vehicles
1	Lusaka	Munali Girls Secondary School	3
2	Lusaka	Kabulonga Boys Secondary School	3
3	Lusaka	Libala Secondary School	3
4	Lusaka	Nelson Mandela Secondary School	1
5	Luangwa	Luangwa Secondary School	1
	<b>Total</b>		<b>11</b>

**c. Weaknesses in the Management of Payroll**

**i. Positions on Payroll Not Prescribed on Establishment Register**

A comparison of positions on the payroll and the 2022 Establishment Register revealed that there were nine (9) officers on eight (8) salary grades who drew salaries in amounts totalling K974,894, but were not on the establishment register at two (2) stations. See table 3 below.

**Table 3: Positions on Payroll Not Prescribed on Establishment Register**

Province	Station	Salary Scale	Establishment Register	Payroll	Excess	Amount K
Southern	Mazabuka DEO	PSS12	0	1	-1	72,513
Lusaka	PEO	PSS07	0	1	-1	101,111
		SPG	0	2	-2	117,889
		SPH	0	1	-1	54,521
		SPI	0	1	-1	109,717
		SPJ	0	1	-1	63,956
		G_21	0	2	-2	103,067
		I_21	0	1	-1	20,571
		J_21	0	3	-3	331,549
	<b>Total</b>		<b>0</b>	<b>13</b>	<b>-13</b>	<b>974,894</b>

**ii. Irregular Introductions on Payroll**

The Terms and Conditions of Service for the Public Service Section 12 (a) requires an officer on appointment to the Public Service to submit to the

responsible officer, Arrival Advice Form 81 as confirmation of arrival at the duty station. The submitted forms are then used to introduce that Officer on the payroll with effect from the date of arrival.

Contrary to the Terms and Conditions of Service, sixty-eight (68) officers on transfer or first appointment at six (6) stations who had drawn salaries in amounts totalling K452,553 were introduced on the payroll without supporting documents such as appointment letters and arrival advice forms. See table 4 below.

**Table 4: Stations with Employees Irregularly Introduced on Payroll**

Province	Station	No. of Employees Introduced	Salaries Paid K
Western	Mongu DEO	7	39,745
	Nalolo DEO	5	26,471
Muchinga	Mpika DEO	3	105,885
	Chinsali DEO	4	31,368
Central	Kapiri DEO	45	229,008
	Chibombo DEO	4	20,076
	<b>Total</b>	<b>68</b>	<b>452,553</b>

**iii. Unsupported Termination from the Payroll**

Sections 35(f), 36(a), 38(a) and 60(a) of the Terms and Conditions of Service for the Public Service stipulate that a responsible officer can terminate the payment of a salary on account of death, resignation, retirement, and absenteeism.

Contrary to the Terms and Conditions of Service, forty-nine (49) officers from two (2) stations, who were on payroll for periods ranging from (1) month to eleven (11) months and were paid salaries in amounts totalling K275,696 were terminated from the payroll without documentation such as death certificates, dismissal, resignation, and transfer letters to support the termination. See table 5 below.

**Table 5: Employees Irregularly Terminated from Payroll**

Province	Station	No. of Employees Terminated	Salaries Drawn K
Central	Kabwe DEO	12	59,878
Lusaka	PEO	37	215,818
	<b>Total</b>	<b>49</b>	<b>275,696</b>

**iv. Unsupported Changes of Pay points – Muchinga Province**

An examination of the payroll for the province revealed that 249 officers from two (2) stations in Muchinga Province who were paid salaries in amounts totalling K24,895,819 were transferred from one pay point to another without supporting documents such as transfer letters and arrival advice forms. See table 6 below.

**Table 6: Officers whose Pay Points Were Changed**

Station	No. of Officers	Amount K
Mpika DEO	136	13,325,230
Chinsali DEO	113	11,570,590
<b>Total</b>	<b>249</b>	<b>24,895,819</b>

**v. Teachers Not Meeting the Eligibility Criteria – Chinsali DEO**

In August 2022, the Government of the Republic of Zambia, through the Teaching Service Commission undertook a teacher recruitment exercise for the Ministry of Education targeting 30,496 teachers countrywide. In this regard, each district in the province conducted the recruitment and successful teachers were deployed accordingly.

The eligibility criteria were, among others, to have a full Grade 12 School Certificate or a General Certificate of Education (GCE) with five (5) credits or better, be in possession of either a certificate, diploma or degree and be registered with the Teaching Council of Zambia.

Contrary to the requirements, nine (9) teachers who did not have full Grade 12 certificates were appointed in the Service and received salaries in amounts totalling K93,051.

**vi. Irregular Payment of Allowances**

**• Housing Allowance**

The Public Service Management Division (PSMD) Circular No. B2 of 2013 stipulates that housing allowance should be paid to officers not accommodated by Government in standard/pool houses through the payroll.

Contrary to the Circular, forty-six (46) officers who were accommodated in institutional houses at two (2) stations were irregularly paid housing allowance in amounts totalling K601,033. See table 7 below.

**Table 7: Stations with Officers Irregularly Paid Housing Allowance**

Province	Station	No. of Officers	Housing Allowance K
Western	Nalolo DEO	22	55,539
Central	Chibombo DEO	24	545,494
	<b>Total</b>	<b>46</b>	<b>601,033</b>

- **Rural and Remote Hardship Allowances**

Section 166 of the Terms and Conditions of Service for the Public Service as read together with the Public Service Management Division Circular No. B2 of 2010 requires an officer serving in an area declared to be in a rural and remote area to be entitled to receive a hardship allowance at the rate as may be determined by the Government from time to time.

Contrary to the Terms and Conditions of Service, amounts totalling K9,413,998 were paid as rural hardship allowance to 1,707 officers who were not eligible to receive the allowance in that their work stations were not designated for payment of the allowance. See table 8 below.

**Table 8: Irregular Payment of Rural Hardship Allowance and Arrears**

No.	Province	Station	No. of officers	Amount K
1	Copperbelt	Ndola DEO	47	621,179
		Luanshya DEO	43	392,034
		Kitwe DEO	214	2,544,973
		Kalulushi DEO	38	456,359
		Mufulira DEO	69	809,979
2	Muchinga	Chililabombwe DEO	10	81,727
		Nakonde DEO	191	2,341,862
3	Central	Mpika DEO	106	807,559
		Kabwe DEO	279	316,344
		Chibombo DEO	672	754,650
4	Lusaka	Kapiri DEO	18	27,241
		PEO	20	260,091
		<b>Total</b>	<b>1,707</b>	<b>9,413,998</b>

In addition, amounts totalling K4,627,066 were paid as remote hardship allowance to 427 officers who were not eligible to receive the allowance in that their work stations were not designated for payment of the allowance. See table 9 below.

**Table 9: Irregular Payment of Remote Hardship Allowance and Arrears**

Province	Station	No. of Officers	Amount K
Copperbelt	Ndola DEO	15	223,230
	Kitwe DEO	77	1,111,413
	Luanshya	25	366,672
	Mufulira	19	273,341
	Chililabombwe	1	1,145
Muchinga	Mpika DEO	15	158,987
	Isoka DEO	1	11,325
Central	Chibombo DEO	191	2,364,238
	Kapiri DEO	33	43,364
	Serenje DEO	50	73,351
	<b>Total</b>	<b>427</b>	<b>4,627,066</b>

Further, thirty-nine (39) officers in two (2) provinces were paid remote hardship allowance in amounts totalling K718,894 as opposed to rural hardship allowance in amounts totalling K575,522 resulting in overpayment of K143,372. See table 10 below.

**Table 10: Employees Paid Remote Hardship Instead of Rural Hardship Allowance**

Province	Station	No. of officers	Amount Paid K	Entitlement K	Overpayment K
Western	Mongu DEO	17	158,833	118,842	39,990
Muchinga	Nakonde DEO	1	16,487	13,190	3,297
	Chinsali DEO	15	231,348	190,387	40,961
	Mpika DEO	6	312,226	253,103	59,122
	<b>Total</b>	<b>39</b>	<b>718,894</b>	<b>575,522</b>	<b>143,372</b>

- **Double Class Allowance**

According to Section No. 167 (k) of the Terms and Conditions of Service for the Public Service as read with the Public Service Management Division Circular No. B31 of 2017, a double class allowance shall be paid to teachers who are teaching two (2) or more classes of the same or different grades at lower primary at different time period and shall not be applied to teachers in school management for example head teacher, deputy head teacher and senior teachers.

Contrary to the Terms and Conditions of Service, amounts totalling K223,163 were paid as double class allowance to 123 officers who were not eligible to

receive the allowance in that some officers were in management positions while others were teaching classes at secondary schools among others. See table 11 below.

**Table 11: Irregular Payment of Double Class Allowance**

Province	Station	No. of officers	Amount Paid K
Muchinga	Chinsali DEO	5	70,340
	Nakonde DEO	3	36,518
Central	Chibombo DEO	53	53,710
	Kapiri DEO	42	42,479
	Mkushi DEO	20	20,116
	<b>Total</b>	<b>123</b>	<b>223,163</b>

- **Responsibility Allowance**

Section 7 of the Public Service Management Division (PSMD) Circular No. B. 31 of 2017 stipulates that teachers eligible for payment of responsibility allowances should be;

- Degree holders teaching A level classes;
- Advanced diploma holders teaching either senior or ‘A’ level classes at a secondary school;
- Diploma holders teaching senior classes; and
- Certificate holders teaching upper basic/secondary school classes.

Contrary to the Circular, responsibility allowances in amounts totalling K88,813 were irregularly paid to seventy-five (75) teachers who did not qualify to receive the allowances. See table 12 below.

**Table 12: Irregular Payment of Responsibility Allowance**

Province	Station	No. of officers	Amount Paid K
Muchinga	Chinsali DEO	1	12,426
Central	Chibombo DEO	74	76,387
	<b>Total</b>	<b>75</b>	<b>88,813</b>

vii. **Management and Administration of Salary Payments**

- **Officers Irregularly Sharing Bank Account Numbers**

During the period under review, thirty-two (32) officers shared sixteen (16) bank accounts and drew salaries in amounts totalling K352,570 through the bank accounts. However, there were no documents produced for audit to justify using the same bank account numbers. See table 13 below.

**Table 13: Employees Sharing Bank Accounts**

Province	Station	No. of officers	Salaries Paid K
Muchinga	Mpika DEO	2	16,887
Central	Kabwe DEO	2	12,250
	Serenjei DEO	5	147,572
Lusaka	PEO	23	175,861
	<b>Total</b>	<b>32</b>	<b>352,570</b>

- **Unsupported Bank Account Number Changes**

During the period under review, bank account numbers on the master data for sixty-three (63) officers at five (5) stations were changed and amounts totalling K1,388,883 received through the old and new bank accounts. However, there were no documents such as request to change bank accounts written by account holders and arrival advice forms availed for audit. See table 14 below.

**Table 14: Stations where Officers Changed Bank Account Numbers**

Province	Station	No. of officers	Amount Paid K
Western	Mongu DEO	2	40,459
	Nalolo DEO	8	69,459
	Limulunga DEO	5	44,259
Muchinga	Mpika DEO	37	1,116,023
	Chinsali DEO	11	118,683
	<b>Total</b>	<b>63</b>	<b>1,388,883</b>

- **Irregular Voiding of Bank Accounts for Officers due for Termination – Muchinga Province**

Sections 35 (f), 36 (a), 38 (a) and 60 (a) of the Terms and Conditions of Service for the Public Service stipulate that a responsible officer can terminate

the payment of a salary on account of death, resignation, secondment, unpaid leave, desertion, retirement and absenteeism.

Contrary to the Terms and Conditions of Service, four (4) stations maintained twenty (20) officers on the payroll who were due for termination from the payroll due to retirements, deaths and resignations. The bank accounts for the officers were instead voided resulting in salaries in amounts totalling K1,052,090 comprising K1,017,251 for the period under review and K34,839 for prior years bouncing at the respective banks. See table 15 below.

**Table 15: Salaries that Bounced due to Voiding Accounts**

No.	Province	Station	No. of Officers	Current Year Amount K	Prior Year Amount K	Total Amount K
1	Muchinga	Isoka DEO	1	29,040	34,839	63,880
2	Central	Kabwe DEO	2	49,589	-	49,589
3	Northern	PEO	1	43,514	-	43,514
4	Lusaka	PEO	16	895,107	-	895,107
	<b>Total</b>		<b>20</b>	<b>1,017,251</b>	<b>34,839</b>	<b>1,052,090</b>

- **Employees with Questionable Salary Scale Notches**

The Public Service Management Division (PSMD) Circular No. B19 of 2016 defined entry notches for officers in different salary grades with effect from 1<sup>st</sup> September 2016 as follows:

- Entrants in all salary scales to be placed in the respective entry notches; and
- All serving officers in salary scales other than, G and I were to be placed in the respective entry notches.

Contrary to the Circular, fifty-one (51) officers from two (2) stations who were in salary scales J and H and were entitled to basic salaries in amounts totalling K425,000 were instead paid amounts totalling K483,713 resulting in overpayments in amounts totalling K58,713. See table 16 below.

**Table 16: Employees with Questionable Salary Scale Notches**

Province	Station	No. of Officers	Amount Paid K	Expected Net Pay K	Overpayment K
Western	Limulunga DEO	49	372,270	317,900	54,370
Muchinga	Mpika DEB	2	111,443	107,100	4,343
	<b>Total</b>	<b>51</b>	<b>483,713</b>	<b>425,000</b>	<b>58,713</b>

- **Double Salaries Due to Double Employee Numbers - Muchinga Province**

An analysis of payroll records revealed that on appointment, three (3) officers were created with two (2) employee numbers and were irregularly paid double salaries in amounts totalling K274,245.

- **Duplication of Teachers on Payroll**

A review of the payroll of the master data under the Ministry of Education revealed that three (3) names of teachers with same particular details appeared at different schools within and outside Southern and Lusaka Provinces resulting in duplicate payments of salaries in amounts totalling K311,228. See table 17 below.

**Table 17: Duplicates of Teachers at Different Schools**

Province	Station	No. of officers	Amount Paid K
Southern	PEO	1	68,167
Lusaka	PEO	2	243,061
	<b>Total</b>	<b>3</b>	<b>311,228</b>

**viii. Unsupported Salary Claims – Lusaka Provincial Education Office**

The Ministry of Finance processes salaries for civil servants through the Salaries Account which is managed by the ZANACO Limited. Salaries that are not paid to officers for various reasons remain in the salaries account until they are claimed and salary claims are processed directly on the account by PMEC upon presentation of evidence that the officers were not paid.

However, a review of the salaries bank statements revealed that fifty-four (54) officers were paid salaries in amounts totalling K262,459 without supporting documents.

**ix. Allowances Paid to Retirees**

The Public Service Management Division (PSMD) Circular No. B21 of 2018 provides for payment of basic salary only to retired employees that are retained on the payroll pending payment of pension benefits.

Further, the Public Service Management Division (PSMD) Circular No. B26 of 2022 allows the payment of housing allowance in addition to the last basic salary to retirees not accommodated in institutional houses.

Contrary to the Circular, rural hardship and transport allowances in amounts totalling K1,614,130 were paid to fifty-one (51) officers in Muchinga Province who were retired and retained on the payroll pending payment of pension benefits at three (3) stations. See table 18 below.

**Table 18: Irregular Payment of Allowances to Retirees**

Station	No. of Officers	Amount K
Chinsali DEO	2	51,527
Mpika DEO	34	1,382,980
Isoka DEO	15	179,623
<b>Total</b>	<b>51</b>	<b>1,614,130</b>

**x. Pensioners Still on Payroll**

Article 189 (2) of the Constitution of Zambia (Amendment) Act No. 2 of 2016 states that, “where a pension benefit is not paid on a person’s last working day, that person shall stop work but the person’s name shall be retained on the payroll until payment of the pension benefit based on the last day salary received by that person while on the payroll.”

Contrary to the Constitution, salaries in amounts totalling K392,424 were paid to nine (9) officers who were separated from the service and were fully paid their dues. See table 19 below.

**Table 19: Pensioners on the Payroll**

Province	Station	No. of Officers	Amount Paid K
Muchinga	Shiwangandu DEO	1	1,451
Lusaka	Lusaka DEO	8	390,974
<b>Total</b>		<b>9</b>	<b>392,424</b>

**xi. Misplacement of Payroll Area**

A reconciliation of the payroll and staff returns revealed that 20,831 officers at thirty-six (36) stations drew salaries in amounts totalling K1,822,126,138 from pay-points that were different from their physical stations. See table 20 below.

**Table 20: Officers with Misplaced Payroll Areas**

No.	Province	Station	No. of Officers	Amount Paid K
1	Western	Mongu DEO	961	87,701,823
		Sesheke DEO	451	38,539,170
		Senanga DEO	607	49,066,086
		Nalolo DEO	357	31,879,248
		Limulunga DEO	438	37,895,952
2	Southern	PEO	86	3,857,994
3	Luapula	PEO	4	473,244
		Mansa DEO	22	1,896,977
		Mwense DEO	61	6,105,528
		Kawambwa DEO	112	10,237,335
		Nchelenge DEO	99	6,275,144
4	Eastern	PEO	27	3,144,119
		Chipata DEO	1995	203,386,613
		Petauke DEO	640	58,694,928
		Katete DEO	1125	93,878,229
5	North-Western	PEO	467	72,603,866
6	Northern	PEO	96	9,494,445
7	Copperbelt	PEO	66	621,829
		Ndola DEO	214	1,696,132
		Masaiti DEO	49	370,563
		Luanshya DEO	144	1,194,946
		Kitwe DEO	296	2,457,127
		Kalulushi DEO	147	14,103,643
		Lufwanyama DEO	43	3,054,571
		Mufulira DEO	141	1,114,150
8	Muchinga	PEO	1	93,352
		Chinsali DEO	15	1,559,017
		Mpika DEO	38	4,035,980
		Isoka DEO	111	11,029,130
		Nakonde DEO	70	6,729,993
9	Central	Kabwe DEO	3,212	277,937,629
		Chibombo DEO	2,362	203,356,611
		Kapiri DEO	2,420	218,446,049
		Mkushi DEO	1,175	120,252,607
		Serenjei DEO	224	21,514,919
10	Lusaka	PEO	2,555	217,427,188
	<b>Total</b>		<b>20,831</b>	<b>1,822,126,138</b>

It was further observed that 1,966 officers in five (5) districts of Eastern Province drew salaries from pay points outside their respective districts. See table 21 below.

**Table 21: Officers Drawing Salaries Outside the District**

No.	Station	No. of Officers
1	Chipata	533
2	Chpangali	869
3	Petauke	169
4	Katete	219
5	Lusangazi	176
	<b>Total</b>	<b>1966</b>

**xii. Delayed Termination of Officers from the Payroll – Luapula Province**

Sections 35 (f), 36 (a), 38 (a) and 60 (a) of the Terms and Conditions of Service for the Public Service require that a responsible officer terminates the payment of a salary on account of death, resignation, retirement and absenteeism.

In addition, the Public Service Management Division (PSMD) Circular No. B1 of 2019 (d) provides that employees who are separated from employment by way of death, resignation, retirement, dismissal or discharge should be terminated from the payroll with effect from the date of resignation, dismissal or discharge.

Contrary to the Circular and the Terms and Condition of Service, two (2) officers who had resigned and dismissed from the service were retained on payroll and had been paid amounts totalling K185,584.

As at 31<sup>st</sup> August 2023, the officers had not been removed from the payroll.

**xiii. Salaries Paid to Deserters – Southern Province (PEO)**

Section 60 (a) and (b) of the Terms and Conditions of Service for the Public Service states that an officer who is absent from duty without leave for a continuous period of ten (10) or more working days shall be liable to dismissal. An officer shall not be paid a salary for the period he or she is absent from duty without leave unless he or she produces satisfactory evidence justifying such absence.

Contrary to the Terms and Conditions, one (1) officer at Provincial Education Office, Southern Province who was absent from duty for a period of twenty-four (24) months was paid salaries in amounts totalling K157,254.

**xiv. Unaccounted for officers**

Regulation 78 (1) and (3) of the Public Finance Management (General) Regulations of 2020 requires a public body to ensure that the payroll is verified and reconciled by a responsible office holder from an accounting unit and human resource and administration, respectively. A reconciliation under sub regulation (1) should include a head count of staff each month with regard to the payroll.

Contrary to the Regulation, eight (8) stations did not account for 1,132 officers who drew salaries in amounts totalling K76,139,841 during the period under review.

As at 31<sup>st</sup> August 2023, the officers were unaccounted for in that they were neither on the staff returns nor known by management. See table 22 below.

**Table 22: Salaries Paid to Unaccounted for Officers**

No.	Province	Station	No. of Officers	Amount Paid K
1	Luapula	Mansa DEO	1	83,880
		Kawambwa DEO	4	299,394
2	Copperbelt	Ndola DEO	674	53,489,521
3	Muchinga	Mpika DEO	186	20,340,482
		Chinsali DEO	211	142,836
		Nakonde DEO	18	1,782,905
		Isoka DEO	1	824
4	Central	Chibombo	37	553,546
	<b>Total</b>		<b>1132</b>	<b>76,139,841</b>

**xv. Failure to Constitute a Medical Board – Mansa DEO**

Section 151 of the Terms and Conditions of Service for the Public Service provides, among others, that an officer may be absent from duty due to ill-health or injury, provided that the absence is covered by a medical certificate from a registered medical or dental practitioner for a period of not more than ninety (90) days on full pay with an additional period of ninety (90) days on half pay in any period of two years ending on 180<sup>th</sup> day of such sickness or injury. The period may on recommendation of a Medical Board appointed by the Permanent Secretary, Ministry of Health, be extended to a maximum of 180 days on half pay.

Contrary to the Terms and Conditions of Service, there was no evidence that the Ministry of Education requested the Ministry of Health to constitute a medical board for one (1) officer who failed to report for duty due to ill health for periods ranging from 720 days (24 months) to 1,095 days (36 months). Consequently, as

at 31<sup>st</sup> August 2023 the officer was still on the payroll and subsequently paid salaries in amounts totalling K156,657 for the period he was absent from duty.

**xvi. Payment of Salaries to Seconded Officer – Mansa DEO**

Section 34 (d) of the Terms and Conditions of Service for the Public Service stipulates that a seconded officer should not receive a salary from the Public Service during the period of secondment as payment of his or her salary is the responsibility of the organisation he or she is seconded to.

In Paragraph 36 (b) of the Auditor General’s Report on the audit of accounts for the Republic for the financial year ended 31<sup>st</sup> December 2020, mention was made on a seconded officer at Mansa District Education Office who was irregularly paid salaries in amounts totalling K66,778.

As at 31<sup>st</sup> August 2023, the officer was still on secondment and had not been removed from the payroll. In this regard, the officer was irregularly paid additional salaries in amounts totalling K89,787 during the period from September 2021 to December 2022.

**xvii. Misappropriation of Funds - Mansa DEO**

Section 11 (1) of the Public Finance Management Act of 2018 requires that a controlling officer is responsible for planning and controlling of revenue collection and expenditure of public funds appropriated under that controlling officer’s control including - (j) preventing irregular or wasteful expenditure, misapplication of funds, theft, or losses resulting from negligence or criminal conduct and immediately report, in writing, particulars of that wasteful expenditure, misapplication of funds, theft or loss to the Secretary to the Treasury.

During the period from September 2021 to December 2022, a Human Resource Officer introduced two (2) non-public service workers to the Government Payroll who were subsequently paid salaries in amounts totalling K135,208.

A review of the disciplinary proceedings against the officer revealed that the officer acknowledged the charge of unethical conduct and on 27<sup>th</sup> January 2023, the District Education Office Disciplinary Committee decided to have the case against the officer resolved ‘administratively’ and surcharged the officer K135,207.

However, on 13<sup>th</sup> April 2023, the officer resigned from the position without refunding the full amount of K135,207.

**xviii. Delays in Concluding Disciplinary Cases – Luapula Province**

Section 28 (a) of the Disciplinary Code and Procedures for Handling Offences in the Public Service stipulates that the officer concerned will, wherever possible hear the case within seven (7) working days upon completion of investigations, unless there are exceptional and valid circumstances that make this not possible.

Contrary to the Disciplinary Code, the PEO delayed in concluding disciplinary cases for periods ranging from one (1) to two (2) years in respect of three (3) officers at two (2) stations who had been absent from work for periods ranging from 10 to 811 days. Consequently, salaries in amounts totalling K241,489 were paid to the officers who were not rendering any service. See table 23 below.

**Table 23: Failure to Conclude Disciplinary Cases**

Station	No. of Officers	Amount K
Kawambwa DEO	2	187,282
Mansa DEO	1	54,206
<b>Total</b>	<b>3</b>	<b>241,489</b>

As at 31<sup>st</sup> August 2023, the status had not changed.

**xix. Failure to Effect Recoveries for Tuition and Salary Advances**

Contrary to Section 92 of the Terms and Conditions of Service for the Public Service, recoveries in respect of advances in amounts totalling K80,667 comprising tuition advances (K25,000) and salary advances (K55,667) paid to eighteen (18) officers in 2022 at three (3) stations had not been effected as at 31<sup>st</sup> August 2023. See table 24 below.

**Table 24: Salaries and Tuition Advances Not Recovered**

Province	Station	No. of Officers	Tuition Fees K	Salary Advances K	Amount K
Copperbelt	Ndola PEO	6	25,000	11,000	36,000
Western	Mongu PEO	10	-	38,500	38,500
	Sesheke DEO	2	-	6,167	6,167
<b>Total</b>		<b>18</b>	<b>25,000</b>	<b>55,667</b>	<b>80,667</b>

**d. Payments to Suppliers without Tax Clearance Certificates – Muchinga Province**

Section 89 (1) of the Public Procurement Act No. 8 of 2020 stipulates that a bidder is eligible to participate in a procurement if he is licensed, in good standing with the professional body to which the bidder is aligned where applicable and that bidder has fulfilled the bidder’s obligation to pay taxes and social security contributions.

Contrary to the Act, goods and services costing K47,465 involving twelve (12) transactions were procured at two (2) stations from suppliers who had no tax clearance certificates from the Zambia Revenue Authority (ZRA). See table 25 below.

**Table 25: Payments to Suppliers without Tax Clearance Certificates**

<b>Station</b>	<b>No of Transactions</b>	<b>Amount K</b>
Nakonde DEO	7	37,155
Kanchibiya DEO	5	10,310
<b>Totals</b>	<b>12</b>	<b>47,465</b>

**e. Management of Farm-Kitwe DEO**

Kitwe District Education Office maintains a 20-hectare farm in Mpongwe District. According to a report dated 13<sup>th</sup> January 2020 by the District Education Office, the farm project was acquired and implemented between August 2017 and January 2020 for purposes of fundraising to improve schools in the district and day to day operations of the District Education Office.

During the implementation period, the office procured assorted assets for the farm at a minimum estimated total cost of K780,406. See table 26 below.

**Table 26: Procured Assets**

No.	Item	Quantity	Cost K
1	Tractor	1	270,003
2	Disc Plough	1	42,049
3	Cattle	45	145,000
4	Goats	100	26,000
5	Houses	2	18,140
6	1x 30 slabs	1	13,805
7	Disc Harrow	1	95,960
8	Boom Sprayer	1	57,428
9	Planter	1	112,020
	<b>Total</b>		<b>780,406</b>

No.	Item	Quantity	Cost
1	Chainsaw Machine	1	Unknown
2	Motor bike (Yahama)	1	Unknown
3	Sprayers	3	Unknown

A review of records and physical inspection carried out in March 2023 revealed the following:

**i. Abandoned Farm and Equipment**

It was observed that the farm was non-operational in that there were no activities taking place and the farm was over grown with grass/trees while equipment such as the boom sprayer and plough had been abandoned and were deteriorating in state. See pictures below.



*Abandoned Boom Sprayer*



*Abandoned Plough*

As at 31<sup>st</sup> August 2023, the farm had been deserted and was only manned by a caretaker.

**ii. Failure to Account for Assets-Farming Equipment and Biological Assets**

• **Failure to update the Asset Register**

As at 31<sup>st</sup> August 2023, the Asset Register maintained at Kitwe District Education Office was not updated with the farming equipment and biological assets.

• **Farming equipment**

Farming equipment namely chainsaw machine, motorbike, tractor, disc plough and planter were not accounted for in that they were neither at the farm nor at Kitwe District Education Office.

• **Cattle and Goats**

There were no animals (cattle and goats) at the farm. Inquiries made with management revealed that the cattle and the goats died of a disease outbreak. However, only six (6) death certificates for cattle were availed and verified leaving a balance of thirty-nine (39) cattle and 100 goats unaccounted for.

**f. Management of Liabilities**

**i. Failure to Withhold Value Added Tax (VAT)**

The Value Added Tax (VAT) Amendment Act No.12 of 2017 read together with the Treasury and Financial Management Circular No. 6 of 2017 requires all institutions appointed as tax agents to withhold VAT from payments to suppliers of goods and services and remit to the Zambia Revenue Authority (ZRA).

Contrary to the Act and Circular, seven (7) stations did not withhold VAT in amounts totalling K121,848 during the period under review. See table 27 below.

**Table 27: Stations which failed to Withhold and Remit VAT**

Province	Station	Amount K
Central	PEO	99,607
North-Western	Kasempa DEO	4,076
Western	Mongu PEO	2,976
	Mongu DEO	1,524
	Senanga DEO	3,655
	Sesheke DEO	1,544
	Nalolo DEO	8,466
<b>Total</b>		<b>121,848</b>

ii. **Failure to Settle Outstanding Bills**

As at 31<sup>st</sup> December 2022, forty-one (41) institutions had outstanding bills in amounts totalling K465,997,902 owed to suppliers of goods and services, other personal emoluments and utility bills. See table 28 below.

**Table 28: Failure to Settle Outstanding Bills**

No.	Province	Institution	Amount K
1	Central	PEO	1,510,592
		Kabwe DEO	38,086,942
		Kapiri DEO	13,067,893
		Luano DEO	3,535,606
		Mkushi DEO	7,638,268
		Mumbwa DEO	18,664,559
		Ngabwe DEO	2,811,475
		Chisamba DEO	16,194,595
		Serenje DEO	10,102,772
		Shibuyunji DEO	5,504,973
		Malcom Moffat College of Education	1,642,730
		Chitambo DEO	2,947,706
		Chibombo DEO	26,657,846
2	Lusaka	Lusaka DEO	83,649,023
		Luangwa DEO	7,665,771
		Kafue DEO	12,670,340
		Chilanga DEO	6,307,631
		Rufunsa DEO	6,811,526
		Chongwe DEO	21,924,154
3	Copperbelt	PEO	288,972
		Ndola DEO	142,060
		Kalulushi DEO	61,556
4	Muchinga	Nakonde DEO	6,958,409
		Chinsali DEO	14,336,079
		Mpika DEO	15,690,921
5	North-Western	PEO	3,588,767
6	Southern	PEO	1,759,895
7	Western	Mongu PEO	1,615,008
		Mongu DEO	3,992,012
		Sesheke DEO	6,213,633
		Senanga DEO	7,955,853
		Nalolo DEO	3,825,884
		Limulunga DEO	2,521,770
8	Eastern	Chipata PEO	43,605,292
9	Northern	PEO	7,477,770
		Kaputa DEO	43,150
		Nsama DEO	19,950
10	Luapula	Luapula PEO	1,936,803
		Mansa DEO	26,590,686
		Kawambwa DEO	18,198,529
		Mwense DEO	11,780,502
<b>Total</b>			<b>465,997,902</b>

**28 Head: 80 Ministry of Education – Early Childhood, Primary and Secondary School Education**

**28.1 Mandate**

The mandate of the Ministry is to formulate and implement policy on early childhood, primary and secondary, university education, teacher training, licensing and enforcement of standards. The goal is to increase equitable access to quality education and skills training to enhance human capacity for sustainable national development.

**28.2 Audit Findings**

An examination of accounting and other records for the financial year ended 31<sup>st</sup> December 2022 maintained at the Ministry Headquarters and selected schools revealed the following:

**a. Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a total provision of K12,366,366,176 was made to cater for operations at Early Child, Primary and Secondary Education against which amounts totalling K11,695,541,662 were released resulting in an underfunding of K767,213,075.

As at 31<sup>st</sup> December 2022, amounts totalling K11,599,153,101 had been spent.

**b. Operational Matters**

**i. Understaffing of Schools**

A review of the 2022 approved Establishment Register (ER) against the filled positions at Pre-School, Primary and Secondary Schools sampled in six (6) Provinces revealed that out of 72,671 authorised positions, only 55,007 positions had been filled resulting in an understaffing of 17,664. See table 1 below.

**Table 1: Understaffing of Schools**

No.	Province	Pre-School			Primary School			Secondary School			Totals		
		ER	Actual	Variance	ER	Actual	Variance	ER	Actual	Variance	Total ER	Total Actual	Total Variance
1	Northern	570	342	228	7630	6546	1084	4606	4253	353	12,806	11,141	1,665
2	Western	1900	615	1285	14402	5933	8469	7251	4291	2960	23,553	10,839	12,714
3	Luapula	-	-	-	10029	7032	2997	2109	-	2109	12,138	7,032	5,106
4	Central	1500	773	727	1500	1126	374	200	181	19	3,200	2,080	1,120
5	Eastern	205	19	186	10,387	9,156	1231	2,207	2,373	-166	12,799	11,548	1,251
6	Lusaka	119	-	-119	4183	7845	-3662	3873	4522	-649	8,175	12,367	-4,192
	<b>Totals</b>	<b>4,294</b>	<b>1,749</b>	<b>2,307</b>	<b>48,131</b>	<b>37,638</b>	<b>10,493</b>	<b>20,246</b>	<b>15,620</b>	<b>4,626</b>	<b>72,671</b>	<b>55,007</b>	<b>17,664</b>

As at 31<sup>st</sup> August 2023, the vacant positions had not been filled.

**ii. Lack of School Libraries**

Chapter 11 of the Ministry of Education Standards and Evaluation Guidelines of 2014 states that “It is important for Education Boards to ensure that schools have libraries. The purpose of a library is to support the educational activities of the school and this is achieved by providing learners with the means to find whatever information they need and by encouraging learners to develop the habit of reading books for information and for pleasure. In order for the school library to serve its purpose, it must be recognised as an essential part of the institution’s facilities.”

A physical inspection and inquiries made with management carried out at thirty (30) selected schools in six (6) provinces visited revealed that the schools did not have libraries. See table 2 below.

**Table 2: Schools without Libraries**

No.	Province	District	Name of School
1	Central	Kabwe	Neem tree Secondary School
			David Ramushu Secondary School
			Danford Chilwa Seondary School
			High Ridge Secondary School
		Serenje	Serenje Boma Secondary School
		Chibombo	Miloso Boarding School
			Mtshede Secondary School
Copper Mine Boarding Boarding Chibombo Boarding School			
2	Luapula	Mwense	Mwense Boarding School
		Nchelenge	Mutono Secondary School
		Kawambwa	Mpota Secondary School
		Mwense	Lukwesa Secondary
3	Western	Mongu	Mulambwa Combined School
		Kalabo	Kalabo Day Secondary School
		Sesheke	Katima Secondary School
		Kaoma	Mangango Secondary School
4	Lusaka	Lusaka	Munali Girls Secondary School
			Nelson Mandela Secondary School
			Kamulanga Secondary School
			Foxdale Secondary School
	Kafue	Nakatete Secondary School	
5	Northern	Mporokoso	Mukanga Day Secondary School
6	Northerwestern	Solwezi	Kimale Secondary School
			Urban Secondary School
		Chavuma	Moses Luneta Secondary School
			Chavuma Day Secondary School
		Zambezi	Zambezi Day Secondary School
			Dipalata Secondary School
Kasempa	Kalusha Day Secondary School		

**iii. Shortage of Desks in Schools**

Chapter 19 of the Ministry of Education Standards and Evaluation Guidelines of 2014 states “It is the responsibility of Education Boards/proprietors to purchase sufficient and appropriate furniture for schools.”

However, a physical inspection of selected schools revealed that out of a total learner population of 38,935 at twenty-nine (29) schools in six (6) provinces, 20,353 learners did not have desks. See table 3 and pictures below.

**Table 3: Schools with Shortage of Desks**

No.	Province	District	School	No. of Learners	No. Learners on desks	No. of Learners Without desks
1	Eastern	Chipangali	Mnduwi Primary	760	90	670
			Lunkhuswe Primary	645	90	555
			Chalumbe Primary	915	122	793
		Petauke	Mkonda Primary	488	98	390
			Chiwizi Primary	338	116	222
		Lusangazi	Ukwimi A Primary	842	64	778
		Katete	Mzime Primary	969	340	629
			Dole Primary	809	246	563
		Chipata	Kanjala Primary	1368	334	1,034
		Lunkwakwa Primary	1155	556	599	
2	Lusaka	Lusaka	Kabulonga Boys Secondary	1670	1400	270
			Nelson Mandela Secondary	3455	3149	306
			Munali Girls Secondary	2020	1232	788
		Kafue	Nakete Secondary School	900	312	588
3	Western	Mongu	Kambule Secondary School	1470	811	659
			Kanyonyo Comabined School	2659	738	1,921
			Mulambwa Combined School	1235	1047	188
			Tungi Combined School	1932	609	1,323
		Sesheke	Katima Secondary School	885	865	20
		Kalabo	Kalabo Day Secondary School	2494	276	2,218
4	Luapula	Mwense	Mwense Secondary School	833	442	391
			Lukwesa Secondary School	857	519	338
		Nchelenge	Mutono Secondary	1139	767	372
			Mpota Secondary	2875	2600	275
		Kawambwa	Kawambwa Stem School	594	400	194
5	Muchinga	Chisali	Mishishi Primary School	711	180	531
			Mishishi Secondary School	845	225	620
			Mwaba Primary School	3,805	741	3,064
6	Northern	Kasama	Ntumpa Boarding Secondary School	267	213	54
			<b>Total</b>	<b>38,935</b>	<b>18,582</b>	<b>20,353</b>



*Learners sitting on the floor – Mwaba Primary School – Chinsali District - Muchinga Province*



*Class 1 - 119 learners in a class sitting on the floor – Mutono Primary School – Nchelenge District – Luapula*

#### **iv. Failure to Meet Early Childhood Education Standards**

Early Childhood Education (ECE) is a level of education that involves children between the age of 0 to 6 years old. It consists of Nursery and Pre-School stages with Nursery school stage catering for children between 0 - 3 years while Pre

Schools enrolls children between 4 - 6 years old. The two stages of ECE are preparatory stages for knowledge acquisition and entry into Grade 1.

Chapter 7 of the Standards and Evaluations Guidelines of 2014 stipulates that in order to provide quality Early Childhood Education, the school must have:

- A resting /sleeping room;
- Age-appropriate toilets with a ratio of 1:10;
- A play park painted with appealing and attractive colours;
- Furniture appropriate to the age;
- 1 Pre-school trained teacher per class of 15 for ages 3-4
- 1 Pre-school trained teacher per class of 20 pupils aged 5-6; and
- A care giver.

Contrary to the Guidelines, as at 31<sup>st</sup> August 2023, nine (9) Early Childhood Education Centres (ECEC) with a total enrolment of 1,151 children in three (3) Provinces did not meet the standards in that they did not have trained Pre-School teachers, lacked resting/sleeping rooms and age-appropriate toilets among others. See table 4 below.

**Table 4: ECE Centres not Meeting Standards**

No.	Province	District	School	No. of Enrolled Learners	No. of Resting /Sleeping Room	Age Appropriate Toilets	No. of Pre-school Trained Teachers	No. of Care Givers
1	Western	Mongu	Kanyonyo Combined School	141	0	0	2	1
			Mulambwa Combined	262	0	1	2	0
			Tungi Combined School	72	0	2	3	0
		Kalabo	Kalabo Day Secondary School	103	0	2	2	0
2	Muchinga	Chinsali	Mishishi Primary School	84	0	0	3	0
			Mwaba Primary School	248	0	0	3	0
3	Lusaka	Lusaka	New Ngombe Primary	53	1	0	1	0
			Arthur Wina Primary	70	1	0	2	0
		Luangwa	Mwavi Primary	118	0	0	1	0
			<b>Total</b>	<b>1151</b>	<b>2</b>	<b>5</b>	<b>19</b>	<b>1</b>

**v. Lack of Sufficient Bed Spaces - Inadequate Bunker Beds**

During the period under review, there were six (6) schools in three (3) provinces with a total number of 4,331 pupils in boarding. However, a physical inspection of the schools dormitories for both girls and boys revealed that the schools had only 2,627 bunker bed spaces resulting in a deficit of 1,704 bed spaces. Further,

it was observed that a number of pupils resorted to sharing with other pupils while others slept on the floor. See table 5 below.

**Table 5: Schools with Inadequate Bunker Beds**

Province	Districts	School	Number of Boarders	Bed Spaces Available	Bed Space Shortage
Northern	Kasama	Kasama Girls Boarding	1,490	860	630
	Lunte	Lunte Girls Boarding	578	352	226
Central	Mkushi	Miloso Boarding	298	16	282
	Luano	Copper Mine Boarding	502	165	337
	Chibombo	Chibombo Boarding	1,078	900	178
Western	Mongu	Kambule Secondary School	385	334	51
<b>Total</b>			<b>4,331</b>	<b>2,627</b>	<b>1,704</b>

**c. Procurement of Goods and Services**

**i. Unretired Accountable Imprest – Nelson Mandela Secondary School (Lusaka Province)**

Regulation No. 104 (1) of the Public Financial Management (General) Regulations of 2020 provides that Special or Accountable imprest shall be retired immediately after the purpose for which the imprest was issued is fulfilled.

Contrary to the Regulation, accountable imprest in amounts totalling K51,872 issued to five (5) officers at Nelson Mandela Secondary School during the period under review had not been retired as at 31<sup>st</sup> August 2023 despite undertaking the activities for which imprest was issued.

**ii. Irregular Cash Withdrawals**

Ministry of Finance and National Planning Treasury and Finance Management Circular No.1 of 2022 guided Controlling Officers that no cash should be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary’s account.

Contrary to the Circular, during the period under review, cash totalling K626,017 involving fifty (50) transactions was drawn as imprest at four (4) schools in three (3) provinces to facilitate the payment of daily subsistence and fuel allowances instead of paying directly into the beneficiaries’ bank accounts. See table 6 below.

**Table 6: Schools which Withdraw Cash**

No.	Province	District	School	No. of Transactions	Amount K
1	Southern	Mazabuka	Makoye Secondary	3	31,696
		Sinazongwe	Maamba Secondary	5	170,581
2	Lusaka	Lusaka	Nelson Mandela secondary	40	136,640
3	Northern	Lunte	Lunte Girls Boarding School	2	287,100
			<b>Total</b>	<b>50</b>	<b>626,017</b>

**iii. Irregular Use of Imprest to Procure Goods and Services**

Regulation 94 (3) of the Public Finance Management (General) Regulations of 2020 states “Accountable imprest is imprest that is issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time of payment.”

Contrary to the Regulation, during the period under review, imprest in amounts totalling K115,764 was issued to eleven (11) officers at four (4) schools in two (2) provinces to procure goods and services whose values were obtainable on the market. See table 7 below.

**Table 7: Schools Cited for Irregular Use of Imprest**

Province	District	School	No. of Officers	Amount K
Lusaka	Kafue	Nakatete Secondary School	3	22,436
	Lusaka	Nelson Mandela Secondary School	1	26,992
		Foxdale Secondary School	4	56,496
Southern	Mazabuka	Makoye Secondary	3	9,840
<b>Total</b>			<b>11</b>	<b>115,764</b>

**iv. Irregular Procurements from Office Holders or their Relatives**

Section 15 (1) of the Public Procurement Act No. 8 of 2020 prohibits an office holder or their relative from bidding in a procuring entity by which that officer holder is employed. According to Section 3 of the Anti-Corruption Act of 2012, a relative includes persons such as a spouse, parent and child of a public officer.

Contrary to the Act, during the period under review, two (2) schools procured various school supplies such as food rations and stationery in amounts totalling K362,873 involving thirty-five (35) transactions from office holders within the schools or from relatives such as their spouses. See table 8 below.

**Table 8: Schools Cited for Irregular Procurements from Relatives**

Province	District	School	No. of Transaction	Amount K
Southern	Sinazongwe	Maamba Secondary School	27	251,571
Muchinga	Mpika	Kenneth Kaunda Secondary	8	111,302
	<b>Total</b>		<b>35</b>	<b>362,873</b>

**d. Unaccounted for Stores – Central Province**

Regulation 16 of the Finance Control and Management (Public Stores) Regulations stipulates that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain records of the receipt and issue of such public stores.

Contrary to the Regulation, various stores items costing K106,773 (general stores – K19,740 and food stuffs - K87,033) procured at Miloso Secondary School in Chibombo District during the period under review were not accounted for in that there were no disposal details.

**e. Weaknesses in Management of Assets**

**i. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act No. 1 of 2018 requires Controlling Officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, sixty-one (61) properties at forty-nine (49) schools in eight (8) provinces were not secured with title deeds as at 31<sup>st</sup> August 2023. See table 9 below.

**Table 9: Schools without Title Deeds for their properties**

No.	Province	District	Name of School	No. of Properties
1	Copperbelt	Masaiti	Masaiti Secondary	1
		Ndola	Chiwala Boarding	1
		Kitwe	Chati Boarding	1
		Lufwanyama	Lufwanyama Boarding	1
		Ndola	Ndeke Secondary	1
2	Western	Ndola	Kanini Secondary	1
		Mongu	Kambule Secondary School	1
		Mongu	Kanyoyno Combined School	1
		Kalabo	Mulambwa Combined School	1
		Mongu	Tungi Combined School	1
		Sesheke	Katima Secondary School	1
		Kaoma	Kaoma Boarding Secondary School	1
3	Northern	Kalabo	Kalabo Boarding Secondary School	1
		Kalabo	Kalabo Day Secondary School	1
		Kasama	Kasama Girls Secondary	1
		Lunte	Lunte Girl's Stem Secondary	1
		Mpulungu	Mpulungu Boarding Secondary	1
4	Lusaka	Mbala	Mbala Boarding Secondary	1
		Mukanga	Mukanga Day Secondary	1
		Kaputa	Kaputa Primary	1
		Lusaka	Munali Girls Secondary School	1
		Luangwa	Luangwa Secondary School	7
5	Muchinga	LuLusaka	Kamulanga Secondary School	7
		Lusaka	Nelson Mandela Secondary School	1
		Lusaka	Foxdale Secondary School	1
		Mpika	Mpika Boys Secondary	1
		Isoka	Isoka Boys Secondary	1
6	North-western	Nakonde	Nakonde Day Secondary	1
		Mpika	Kenneth Kaunda Sec School	1
		Mpika	Kampamba Day Secondary	1
		Solwezi	Solwezi Boys Technical	1
		Solwezi	Solwezi Urban and Primary	1
		Solwezi	Kimale Secondary	1
		Chavuma	Chavuma Day Secondary	1
7	Southern	Zambezi	Moses Luneta Day Secondary	1
		Zambezi	Zambezi Day Secondary	1
		Solwezi	Dipalata Day Secondary	1
		Kasepa	Kalusha Day Secondary	1
		Livingstone	Mulwani Pri and Secondary	1
		Chirundu	N'gombe Illede Secondary	1
8	Central	Siavonga	Siavonga Secondary	1
		Mazabuka	Makoye Secondary	1
		Sinazongwe	Maamba Secondary	1
		Choma	Shampande Pri and Secondary	1
		Kabwe	Highridge Secondary	1
Total		Kabwe	Danford Chilwa Secondary School	1
		Chibombo	Mtshede Secondary School	1
		Chibombo	Copper Mine Boarding School	1
		Chibombo	Miloso Boarding School	1
				<b>61</b>

**ii. Failure to Inscribe Assets**

Regulation 154 of the Finance (Control and Management) (Public Stores) Regulations requires that all furniture and equipment belonging to the Government should be clearly marked with distinguishing letters of “GRZ” in an inconspicuous part of the asset to identify it as a Government property.

Contrary to the Regulation, 1,034 assets valued at K39,243,546 at 279 schools had no identification marks. See table 10 below.

**Table 10: School with Uninscribed Assets**

Province	District	Schools	No. of Assets	Amount K
Copperbelt	Kitwe	Chati Boarding Secondary School	6	27,096
Southern	Choma	278 Schools	1028	39,216,450
<b>Total</b>			<b>1034</b>	<b>39,243,546</b>

In addition, eighteen (18) assets whose value could not be ascertained at Kaoma Boarding School in Kaoma District in Western Province had no identification marks as at 31<sup>st</sup> August 2023.

**f. Failure to Settle Outstanding Bills**

As at 31<sup>st</sup> August 2023, seven (7) schools in four (4) provinces had outstanding bills in amounts totalling K1,434,739 in respect of other personnel related emoluments and utilities, some dating as far back as 2015. See table 11 below.

**Table 11: Schools with Outstanding Bills**

No.	Province	District	Schools	Amount K
1	Copperbelt	Masaiti	Masaiti Boarding School	141,336
		Lufwanyama	Lufwanyama Boarding School	444,016
2	Western	Mongu	Kambule Secondary School	132,892
		Kaoma	Kaoma Boarding Secondary School	424,144
3	Southern	Sinazongwe	Maamba Secondary	75,000
4	Eastern	Petauke	Petauke Boarding school	88,541
		Chipata	Chipata Day School	128,809
<b>Total</b>				<b>1,434,739</b>

**29 Head: 80 Ministry of Education - Zambia Education Enhancement Project (ZEEP)**

**29.1 Project Background**

The Zambia Education Enhancement Project (ZEEP) is a project under the Ministry of Education (MoE). The implementation commenced on 29<sup>th</sup> August 2017 and was expected to be completed by 31<sup>st</sup> October 2022.

The project was financed through a US\$ 60 million loan facility provided by the World Bank's International Development Association (IDA) and US\$144,000,000 from the Government of the Republic of Zambia. On 20<sup>th</sup> September 2021, the Project was awarded US\$120 million additional financing for the extension to 31<sup>st</sup> December 2025.

The project was borne out of Government's realisation of the need to improve the quality of education especially in the under-served rural communities.

**29.2 Audit Findings**

An examination of accounting and other records maintained at the Project Implementing Unit and selected stations for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

**a. Budget, Funding and Expenditure**

In the annual work plan and budget for the financial year ended 31<sup>st</sup> December 2022, a provision of K423,939,018 (US\$25,002,190.87) was made to cater for various activities against which amounts totalling K489,110,435 (US\$28,643,399.82) were released resulting in overfunding of K72,371,417 (US\$3,641,208.95).

During the period under review, there was an opening balance of K18,901,288.34 (US\$1,137,829.20), bringing the total available funds to K508,011,723 (US\$29,781,229.02), as shown in table 1 below.

**Table 1: Budget and Funding**

Sources of Funds	Budget		Funding		Variance	
	ZMK	US\$	ZMK	US\$	ZMK	US\$
International Development Aid (IDA) Credit	266,869,611	16,010,799.72	412,255,362	23,947,006.22	(145,385,751)	(7,936,206.50)
Disbursement linked indicators(Components 1 and 2)	149,869,407	8,991,391.15	76,855,072	4,696,393.60	73,014,334	4,294,997.55
<b>Total Budget/Receipts</b>	<b>416,739,018</b>	<b>25,002,190.87</b>	<b>489,110,435</b>	<b>28,643,399.82</b>	<b>(72,371,417)</b>	<b>(3,641,208.95)</b>

As at 31<sup>st</sup> December 2022, amounts totalling K88,444,263 (US\$5,263,048.06) were spent representing 18% of the total available funds and 21% of the total budget. The total unutilised funds amounted to K419,567,460 (US\$24,518,180.96).

**b. Operational Matters**

**i. Failure to Distribute Complaint Forms - School Related Gender Based Violence Strategies**

The Action Plan for School Related Gender Based Violence (SRGBV) Strategies was funded a total amount of K3,459,270 with the aim of increasing knowledge of gender concepts, types of GBV, and root causes of GBV, discuss the type, scale, gendered nature and consequence of SRGBV.

On 15<sup>th</sup> February 2021, the Ministry paid Intercopy Corporation amounts totalling K153,300 to supply and deliver 3,500 copies of Grievance Redress Mechanism Complaint forms to be used for the SRGBV programme. Although the supplier had delivered in full, complaint forms were kept at the main stores and had not been distributed for a delayed period of two (2) years.

**ii. Failure to Utilise Textbook Distribution and Tracking System**

On 25<sup>th</sup> November 2019, the Ministry signed a contract with ZYTICS Limited to provide consultancy services to develop a Project Management Information System (PMIS) for the Zambia Education Enhancement Project (ZEEP) at a contract sum of K2,310,505 (US\$158,145.42) with a completion period of forty five (45) working days from the date of contract signing. The consultant completed the development of the system on 2<sup>nd</sup> June 2022 and had been paid in full. See table 2 below.

**Table 2: Payments to Consultant**

No.	Date	Details	Amount (US\$)	Amount (Kwacha Equivalent)
1	17.11.2021	30 % of contract sum	84,743	1,452,107
2	17.12.2021	40 % of contract sum	112,990	2,018,287
3	24.03.2022	20% of contract sum	56,495	980,625
4	08.03.2022	10% of contract sum	28,248	492,595
	<b>Total</b>		<b>282,475</b>	<b>4,943,614</b>

However, as at 31<sup>st</sup> July 2023, the text book distribution and tracking system was not being used despite being incorporated in the PMIS.

Consequently, the distribution of textbooks was being done outside the system by schools making requests directly through the Ministry’s Head Office stores.

**iii. Failure to Secure Title Deeds for Property**

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “that a Controlling Officer shall ensure that all public properties under the Controlling Officer’s charge are secured with title deeds.”

Contrary to the Acts, there were no title deeds for eight two (82) ZEEP schools to prove ownership of the Schools.

**c. Delayed Connection of Electricity to Constructed Schools**

On 22<sup>nd</sup> December 2020 and 17<sup>th</sup> December 2021, the Ministry of Education paid amounts totalling K8,871,568 to ZESCO to connect thirty two (32) completed schools to the national power grid.

However, as at 31<sup>st</sup> August 2023, out of the thirty two (32) schools paid for, only twelve (12) were connected while twenty (20) schools had not been connected. See 3 table below.

**Table 3: Schools not Connected to Power**

No.	Province	District	School
1	Central	Shibuyunji	Shibuyunji Secondary School
2	Central	Chisamba	Chowa Mpanga Secondary School
3	Central	Luano	Twikatane Secondary School
4	Central	Kapiri Mposhi	Likumbi Secondary School
5	Eastern	Chadiza	Chanida Day Secondary School
6	Lusaka	Chirundu	Sikoongo Secondary School
7	Lusaka	Kafue	Chifwema Secondary School
8	Luapula	Mwense	Loto Secondary School
9	Luapula	Nchelenge	Lupili Secondary School
10	Luapula	Chiengi	Katele Secondary School
11	Luapula	Kawambwa	Muyembe Secondary School
12	Luapula	Mwansabombwe	Kabalenge Secondary School
13	Luapula	Chifunabuli	Mundubi Secondary School
14	Lusaka	Lusaka	Foxdale Secondary School
15	Lusaka	Luangwa	Kakaro Secondary School
16	Muchinga	Shiwangandu	Lwanya Secondary School
17	Eastern	Petauke	Ngombe Nimatole Secondary School
18	Northern	Chilubi	Santa Maria Day Secondary School
19	Luapula	Mwense	Chibondo Secondary School
20	Southern	Pemba	Makomba Secondary School

**30 Head: 86 – Ministry of Fisheries and Livestock****Programme: Various****30.1 Mandate**

The Ministry is mandated to facilitate the development and management of a sustainable and viable fisheries and livestock sector to ensure national and household food security and enhance the sector's contribution to Gross Domestic Product.

**30.2 Audit Findings**

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

**a. Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a provision of K928,775,994 was made to cater for the operations of the Ministry against which amounts totalling K813,062,464 were released resulting in an under funding of K115,713,530.

As at 31<sup>st</sup> December 2022, the Ministry had spent amounts totalling K751,484,076.

**b. Failure to Procure Bulls for Artificial Insemination**

According to the 2022 to 2026 Strategic Plan, the Ministry included an initiative of restocking and breeding programme as part of increasing livestock production and productivity.

In this regard, in the 2022 approved Budget for the Ministry on Livestock Production and Productivity, an amount of K524,588 was provided for the procurement of breeding bulls for the purposes of artificial insemination at Mazabuka Artificial Insemination (AI) Training Centre.

As at 31<sup>st</sup> July 2023, amounts totalling K697,414 (comprising K524,588 for procurement of bulls and K172,826 for transportation of the bulls from the supplier to Mazabuka Insemination Training Centre) were received for the activity.

A review of records carried out in March 2023, revealed that the Ministry did not procure the breeding bulls but instead the funds amounting to K697,414 were utilised on the payment of subsistence allowances to various officers that attended the training on artificial insemination in Mazabuka.

As at 31<sup>st</sup> August 2023, the bulls had not been procured.

**c. Management of Retirees - Irregular Payment of Allowances to Retirees**

The Public Service Management Division (PSMD) Circular No. B10 of 2016 required that with effect from 5<sup>th</sup> January 2016, all retired employees should be retained on the payroll until pension benefits are paid.

In addition, PSMD Circular No. B21 of 2018 guided among other things that any amounts that were paid in form of any allowance other than basic salary from the time Government implemented the retention of retirees on the payroll should be recovered

and that conveyance for retirement for employees contributing to NAPSA should be submitted to NAPSA at least three months prior to the Officer’s date of retirement.

Further, PSMD Circular No. B26 of 2022 provided that retired employees that served on permanent and pensionable terms of appointment that are retained on the payroll pending payment of pension benefits should be entitled to receive the last Basic Salary and Housing Allowance to those unaccommodated. The Circular also provided that retired employees that were yet to be paid their pension benefits but had been paid the repatriation allowance should be entitled to receive the basic salary only.

Contrary to the circulars, nine (9) retirees were irregularly paid allowances such as fuel, interface and transport in amounts totalling K195,716 during the period under review. See table 1 below.

**Table 1: Irregularly Payment of Allowances**

<b>No.</b>	<b>Details</b>	<b>Amounts Paid K</b>
1	Fuel Allowance	161,439
2	Interface Allowance	13,853
3	Transport Allowance	20,424
	<b>Total</b>	<b>195,716</b>

**31 Head: 86 Ministry of Fisheries and Livestock**

**Departments: Provincial and District Fisheries and Livestock Offices**

**31.1 Mandate**

The Ministry is mandated to facilitate the development and management of the sustainable and viable fisheries and livestock sector to ensure national and household food security and enhance the sector’s contribution to Gross Domestic Product.

**31.2 Audit Findings**

An examination of accounting and other records maintained at the Provincial Fisheries and Livestock Coordinating Offices (PFLCOs) and selected District Fisheries and Livestock Coordinating Offices (DFLCOs) for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

**a. Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a provision of K43,027,830 was made to cater for the operations of the Provincial and District Fisheries and Livestock Offices out of which amounts totalling K43,027,823 were released. See table 1 below.

**Table 1: Budget, Funding and Expenditure**

No.	Province	Details	2022 Approved Budgets K	2022 Funding K
1	Southern	Provincial Fisheries & Livestock (PFLCO)-RDC	404,133	404,133
		Southern Province (DFLCOS)	4,449,953	4,449,953
2	Northern	Provincial Fisheries & Livestock (PFLCO)-RDC	394,133	394,133
		Northern (DFLCOS)	4,066,879	4,066,879
3	Eastern	Provincial Fisheries & Livestock (PFLCO)-RDC	394,133	394,133
		Eastern (DFLCOS)	4,693,026	4,693,026
4	North Western	Provincial Fisheries & Livestock (PFLCO)-RDC	374,133	374,129
		North Western (DFLCOS)	3,723,806	3,723,805
5	Central	Provincial Fisheries & Livestock (PFLCO)-RDC	384,133	384,133
		Central Province (DFLCOS)	3,996,879	3,996,879
6	Luapula	Provincial Fisheries & Livestock (PFLCO)-RDC	394,133	394,132
		Luapula Province (DFLCOS)	4,066,879	4,066,879
7	Lusaka	Provincial Fisheries & Livestock (PFLCO)-RDC	384,133	384,133
		Lusaka Province (DFLCOS)	2,431,513	2,431,513
8	Western	Provincial Fisheries & Livestock (PFLCO)-RDC	404,133	404,133
		Western Province (DFLCOS)	5,329,173	5,329,173
9	Muchinga	Provincial Fisheries & Livestock (PFLCO)-RDC	374,133	374,133
		Muchinga Province (DFLCOS)	3,067,660	3,067,660
10	Copperbelt	Provincial Fisheries & Livestock (PFLCO)-RDC	374,133	374,133
		Copperbelt Province (DFLCOS)	3,320,733	3,320,733
<b>Total:</b>			<b>43,027,830</b>	<b>43,027,823</b>

As at 31<sup>st</sup> December 2022, amounts totalling K43,027,783 had been spent.

**b. Operational Matters - Management of Breeding Centres, Fish Farms, Dip Tanks and Veterinary Camps**

**i. Breeding Centres**

- **Failure to Tag Animals - Mukulaikwa Breeding Centre – Shibuyunji DFLCO**

Section 6 (1) of the Animal Identification Act No. 28 of 2010 requires owners of animals to mark them with an identification mark.

Contrary to the Act, thirty-nine (39) animals [*twenty (20) pigs and nineteen (19) goats*] whose value could not be ascertained had not been tagged as at 31<sup>st</sup> August 2023.

- **Failure to Insure Animals**

Regulation 41 (1) of the Public Finance Management (General) Regulations of 2020 provides that a public body shall insure public assets with an insurance company registered under the Insurance Act, 1997.

Contrary to the Regulation, it was observed that as at 31<sup>st</sup> May 2023, a total of 530 animals at Chipompo Livestock Breeding Centre in Kasama District of Northern Province had not been insured. In this regard, the Ministry could not be compensated for 244 animals that died during the period under review.

Further, no loss report had been raised by the Ministry as at 31<sup>st</sup> August 2023.

**c. Management of Payroll and Staff Related Matters**

**i. Irregular Changes of Pay Points - Muchinga PFLCO**

During the period under review, fourteen (14) officers had their pay points changed and were paid salaries in amounts totalling K407,849 from their new pay points.

However, the changes were not supported by transfer letters and a head count revealed that the officers were not serving at the stations under which their pay points had been moved to rendering the changes questionable.

Further, the changes of pay points were performed by two (2) PMEC end users without supporting documentation to authorise the effecting of the inputs.

**ii. Misplacement of Payroll Area**

The Cabinet Office Circular No. 13 of 2019 requires Controlling Officers to ensure that all employees under their respective Ministries, Provinces and Spending Agencies are placed in their designated duty stations.

Contrary to the Circular, a total of 155 officers drew salaries in amounts totalling K9,683,899 during the period under review from pay points which were different from their physical stations. See table 2 below.

**Table 2: Misplaced Officers**

No.	Province	Station	No. of Employees	Amount K
1	Central	Kabwe	94	6,133,523
		Chibombo	1	23,558
		Itezhi Tezhi	2	139,115
		Kapiri Mposhi	2	90,742
		Luano	1	43,188
		Mkushi	1	32,697
		Mumbwa	1	51,235
		Ngabwe	1	78,574
		Serenje	2	67,690
		Shibuyunji	1	4,271
2	Eastern	Chipata	1	60,229
		Chadiza	1	60,229
3	Luapula	Mansa	19	803,345
		Kawambwa	1	60,229
		Mwense	2	134,609
4	Western	Mongu	5	391,122
		Kaoma	1	6,842
		Senanga	1	55,003
5	Muchinga	Chinsali	1	148,204
		Mpika	2	83,120
		Nakonde	1	68,007
		Shiwangáandu	1	100,587
6	Southern	Kalomo	2	156,658
		Kazungula	6	513,867
		Livingstone	1	21,238
		Mazabuka	2	176,135
		Namwala	1	105,626
		Siavonga	1	74,254
		<b>Total</b>	<b>155</b>	<b>9,683,899</b>

As at 31<sup>st</sup> August 2023, no action had been taken to normalise the situation.

### iii. Irregular Payment of Allowances

#### • Rural and Remote Hardship Allowances

Section 166 of the Terms and Conditions of Service for Public Service read together with the Public Service Management Division (PSMD) Circular No. B6 of 2010 requires an officer serving in an area declared to be in a rural and remote area to be entitled to receive rural and remote hardship allowances at rates as maybe determined by Government from time to time.

Contrary to the provisions, amounts totalling K479,885 in respect of rural (K464,827) and remote hardship (K15,057) allowances at eight (8) stations were irregularly paid to forty six (46) officers who were not eligible to receive the allowances in that their work stations were not designated for payment of the allowances. See table 3 below.

**Table 3: Payments of Rural and Remote Hardship Allowances**

No.	Province	Station	No. of officers	Rural Hardship K	Remote Hardship K	Amount K
1	Muchinga	Mpika	1	12,045	-	12,045
		Nakonde	2	24,092	-	24,092
		Shiwangáandu	1	18,431	-	18,431
2	Southern	Choma	17	179,384	-	179,384
		Livingstone	2	23,046	-	23,046
		Mazabuka	11	109,579	-	109,579
		Monze	11	98,250	-	98,250
3	Northern	Mporokoso	1	-	15,057	15,057
		<b>Total</b>	<b>46</b>	<b>464,827</b>	<b>15,057</b>	<b>479,885</b>

### iv. Failure to Recover Tuition Advances – Petauke DFLCO

The Public Service Management Division Circular No. B20 of 1995 requires that with effect from the date of the Circular, advances for the cost of the tuition fees should be repaid by regular equal monthly instalments commencing on the month following the payment of the advance.

Recoveries in respect of tuition advance amounting to K20,000 paid to one (1) officer on 10<sup>th</sup> February 2022 had not been effected as at 31<sup>st</sup> August 2023 resulting in delays of seventeen (17) months.

**d. Accounting Irregularities**

**i. Unsupported Payments**

Regulation 46 (1) (2) of the Public Finance Management (General) Regulations of 2020 requires that all payment vouchers relating to purchases should be supported by a purchase order, the supplier's invoice and proof of delivery or performance and payments should not be made on statements of account only.

Contrary to the Regulation, six (6) payments in amounts totalling K16,420 processed at Isoka DFLCO were not supported with documents such as receipts, local purchase orders, authority, among others.

**ii. Holding of Workshops without Authority - Serenje DFLCO**

The Cabinet Office Circular Minute of 2016 requires that authority be obtained from the Secretary to the Cabinet for government departments to use private facilities where conference facilities are unavailable or insufficient in terms of capacity.

Contrary to the Circular, on 20<sup>th</sup> June 2022, an amount of K19,320 was paid for use of private conference facilities without authority.

**iii. Failure to Submit Expenditure Returns – Mongu PFLCO**

Regulation 8 (l) of the Public Finance Management (General) Regulations of 2020 stipulates that accounting officers should prepare and dispatch in a timely manner financial statements and returns to a relevant authority.

Contrary to the regulation, expenditure returns for amounts totalling K786,692 remitted to ten (10) stations for Animal Disease Control and Appropriation in Aid (AIA) were not availed for audit.

**e. Management of Stores**

**i. Unaccounted for Stores**

Regulation 16 of the Finance Control and Management (Public Stores) Regulations stipulates that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain records of the receipt and issue of such public stores.

Contrary to the regulation, stores items costing K36,739 (general stores – K17,965 and fuel – K18,828) procured at two (2) stations in Muchinga Province were not accounted for in that there were no receipt and disposal details.

**ii. Fuel Drawn by Vehicles not Owned by the Institution**

During the period under review, 2,048 litres of fuel costing K51,354 was irregularly drawn from the pool fuel account by thirty-one (31) motor vehicles not owned by Lusaka PFLCO.

**iii. Unaccounted for Vaccines - Mongu PFLCO**

On 1<sup>st</sup> November 2022, Mongu PFLCO procured 432 doses of vaccines costing K52,200 from EEC GRZ Animal Vaccine using a bank transfer.

However, the vaccines were unaccounted for in that there were no receipt and disposal details.

As at 31<sup>st</sup> August 2023, the vaccines had not been accounted for.

**f. Management of Assets - General Assets**

**i. Failure to Secure Title Deeds**

Section 41 (4) of the Public Finance Management Act No. 1 of 2018 requires Controlling Officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, twenty-three (23) stations did not secure title deeds for parcels of land on which seventy-seven (77) properties comprising of office blocks, staff houses, breeding centres among others were located. See table 4 below.

**Table 4: Failure to Secure Title Deeds**

No.	Province	Station	No. of Assets
1	Northern	Kasama PFLCO	1
		Kaputa DFLCO	1
		Mporokoso DFLCO	1
		Mbala DFLCO	1
		Mpulungu DFLCO	1
2	Eastern	Chipata PFLCO	3
		Lundazi DFLCO	2
3	Western	Mongu PFLCO	2
		Mongu DFLCO	1
		Sesheke DFLCO	4
		Senanga DFLCO	6
		Nalolo DFLCO	6
		Limulunga DFLCO	9
4	Central	Itezhi-Tezhi DFLCO	1
		Mukulaikwa Livestock Breeding	3
5	Southern	Choma PFLCO	7
		Choma DFLCO	13
		Chirundu DFLCO	2
		Siavonga DFLCO	6
		Livinstone DFLCO	3
		Batoka Livestock Development Centre	2
6	Luapula	Kawambwa DFLCO	2
		<b>Total</b>	<b>77</b>

## ii. Failure to Update Asset Registers

Regulation 99 of the Finance Control and Management (Public Stores) Regulations stipulates that Controlling Officers shall be responsible for all office machinery on charge to their Ministries or Departments and shall maintain at each Ministry and Departmental headquarters, a register of such items showing government and manufacturer's serial number, make, type and location of all machines on their charge.

Contrary to the Regulation, two (2) stations in Lusaka Province (Luangwa and Lusaka) did not update asset registers. Consequently, various assets costing K63,590 procured during the period under review had not been recorded in the asset registers.

## iii. Failure to Insure Motor Vehicles and Motor Bikes

Regulation 41 (1) of the Public Finance Management (General) Regulations of 2020 stipulates that a public body shall insure public assets with an insurance company registered under the Insurance Act, 1997.

Contrary to the Regulation, three (3) motor vehicles, thirty four (34) motor bikes

and six (6) boats at four (4) stations whose value could not be ascertained, were not insured during the period under review. See table 5 below.

**Table 5: Failure to Insure Motor Vehicle and Motor Bikes**

Province	Station	No. of vehicles	No. of motor bikes	Boats
Eastern	Lumezi DFLCO	0	3	-
Southern	Namwala DFLCO	0	3	6
	Sinazongwe DFLCO	1	-	-
	Kalomo DFLCO	2	27	-
	Livingstone DFLCO	-	1	-
	<b>Total</b>	<b>3</b>	<b>34</b>	<b>6</b>

**g. Failure to Settle Obligations**

As at 31<sup>st</sup> December 2022, three (3) stations had outstanding obligations in amounts totalling K19,323,036 in respect of other personal emoluments, rehabilitation of the office building and utility bills, among others. See table 6 below.

**Table 6: Outstanding Obligations**

Province	Station	Amount K
Eastern	Chipata PFLCO	6,192,964
Western	Mongu PFLCO	7,049,629
Southern	Choma PFLCO	6,080,443
	<b>Total</b>	<b>19,323,036</b>

## 32 Head: 86 Ministry of Fisheries and Livestock - Enhanced Smallholder Livestock Investment Programme

### 32.1 Mandate

Enhanced Smallholder Livestock Investment Programme (E-SLIP) was established on 11<sup>th</sup> May 2015 through the signing of a US\$47.73 million Loan/Grant Agreement between the Republic of Zambia and the International Fund for Agricultural Development (IFAD). It had a seven (7) year timeline with the completion date being 30<sup>th</sup> June 2022 and closing date of 31<sup>st</sup> December 2022 targeting 180,000 rural households in Zambia.

The Programme is responsible for the eradication of Contagious Bovine Pleuropneumonia (CBPP), Control of East Coast Fever (ECF), sustainable production and utilisation of forage and forage seed, and pro-poor stocking and restocking. The programme has three (3) components as follows:

- Component 1: *Animal Disease Control Sustainably Improved* - had two (2) subcomponents being Eradication of CBPP and Control of ECF;
- Component 2: *Livestock Production Systems Sustainably Improved* - had two (2) subcomponents namely Sustainable Forage and Forage Seed Production and Utilisation and Pro-poor Stocking and Restocking; and
- Component 3: Effective Programme Management.

### 32.2 Sources of Funds

The sources of funds for the Programme are as shown in table 1 below.

**Table 1: Programme Financiers**

No.	Financiers	US\$ million
1	IFAD Loan	14.23
2	IFAD Grant	0.87
3	Rural Poor Support Facility (RPSF) Grant	1.43
4	Government of the Republic of Zambia	10.6
5	Programme beneficiaries (small scale farmers)	8.6
6	OFID Loan	12
	<b>Total</b>	<b>47.73</b>

### **32.3 Audit Findings**

An examination of accounting and other records maintained at the Project Implementation Unit for the financial year ended 31<sup>st</sup> December 2022 conducted from January to March 2023 revealed the following.

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

In the E-SLIP annual work plan and budget for the financial year ended 31<sup>st</sup> December 2022, a provision of K160,762,470 was made to cater for various activities against which amounts totalling K152,871,651 were released, resulting in an underfunding of K7,890,819

As at 31<sup>st</sup> December 2022, amounts totalling K134,546,424 had been spent.

E-SLIP project had a total loan of US\$47,737,000 out of which a cumulative disbursement of US\$37,545,000 was made out of which US\$36,640,000 had been spent as at 31<sup>st</sup> December 2022.

A review of the 2022 annual report revealed that from inception to 31<sup>st</sup> December 2022 a total of 22,584 households, including 14,584 female-headed households, 3120 male headed households and 4,880 households headed by young people benefited from livestock packages under E-slip against a target of 28,000 households.

#### **b. Operational Matters**

##### **i. Component 1: Animal Disease Control Sustainably Improved**

Section 3.1 part 42 of the Annual Performance Report stipulates that, “The Animal Disease Control Sustainably Improved Component aim to reduce the prevalence of Contagious Bovine Pleuro-Pneumonia (CBPP) and East Coast Fever (ECF) to levels that allow smallholders’ cattle herds to grow. It is managed by the Department of Veterinary Services (DVS) through the Disease Control Unit (DCU). The component has two (2) sub-components; namely 1) Towards CBPP Eradication sub-component and 2) the Control of ECF sub-component”.

The following were observed:

- **Failure to Vaccinate Animals**

Section 3.1 part 45 of the 2022 annual performance report states that, the Sub-component’s aim was to undertake mass CBPP vaccination, sero

surveillance and removal of positive herds (test and slaughter) in Muchinga, Northern, Western and Southern provinces in order to achieve the OIE-World Organisation for Animal Health mandated conditions for declaration of freedom from CBPP in areas outside the maintained buffer vaccination zones.

During the period under review, ESLIP had an approved budget of K48,623,947 out of which K42,585,774 was spent leaving a balance of K6,038,173.

However, out of a target of 372,800 animals only 83,969 animals representing 23% were vaccinated leaving 288,831 unvaccinated thereby impacting negatively on the control of the prevalence of Contagious Bovine Pleuro-pneumonia (CBPP) and East Coast Fever (ECF) in Muchinga, Northern and Western Province according to the annual performance report. See table 2 below.

**Table 2: Failure to Vaccinate Animals**

No.	Description of activities	2022 Target	2022 Actual	Target Variance	Target % Variance
1	Number of cattle vaccinated in CBPP- designated border areas in Muchinga, Northern, and Western provinces	300,000	20,726	(279,274)	-93%
2	Number of animals receiving ECF ITM	72,800	63,243	(9,557)	-13%
	<b>Total</b>	<b>372,800</b>	<b>83,969</b>	<b>(288,831)</b>	

- **Failure to Meet the Immunisation Target**

Section 3.1.2 parts 65 to 67 of the 2022 Annual Performance Report stipulates that the sub-component’s objective is to conduct EFC infection and treatment method (ITM) immunisation of calves aged 3 to 18 months in Copperbelt, Central, Eastern, Lusaka, Muchinga, Northern and Southern Provinces.

A physical verification and a review of the annual performance report for the period under review revealed that the sub-component targeted to immunise 72,800 calves in five (5) provinces against which a total of 63,243 were immunised representing 86.9% leaving a balance of 9,557. See table 3 below.

**Table 3: Immunisation of Calves**

No.	Province	Target	Done	%
1	Southern	38,300	32,707	85.4
2	Eastern	18,000	16,788	93.27
3	Central	9,000	7,366	81.84
4	Lusaka	4,000	3,545	88.63
5	Copperbelt	3,500	2,837	81.06
	<b>Total</b>	<b>72,800</b>	<b>63,243</b>	<b>86.87</b>

**ii. Component 2: Livestock Production System Sustainably Improved - Failure to Construct Water Points**

The Livestock Production Systems Sustainably Improved component's aim was to improve and promote sustainable production and productivity of key livestock systems of targeted female and male smallholder producers as provided for in parts 81 to 175 of the Final Programme Design Report (PDR). The component was managed by the Department of Livestock Development (DLD) and had two (2) sub-components namely; Sustainable Forage and Forage Seed Production and Utilisation and Pro-poor Stocking and Restocking Established.

During the period under review, the Component had a budget provision of K13,899,172 and the whole amount was funded and spent. The funds were spent on various activities which included among others, procurement of planting materials both local and imported seed, training materials, research, per-diem, fuel, transport costs, service maintenance and allowances.

The following were observed:

Section 2.2.3 (40) of the Annual Report stated that a total of US\$8,346,000 was received from GRZ against the programme target of US\$10,568,000 with the cumulative disbursement standing at 79%. The disbursed amount was spent on animal disease control sustainability and livestock production system sustainability.

A review of the 2022 Assessment Report Section 3.2.1.2 on OFID funding revealed that the failure by GRZ to meet the 21% counterpart funding resulted in the failure to achieve the outcome related to access by livestock to water in

drought prone areas in Monze, Kalomo and Rufunsa. As at 31<sup>st</sup> July 2023 no water points had been constructed out of the targeted sixteen (16) water points.

**c. Undistributed CBPP Vaccines**

During the period under review, 200 kg of veterinary vaccines and 300,000 doses of CBPP vaccines costing K857,237 procured and received by the Ministry on 13<sup>th</sup> September 2022 were not distributed to Northern Province (Mbala), Muchinga (Nakonde) and Western Province (Mongu, Senanga, Kaoma and Shangombo) as at 31<sup>st</sup> July 2023 thereby depriving the intended beneficiaries.

**33 Head: 88 Office of the President Muchinga Province**

**General Administration**

**33.1 Mandate**

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

**33.2 Audit Findings**

An examination of accounting and other records for the financial year ended 31<sup>st</sup> December 2022 maintained at the Provincial Administration Headquarters and five (5) selected district offices for the period under review revealed the following:

**a. Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a total provision of K67,836,987 was made to cater for the operations of the Provincial Administration and the whole amount was released. See table 1 below.

**Table 1: Budget Provision and Funding**

<b>Component</b>	<b>Budget Provision K</b>	<b>Amount Funded K</b>
General Administration	23,138,286	23,138,286
Personal Emoluments	44,698,701	44,698,698
<b>Total</b>	<b>67,836,987</b>	<b>67,836,984</b>

As at 31<sup>st</sup> December 2022, the Province had spent amounts totalling K66,207,300.

**b. Irregular Payment of Rural and Remote Hardship Allowances**

The Terms and Conditions of Service for the Public Service No. 166 and Cabinet Office Circular No. B2 of 2010 states, “an officer serving in an area declared to be rural area shall be entitled to receive a hardship allowance at a rate as may be determined by Government from time to time.”

Contrary to the provisions, amounts totalling K142,959 in respect of rural (K140,667) and remote hardship (K2,292) allowances were paid to eleven (11) officers who were not eligible in that their work stations were not designated for payment of such allowances.

**c. Unaccounted for Fuel**

Regulation 16 of the Finance (Control and Management) (Public Stores) Regulations requires that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain record of the receipt and issue of such public stores.

Contrary to the regulation, fuel costing K33,321 procured during the period under review was not accounted for in that there were no disposal details.

**d. Failure to Secure and Repair Weather Stations**

Section (1) (d) of the Public Finance Management (General) Regulation 2020 stipulates that subject to the direction of a controlling body, the functions of an accounting authority are to manage and safeguard assets among others.

On 6<sup>th</sup> February 2019, an Adcon Telemetry solar panel powering the automatic weather system which is used to conduct automatic weather readings at the Isoka Weather Station was stolen. Another solar panel powering a seismograph which is used to record motions in the ground during an earthquake at the same station was stolen on 9<sup>th</sup> November 2021.

It was however observed that despite the thefts, the Meteorological Department had not implemented any security measures at the weather station as at 31<sup>st</sup> August 2023.

Further, the Department did not repair damaged meteorological equipment at various weather stations some of which were damaged as far back as 2020. Consequently,

districts such as Mafinga could not transmit rainfall parameters as far back as 2020. See table 2 below.

**Table 2: Unrepaired Meteorological Equipment**

No.	Station	Equipment	No. of pieces	Date Damaged
1	Chinsali Weather Station	Ground thermometer	2	February 2022
2	Zambia College of	Soil thermometers	4	January 2020
3	Agriculture (Mpika)	Screen thermometers	2	January 2020
4	Muyombe Weather Station	Rainfall cables and sensors	1	January 2021
	<b>Total</b>		<b>9</b>	

**34 Head: 88 Office of the President – Muchinga Province**

**General Deposit Account**

**34.1 Mandate**

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

**34.2 Audit Findings**

An examination of financial and other records maintained at the Provincial Administration for the financial year ended 31<sup>st</sup> December 2023 revealed the following:

**a. Funding and Expenditure**

During the financial year ended 31<sup>st</sup> December 2022, amounts totalling K1,920,501 were received in the General Deposit Account to cater for programmes such as Youth Empowerment, support of bye elections for the House of Chiefs and operations of Controller of Government Transport among others.

In addition, amounts totalling K2,502,909 were brought forward from the previous year bringing the total funds available in the account to K4,423,410. See table 1 below.

**Table 1: Funding**

No.	Source of Funding	Programme/Activity	Balance b/f K	Funds Received K	Total K
1	Ministry of Youth, Sports and Child Development	Youth Internship	675,837	535,000	1,210,837
		National Youth Scheme grants	-	180,000	180,000
		Administration of Youth National Youth Schemes grants	85,844	25,000	110,844
2	Ministry of Chiefs and Affairs	Support of bye elections for house of chiefs members	38,338	141,299	179,637
3	Ministry of Finance	Office operations for office equipment department	-	19,000	19,000
		Other administrative activities	20,079	159,006	179,085
		Office operations for controller of government vehicles	-	22,200	22,200
4	Ministry of Tourism, Arts and Culture	Facilitation of traditional ceremonies and operations	-	62,000	62,000
5	Ministry of Infrastructure Development	Office operations	20,019	75,592	95,611
6	Ministry of Local Government	Office operations-Provincial Planning Unit	-	500,738	500,738
		Office operations-Provincial Planning Authority	1,996	100,667	102,662
		Office operations for local government department	-	100,000	100,000
	Other	Other	1,660,796	-	1,660,796
	<b>Total</b>		<b>2,502,909</b>	<b>1,920,501</b>	<b>4,423,410</b>

As at 31<sup>st</sup> December 2022, amounts totalling K2,375,506 were spent leaving a balance of K2,047,900.

Further, amounts totalling K1,514,148 were received in the Disaster Management and Mitigation Unit account to cater for activities of the Disaster Management and Mitigation Unit, Muchinga Regional Office. The account had a balance brought forward of K1,628,539 bringing the total funds available for the Unit to K3,142,687.

The Provincial Administration also received amounts totalling K3,430,825 from the Ministry of Water Development and Sanitation in the Water and Sanitation account for drilling of boreholes, rehabilitation of boreholes and office operations.

**b. Failure to Disburse Youth Scheme Grant Funds**

During the period under review, the Provincial Administration received amounts totalling K180,000 to cater for disbursement of grants to vulnerable youths.

However, as at 30<sup>th</sup> June 2023, only amounts totalling K47,098 had been disbursed to twenty-nine (29) youths leaving a balance of K132,902.

**c. Failure to Pay Distributors of Relief Maize**

During the period under review, the Disaster Management and Mitigation Unit, Regional Office received 1,150 MT (23,000 x 50 kg) bags of relief maize costing

K4,600,000 for distribution to vulnerable households in five (5) districts. See table 2 below.

**Table 2: Relief Maize Received for Distribution**

No	District	Quantity (MT)	Cost K
1	Isoka	200	800,000
2	Kanchibiya	150	600,000
3	Mpika	400	1,600,000
4	Lavushimanda	200	800,000
5	Mafinga	200	800,000
	<b>Total</b>	<b>1,150</b>	<b>4,600,000</b>

In this regard, in December 2022, the Regional Office engaged five (5) Project Implementing Partners (PIPs) to carry out the activity at contract sums totalling K598,000. The distribution which commenced in December 2022 was completed in April 2023.

As at 30<sup>th</sup> April 2023, the implementing partners had been paid amounts totalling K390,000 leaving amounts totalling K208,000 outstanding. See table 3 below.

**Table 3: Amounts outstanding to Project Implementing Partners**

No	District	Project Implementing Partner	Contract Sum K	Amounts Paid K	Amounts Outstanding K
1	Isoka	Society of Vincent	104,000	52,000	52,000
2	Kanchibiya	Action for Nature	78,000	78,000	-
3	Mpika	Mpika Diocess Caritas	208,000	104,000	104,000
4	Lavushimanda	Our Lady of Fatima	104,000	104,000	-
5	Mafinga	Ngiwe General Dealers	104,000	52,000	52,000
	<b>Total</b>		<b>598,000</b>	<b>390,000</b>	<b>208,000</b>

Further, Society of St. Vincent De Paul which was engaged to distribute 200 MT (4,000 x 50 Kg) bags of maize in Isoka District failed to distribute 35.5 MT (710 x 50 kg) bags of maize costing K142,000. Inquiries with management revealed that the undistributed maize was collected by the District Commissioner for redistribution to beneficiaries in Isoka Central Ward.

However, the maize was not accounted for in that the acquittal sheets were not produced for audit. Inquires with three (3) Councilors of Mwaizeni, Ntipo and Kasoka which make up Isoka Central Ward revealed that there was no relief maize which was distributed in the areas.

In response to the management letter dated 29<sup>th</sup> May 2023, management submitted that the balance and final payments had not been done due to the failure by the Project Implementing Partner (PIP) to submit retirement records of the advance payments, terminal reports and original returns.

Regarding the payments due to St. Vincent De Paul, management submitted that the payment was awaiting the submission of documents showing that the 710 X 50 kg bags of relief maize were distributed.

As at 30<sup>th</sup> June 2023, the amount of K208,000 had not been paid and the 710 x 50 kg bags of maize had not been accounted for.

**d. Unauthorised Fuel Drawings**

During the period under review, 274 litres of fuel costing K18,879 were drawn from Disaster Management and Mitigation Unit fuel account without the approval of the DMMU Regional Coordinator in Chinsali.

**35 Head: 89 Ministry of Agriculture**

**35.1 Mandate**

The Ministry of Agriculture is mandated to facilitate the development of a sustainable and diversified agricultural sector for enhanced income generation and food and nutrition security.

**35.2 Audit Findings**

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

**a. Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a provision of K12,087,665,285 was made to cater for various activities against which amounts totalling K9,412,554,729 were released resulting in an underfunding of K2,675,110,556.

As at 31<sup>st</sup> December 2022, amounts totalling K9,401,257,246 were spent leaving a balance of K11,297,483. See table 1 below.

**Table 1: Budget, Funding and Expenditure**

No.	Financial Year Ended	Total K
1	Total Provision	12,087,665,285
2	Actual Released	9,412,554,729
3	Total Underfunding	<b>(2,675,110,556)</b>
4	Actual Amounts Spent	9,401,257,246
	<b>Total</b>	<b>11,297,483</b>

The Ministry obtained treasury authority to retain the balance of K11,297,483.

**b. Failure to Facilitate Pay outs for the 2021/2022 Farming Season - Implementation of Farmer Input Support Programme**

The objective of the Farmer Input Support Programme (FISP) is to enhance access to agricultural inputs by small-scale farmers at an affordable cost and increase the participation and competitiveness of the private sector in the supply and distribution of agricultural inputs.

During the 2022/2023 farming season, the Government targeted to support 1,024,434 beneficiaries and each beneficiary was to contribute K400 (K300 for inputs and K100 for insurance). FISP was implemented in all ten (10) provinces in the country through Direct Input Supply Modality which operated as follows:

- The fertiliser and seed suppliers are selected in line with the provisions of the Public Procurement Act No. 8 of 2020. The suppliers deliver the inputs at designated depots in districts and manage the warehousing until farmers collect the inputs;
- The selected and tagged beneficiary farmers deposit K400 in the FISP account at selected integrated service providers for any combination of packs;
- The FISP Programme Coordination Office (PCO), Office of the Provincial Agricultural Coordinator (PACO), Office of the District Agricultural Coordinator (DACO), District Agricultural Committee (DAC) and Camp Agricultural Committee (CAC) monitor the Programme;
- The Programme targeted small-scale farmers registered on Zambia Integrated Agriculture Management Information System (ZIAMIS);

Unlike the Direct Input Supply modality, under the E-Voucher Modality, the Ministry identifies and registers Agro Dealers who procure inputs and issues them to approved beneficiaries on presentation of an Authority To Collect (ATC).

The Agro Dealer then invoiced the Government based on the redemptions by the farmers.

The beneficiaries collected inputs from designated warehouses as follows:

- Maize Pack (10 kg Maize seed, 150 kg D-Compound, 150 kg Urea); and
- Complementary Packs (20 kg Groundnut seed or 50 kg Soya beans) were given to selected beneficiaries based on the recommendations of the District Agriculture Committees.

The Government provides mandatory weather Index Insurance for all beneficiaries with the objective of providing availability and accessibility to agricultural finance credit facilities and insurance.

The Insurance Index covers maize, soya beans and groundnuts against weather related perils which include dry spells, drought, excessive rainfall, floods and Fall Army Worms.

During the 2022/2023 farming season, each farmer paid K100 and the Government contributed K100 bringing the total amount to K200 towards crop insurance premium per farmer. In this regard, a total amount of K102,444,300 was received from 1,024,443 farmers.

A review of procurement committee minutes, bid documents, insurance contracts, pay-out claims report for the 2021/2022 farming season, and Insurance Claim Reports on the ZIAMIS revealed that the germination weather index crop insurance pay out report and the area yield index insurance pay-out report revealed that the total pay out to affected farmers during the 2021/2022 farming season was K9,088,400 for germination related losses and K44,443,659 for area yield related losses.

The pay-outs were to be paid to 22,721 farmers for germination weather index crop insurance and 269,629 farmers for area yield index insurance.

However, despite the reports of pay outs being availed to the Ministry by the insurance companies for validation, the Ministry had not validated the claims and hence the insurance claims had not been settled as at 31<sup>st</sup> August 2023.

**c. Procurement and Delivery of Urea and Compound D Fertiliser**

During the 2022/2023 farming season, the Government planned to engage companies to supply and deliver 153,665.10 metric tonnes of urea fertiliser and 106,327.05 metric tonnes of Compound D fertiliser through Open National Bidding. The planned procurement was advertised in the print media on 8<sup>th</sup> June 2022.

In this regard, seventy (70) companies responded to the advertisement and ten (10) were shortlisted as shown in table 2 below.

**Table 2: Shortlisted Companies**

No.	Bidder	Urea mt	Compound D mt	Bid Price K
1	Samar Agro Investment Limited	24,406.65	Nil	31,240,512
2	Stoutone Investments Limited	14,053.20	Nil	19,533,948
3	Agризam Investment Limited	29,181.45	29,181.45	70,986,212
4	Power Times Enterprise Limited	9,270.06	9,270.60	25,864,047
5	Portland Commodities Limited	8,878.20	Nil	12,225,992
6	Conchak Investments Limited	9,772.95	9,772.95	23,455,080
7	Northern Grit Limited	14,747.25	14,747.25	37,197,579
8	Alpha Commodities Limited	27,506.25	27,506.25	65,541,893
9	Web Commercial Limited	10,195.95	10,195.95	27,121,227
10	Evergreen Fertilizer Limited	5,652.60	5,652.60	15,262,020
	<b>Total</b>	<b>153,664.56</b>	<b>106,327.05</b>	<b>328,428,508</b>

However, during the procurement committee meeting held on 18<sup>th</sup> August 2022, only six (6) slots were recommended for award to six (6) bidders and the notice of the best evaluated bidder was issued on 19<sup>th</sup> August 2022.

Following the notice of the best evaluated bidder, two (2) unsuccessful bidders appealed to the Zambia Public Procurement Authority (ZPPA) on grounds that the evaluation criteria used by the procuring entity (Ministry) did not favour the suppliers. Consequently, in a letter dated 9<sup>th</sup> September 2022, the ZPPA directed the Ministry that the procurement be cancelled based on the following findings:

- a. The tender was conducted through Open National Bidding. However, it was observed that both local and citizen bidders participated, and no deviation was sought from the Authority contrary to section 39 (2) of the Public Procurement Act.
- b. Introduction of categorisation of bidders as either local or citizen bidders at evaluation stage contrary to Section 60 (5) of the Public Procurement Act.

- c. Correction of arithmetic errors was not transparent as bidders were not provided with a breakdown of the arithmetic corrections to their bids contrary to Regulation 7 of the Public Procurement Regulations.

Following the cancellation of the Open National Bidding procurement process, the Ministry of Agriculture opted for Direct Bidding as provided for in Section 46 (2) (b) of the Public Procurement Act No. 8 of 2020.

In this regard, five (5) suppliers were shortlisted and allocated a total of 106,327.05 metric tonnes of compound D and 153,665.10 metric tonnes of urea to supply, deliver, provide warehousing and distribute to the 116 districts. See table 3 below.

**Table 3: Selected Bidders under Direct Bidding Method**

No.	Province	Supplier	Total Contract Sum K	Compound D (mt)	Urea (mt)
1	Lusaka Province	Fert Seed and Grain (FSG) Limited			8,878.20
	Central Province				24,406.65
			<b>37,676,188.65</b>		
2	Western Province	United Capital Fertiliser Zambia Company Limited		5,652.60	5,652.60
	Northern Province			14,747.25	
	Muchinga Province			9,772.95	9,772.95
	Luapula Province			<b>77,091,031.95</b>	9,270.60
3	Eastern Province	Agrizam Investments Limited	<b>70,964,325.55</b>	29,181.45	29,181.45
4	North western Province	ETG Inputs Zambia Limited		10,195.95	10,195.95
	Copperbelt Province				14,053.20
	Northern Province				14,747.25
			<b>61,991,139.34</b>		
5	Southern Province	Alpha Commodities	<b>65,492,381.00</b>	27,506.25	27,506.25
	<b>Total</b>		<b>313,215,066.49</b>	<b>106,327.05</b>	<b>153,665.10</b>

The following was observed:

**i. Failure to Follow Bidding and Evaluation Guidelines – Agrizam and Fertseed**

A review of Instruction To Bidders (ITB) 11.1 for the supply, delivery, warehousing and distribution of farming inputs for the 2022/2023 agricultural season revealed that among the documents the bidders were expected to submit were bid submission form and the applicable price schedules signed by the Power of Attorney, technical specifications, valid fertiliser producer licence/ manufacturer's authorisation, provide details of the arrangements for secure storage at district level, show proof of having successfully supplied fertilizer

inputs to Government or any other (attach orders, invoice, delivery note), litigation status of the company from a legal firm, financial capability (proof of having available financial resources i.e. lines of credit or letter of comfort from a reputable commercial bank(s)).

Contrary to the provision of the ITB, Agrizam Investments Limited and Ferts Seed and Grain Limited did not comply with the bidding and evaluation guidelines. See table 4 below.

**Table 4: Suppliers without Documentation**

<b>Instruction to Bidder/ Required Bid Documents</b>	<b>Agrizam Investments Ltd (US\$ 70,964,225.55)</b>	<b>Ferts Seed &amp; Grain Ltd (US\$ 37,676,188.65)</b>
Financial capability - submit financial statements for the last two financial years	None	Only submitted financial statements for the year 2020 and not 2021 and 2022
Financial capability - proof of having available financial resources i.e. lines of credit or letter of comfort from a reputable commercial bank	None	None
Provide proof of arrangements for secure storage at district level	Yes	None
Show proof of having successfully supplied fertiliser inputs	None	None

**ii. Delayed Supply, Delivery and Distribution of Fertiliser**

Clause 31.1(a)(i) of the General Conditions of Contract (GCC) provided that the procuring entity without prejudice may terminate the contract in whole or part if the supplier failed to deliver any or all of the goods within the specified period in the contract or within any extension thereof granted by the procuring entity.

Further, Clause 24.1 of GCC provided that liquidated damages should be calculated at 2.5% per week for quantities not delivered up to a maximum of 10% of the contract sum.

On 19<sup>th</sup> September 2022, the Ministry entered into contracts with six (6) fertiliser suppliers to supply, deliver and distribute fertiliser to various districts with delivery dates of 31<sup>st</sup> December 2022 and 15<sup>th</sup> January 2023 for D-Compound and urea respectively for the 2022/2023 farming season.

A review of records revealed that as at 31<sup>st</sup> December 2022, a total of 75,915.28 metric tonnes of D Compound was delivered representing 50% of the total contract quantity and as at 15<sup>th</sup> January 2023, a total of 39,805.75 metric tonnes

of Urea representing 26% of the total contract quantity were delivered. See table 5 below.

**Table 5: Delayed Delivery and Distribution of Fertiliser**

Name of Supplier	Province	District	Commodity	Contracted Quantity (Mt)	Dates Delivered to the Districts	Dates Distributed to the Beneficiary Farmers	Delay in Days
Fert Seed & Grain Ltd	Central	Chibombo	Urea	3,165.90	Jan-23		1 to 16 days
Nitrogen Chemicals of Zambia	Copperbelt	Chililabombwe, Chingola, Mufulira and Luanshya	Compound D	4,936.20	November 2022 to February 2023	2nd December 2022 to 17th April 2023	1 to 106 days
Export Trading Group Ltd	Copperbelt	Chingola, Mufulira and Luanshya	Urea	3,609.30	September 2022 to January 2023	1st December 2022 to 22nd February 2023	1 to 36 days

However, despite the delay in delivering the fertiliser, the Ministry neither terminated the contract nor claimed liquidated damages as provided for in the contracts.

**d. Procurement and Delivery of 33,283.04 Metric Tonnes of Seed**

On 2<sup>nd</sup> November 2022, the Ministry of Agriculture entered into contracts with seventeen (17) seed suppliers at a total contract sum of K1,944,245,856 to supply, deliver and distribute 33,283.04 metric tonnes of seed to various districts with delivery dates of 31<sup>st</sup> December 2022 for the 2022/2023 farming season. See table 6 below.

**Table 6: Selected Seed Suppliers**

No.	Supplier	Contract Sum (ZMW)	Qty Contracted (MT)
1	Zamseed	359,138,310.00	2,861.18
2	Seed Co	203,587,467.76	4,282.56
3	Kamano Seed	144,168,529.95	2,511.58
4	Zambezi Seed	359,138,250.00	5,900.29
5	Bayer Zambia	10,395,266.66	197.85
6	ETG Inputs	61,991,139.34	587.52
7	Farmers Barn	106,852,142.56	1,786.28
8	Kariba Seed	52,664,937.63	773.88
9	Good Nature	105,706,256.24	3,467.08
10	Klein Karoo	5,987,569.71	126.39
11	Pannar Corteva	116,649,304.94	1,994.66
12	Pioneer Corteva	15,282,292.74	275.28
13	Ranch Agro Tech	45,395,574.84	589.89
14	Steward Globe	193,622,606.07	4,322.58
15	Synergy Seed	136,900,100.16	2,873.34
16	Western Seed	16,817,599.43	470.35
17	Zambian Crop Genetics	9,948,507.62	262.33
	<b>Total</b>	<b>1,944,245,856</b>	<b>33,283.04</b>

The following was observed:

**i. Failure to Follow Bidding and Evaluation Guidelines – Farmers Ban**

A review of Instruction To Bidders (ITB) 11.1 for the supply, delivery, warehousing and distribution of farming inputs for the 2022/2023 agricultural season revealed that among the documents the bidders were expected to submit were bid submission form and the applicable price schedules signed by the Power of Attorney, technical specifications, valid seed seller's licence, valid seed producer licence/ manufacturer's authorisation, provide details of the arrangements for secure storage at district level, show proof of having successfully supplied seed inputs to Government or any other (attach orders, invoice, delivery note), litigation status of the company from a legal firm, financial capability (proof of having available financial resources i.e. lines of credit or letter of comfort from a reputable commercial bank(s)).

Contrary to the provision of the ITB, Farmers Ban did not comply with the bidding and evaluation guidelines on the following areas:

- Financial capability - submit financial statements for the last two financial years;
- Financial capability - proof of having available financial resources i.e. lines of credit or letter of comfort from a reputable commercial bank;
- Proof of arrangements for secure storage at district level;
- Proof of having successfully supplied seed inputs.

**ii. Delayed Supply, Delivery and Distribution of Seed**

A review of records revealed that out of the contracted 33,283.04 metric tonnes of seed (maize, groundnuts and soya beans) in respect of the 2022/2023 farming season, 24,106.15 metric tonnes representing 72% had not been delivered as at 15<sup>th</sup> January 2023 as stipulated in the contracts. See table 7 below.

**Table 7: Seed Not Delivered as at 15<sup>th</sup> January 2023**

No.	Supplier	Contract Sum (ZMW)	Amount Paid (ZMW)	Amount Paid/ Contract Sum	Qty Contracted (MT)	Qty Delivered (MT)	Qty Undelivered (MT)	Percentage Undelivered
1	Zamseed	359,138,310	129,416,505	36%	2,861.18	2,557.45	303.73	11%
2	Seed Co	203,587,468	191,075,750	94%	4,282.56		4,282.56	100%
3	Kamano Seed	144,168,530	-	0%	2,511.58		2,511.58	100%
4	Zambezi Seed	359,138,250	359,138,250	100%	5,900.29	5,886.83	13.46	0%
5	Bayer Zambia	10,395,267	5,197,108	50%	197.85		197.85	100%
6	ETG Inputs	61,991,139	26,635,405	43%	587.52		587.52	100%
7	Farmers Barn	106,852,143	106,852,143	100%	1,786.28		1,786.28	100%
8	Kariba Seed	52,664,938	26,322,469	50%	773.88		773.88	100%
9	Good Nature	105,706,256	105,706,256	100%	3,467.08		3,467.08	100%
10	Klein Karoo	5,987,570	5,987,570	100%	126.39		126.39	100%
11	Pannar Corteva	116,649,305	116,649,305	100%	1,994.66		1,994.66	100%
12	Pioneer Corteva	15,282,293	15,282,293	100%	275.28		275.28	100%
13	Ranch Agro Tech	45,395,575	43,144,555	95%	589.89		589.89	100%
14	Steward Globe	193,622,606	6,255,859	3%	4,322.58		4,322.58	100%
15	Synergy Seed	136,900,100	136,900,100	100%	2,873.34		2,873.34	100%
16	Western Seed	16,817,599	16,806,873	100%	470.35	470.36	0.01	0%
17	Zambian Crop Genetics	9,948,508	9,948,508	100%	262.33	262.25	0.08	0%
	<b>Total</b>				<b>33,283.04</b>	<b>9,176.89</b>	<b>24,106.15</b>	<b>72%</b>

A verification conducted in July 2023 revealed that most of the suppliers delivered between mid January and end of March 2023 thereby affecting the purpose of the programme.

**e. Management of FISP Beneficiaries**

According to Guideline Number v of Annex 2 of the 2022/2023 FISP Implementation Manual, in order for a farmer to benefit from the FISP program, he should be a Zambian and possess a green National Registration Card (NRC).

Furthermore, the Department of National Registration requires that an individual NRC constitutes a district code and country code which are means by which the Department identifies the place and type of issuance of the NRC. However, a review of FISP approved farmer list for the 2022/2023 farming season revealed the following:

**i. Failure to Grant Authority To Deposit to Eligible Farmers**

A review of the FISP register revealed that there was a total of 529,015 active and eligible farmers who had not been granted Authority To Deposit (ATD) for them to benefit from the programme from the time they were registered six (6) years ago.

There was no evidence why the farmers were not authorised to deposit despite being on the register for six (6) years. See table 8 below.

**Table 8: Farmers who have Never Benefited from FISP**

No.	Province	No of Farmers	Year Created	Years Pending Approval
1	Central	103,905	2017/2018	6
2	Copperbelt	70,045	2017/2018	6
3	Eastern	116,464	2017/2018	6
4	Lusaka	36,800	2017/2018	6
5	Luapula	25,646	2017/2018	6
6	Northern	61,484	2017/2018	6
7	North Western	34,235	2017/2018	6
8	Southern	94,237	2017/2018	6
9	Muchinga	42,560	2017/2018	6
10	Western	10,036	2017/2018	6
	<b>Total</b>	<b>595,412</b>		

Further, it was observed that there were 182,913 farmers who were created for the first time during 2022/2023 farming season and benefited from the programme rendering the selection criteria of beneficiaries questionable.

**ii. Irregular Issuance of Farming Inputs to Beneficiaries in Formal Employment**

Annex 2 of the 2022/2023 FISP Direct Input Supply Implementation Manual states that an individual beneficiary shall not be an employee of the Government of the Republic of Zambia or a parastatal or in formal employment.

Contrary to the guideline, a total of 38,539 farmers in formal employment were irregularly included on the approved farmer beneficiary list and got inputs with contributions in amounts totalling K15,415,600.

Included in the 38,539 farmers was a total of 21,347 farmers who were introduced in the 2021/2022 season and were eligible in that season but should have been removed from the list in the 2022/2023 season after a change in the guidelines.

**36 Head: 89 Ministry of Agriculture**  
**Departments: Provincial Agriculture Coordinating Offices**  
**District Agriculture Coordinating Offices**

### **36.1 Mandate**

The Ministry is mandated among others to promote and strengthen efficient and effective management of agricultural production and productivity to ensure sustainable household and national food and nutrition security and increased incomes.

### **36.2 Audit Findings**

An examination of accounting and other records for the financial year ended 31<sup>st</sup> December 2022 maintained at Provincial Agriculture Coordinating Offices (PACOs), selected District Agriculture Coordinating Offices (DACOs) and Farmers Training Institutions (FTIs) revealed the following.

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

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a total provision of K53,015,497 was made to cater for operations of the Provincial and District Agriculture Offices out of which amounts totalling K52,997,520 were released. See table 1 below.

**Table 1: Budget and Funding**

No.	Province	Details	Budget Provision K	Funding K
1	Southern	Provincial Agriculture (PACO)-RDC	414,678	414,678
		Southern Province (DACOs)	5,518,150	5,518,149
2	Northern	Provincial Agriculture (PACO)-RDC	352,605	352,605
		Northern (DACOS)	5,093,676	5,093,674
3	Eastern	Provincial Agriculture (PACO)-RDC	431,489	431,488
		Eastern (DACOS)	5,942,623	5,942,623
4	North Western	Provincial Agriculture (PACO)-RDC	350,882	350,882
		North Western (DACOS)	4,669,203	4,669,199
5	Central	Provincial Agriculture (PACO)-RDC	359,455	359,288
		Central Province (DACOS)	5,093,677	5,093,675
6	Luapula	Provincial Agriculture (PACO)-RDC	382,780	382,704
		Luapula Province (DACOS)	5,093,676	5,093,663
7	Lusaka	Provincial Agriculture (PACO)-RDC	223,288	223,287
		Lusaka Province (DACOS)	2,971,312	2,971,310
8	Western	Provincial Agriculture (PACO)-RDC	382,129	382,128
		Western Province (DACOS)	6,791,569	6,791,569
9	Muchinga	Provincial Agriculture (PACO)-RDC	460,000	459,999
		Muchinga Province (DACOS)	3,920,591	3,920,591
10	Copperbelt	Provincial Agriculture (PACO)-RDC	318,983	301,278
		Copperbelt Province (DACOS)	4,244,731	4,244,730
		<b>Total</b>	<b>53,015,497</b>	<b>52,997,520</b>

**b. Management of Payroll and Staff Related Matters****i. Irregular Payment of Rural and Remote Hardship Allowances**

Section 166 of the Terms and Conditions of Service for the Public Service and Cabinet Office Circular No. B2 of 2010 states, “an officer serving in an area declared to be a rural area be entitled to receive a hardship allowance at a rate as may be determined by Government from time to time.”

Contrary to the provisions, amounts totalling K141,552 were paid as rural hardship allowances to eleven (11) officers who were not eligible in that their work stations were not designated for payment of such allowances. See table 2 below.

**Table 2: Payment of Rural Hardship Allowances**

No.	Province	Station	No. of Officers	Amount Paid K
1	Muchinga	Chinsali PACO	3	38,423
2	Western	Mongu PACO	3	25,096
3	Copperbelt	Ndola PACO	4	73,014
4	Central	Kabwe PACO	1	5,019
		<b>Total</b>	<b>11</b>	<b>141,552</b>

In addition, amounts totalling K332,370 were paid as remote hardship allowances to twenty-three (23) officers at Chinsali (PACO) who were not eligible to receive the allowance in that their work stations were not designated for payment of the allowance.

**ii. Payment of Salaries to an Officer on Unapproved Study Leave - Chinsali PACO**

Section 121 (a) and 136 (a) of the Terms and Conditions of Service for the Public Service stipulate that study leave may be granted by the Permanent Secretary, Public Service Management Division (PSMD) to an Established Officer.

Contrary to the Terms and Conditions of Service, amounts totalling K95,987 were paid to an officer who was on study leave without approval from PSMD.

**iii. Failure to Remove Paid Pensioners on Payroll**

A review of the payroll at three (3) stations revealed that seven (7) officers whose pension were paid between January and December 2022 were not removed from the Ministry’s payroll and were irregularly paid salaries in amounts totalling K284,214. See table 3 below.

**Table 3: Paid Pensioners on Payroll**

<b>Province</b>	<b>Station</b>	<b>No of Officers</b>	<b>Amount Paid K</b>
Central	Kabwe PACO	1	65,499
North Western	Solwezi PACO	4	178,061
Northern	Kasama	2	40,654
<b>Total</b>		<b>7</b>	<b>284,214</b>

**c. Failure to Collect Rental Income**

Section 52 (2) of the Public Finance Management Act No. 1 of 2018 states that “an office holder is financially liable to the Government who through any act of wilful default or gross neglect of duty-whensoever it is that office holder’s duty to collect any monies due and owing to the Government, fails to collect the same and by reason of such failure the monies cannot be collected.”

Contrary to the Act, a total amount of K228,773 was owed by forty-four (44) tenants who occupied Government facilities at three (3) stations. See table 4 below.

**Table 4: Uncollected Rental Income**

Province	Station	No. of Tenants	Amount K
Muchinga	Chinsali DACO	4	5,250
	Maff Site Travel Lodge	10	206,523
Luapula	Mansa FTI	30	17,000
<b>Total</b>		<b>44</b>	<b>228,773</b>

As at 31<sup>st</sup> July 2023, no action had been taken against the defaulting tenants and the amounts had remained outstanding.

**d. Unaccounted for Stores**

Regulation 16 of the Finance (Control and Management) (Public Stores) Regulations requires that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain record of the receipt and issue of such public stores.

Contrary to the Regulation, stores items costing K586,877 (general stores – K254,831 and fuel – K332,046) procured at five (5) stations were not accounted for in that there were no receipts and disposal details. See table 5 below.

**Table 5: Unaccounted for Stores**

Province	Station	General Stores Amount K	Fuel Amount K	Total Amount K
Central	Chitambo DACO	36,500	72,000	108,500
	Shibuyunji DACO	148,054	112,129	260,183
	Itezhi-Tezhi DACO	70,277	44,117	114,394
Copperbelt	Lufwanyama DACO	-	31,100	31,100
	Masaiti DACO	-	72,700	72,700
<b>Total</b>		<b>254,831</b>	<b>332,046</b>	<b>586,877</b>

**e. Uninsured Motor Vehicles**

Regulation 41 (1) of the Public Finance Management (General) Regulations of 2020 stipulates that a public body shall insure public assets with an insurance company registered under the Insurance Act, 1997.

In addition, Section 86 of the Road Traffic Act No. 11 of 2002 requires that all users of motor vehicles or trailers should have at least third-party insurance.

Contrary to the Acts, eight (8) motor vehicles and forty seven (47) motor bikes belonging to six (6) stations whose values could not be ascertained had not been insured as of 31<sup>st</sup> July 2023. See table 6 below.

**Table 6: Uninsured Motor Vehicles**

Province	Station	No. of Motor Vehicles	No. of Motor Bikes
Muchinga	Isoka DACO	2	-
Central	Mumbwa DACO	0	12
	Mkushi DACO	0	8
	Chitambo DACO	0	15
	Itezhi-Tezhi DACO	0	9
	Kabwe Research Station	6	3
<b>Total</b>		<b>8</b>	<b>47</b>

**f. Maintenance of Infrastructure**

Section 41(3) of the Public Finance Management Act No. 1 of 2018 states that a controlling officer should cause the public assets and stores of a head of expenditure to be inspected and prepare written reports on the general condition of those assets and stores and the storage facilities in which the assets and stores are kept.

A physical inspection of buildings, plant and equipment carried out in selected PACOs and DACOs in March 2023 revealed that there was no regular maintenance of properties. In particular, the following were observed:

**i. Kabwe PACO - Kabwe Research Station (ZARI Institutional House)**

Some houses were poorly maintained in that they were in a dilapidated state and had worn-out doors. See pictures below.



*Dilapidated Low-Cost House*



*Worn Out Door*

**ii. Chipata PACO - Msekera ZARI**

The office block and some institutional houses were poorly maintained and dilapidated in that the roof was leaking and had a worn-out ceiling board. See pictures below.



*Dilapidated House*

**iii. Mansa Farm Institute (FTI)**

Some institutional houses at the FTI had broken windows and cracked walls. See pictures below.



*Dilapidated House and Broken Windows*



*Cracked Wall*

**iv. Kasama PACO – Misamfu ZARI**

The office block and some institutional houses had leaking roofs and cracked floors.

**v. Siavonga and Chirundu DACO**

Some institutional houses were poorly maintained and dilapidated in that they had damaged doors, broken windowpanes, cracks from the foundation to roof level and had no toilet or bathroom. See pictures below.



*Dilapidated House – Siavonga*



*Dilapidated House – Chirundu*

**vi. Sesheke and Sefula Farmer Training Facilities**

Sesheke and Sefula Farmer Training Institutes office block had a blown roof and ceiling board, vandalised doors, damaged windowpanes, no running water and bathroom and toilets were soiled. See pictures below.



*Dilapidated FTI – Sesheke*



*Dilapidated FTI – Sefula*

**37 Head: 89 Ministry of Agriculture**  
**Department: Provincial Agriculture Coordinating Offices**  
**District Agriculture Coordinating Offices**  
**Programme: Farmer Input Support Programme (FISP)**

### **37.1 Background of Framer Input Support Programme**

The Government of the Republic of Zambia through the Ministry of Agriculture introduced the Fertiliser Support Programme (FSP) in 2002, which was later renamed as the Farmer Input Support Programme (FISP) in 2008. The Programme was introduced to enhance access to agriculture inputs by small scale farmers at an affordable cost and increase the participation and competitiveness of the private sector in the supply and distribution of agricultural inputs. The 2022/2023 FISP was implemented in all the Provinces and Districts in the country through direct input supply modality which entailed the procurement and distribution of inputs by government.

Each farmer under this modality was to be assisted with 3 x 50 basal dressing fertiliser, 3 x 50kg top dressing fertiliser, 1 x 10kg bag maize seed and either 1 x 25kg bag of Soya bean seed or 1 x 20kg bag of Groundnut seed after making a contribution of K400.

To improve FISP implementation, Government introduced Zambia Integrated Agriculture Management System (ZIAMIS) in 2017/2018 agricultural season, which is a web-based database used to manage the electronic registration of beneficiaries, suppliers, agro dealers, farmers and GRZ contributions, insurance payouts and redeeming of inputs.

### **37.2 Audit Findings**

During the 2022/2023 farming season, the Government targeted to support 1,024,434 beneficiaries in all the 116 districts using the Direct Input Supply (DIS) system. The targeted beneficiaries were to be supplied with 10,244.34 MT Maize seed, 10,244.34 MT Groundnut seed, 12,805.43 MT Soya bean seed, 153,665.10 MT of Urea and 153,665.10 MT Compound D fertilisers.

An examination of records for the financial year ended 31<sup>st</sup> December 2022 maintained at Provincial Agricultural Coordinating Offices and forty-five (45) selected District Agricultural Coordinating Offices carried out in May 2023 revealed the following:

**a. Farmers Contributions**

During the period under review, amounts totalling K200,691,600 were deposited by 499,228 farmers in forty-five (45) districts. See table 1 below.

**Table 1: Amounts Deposited by Beneficiaries**

No.	Province	District	No of Beneficiaries	Amount Deposited K		
1	Southern	Choma	27,000	10,800,000		
		Monze	30,000	12,000,000		
		Livingstone	800	320,000		
		Kalomo	31,000	12,400,000		
2	Northern	Mporokoso	4,500	1,800,000		
		Mungwi	15,000	6,000,000		
		Lunte	5,500	2,200,000		
		Luwingu	7,000	2,800,000		
		Lupososhi	4,500	1,800,000		
		3	Muchinga	Chinsali	8,466	3,386,400
				Mpika	8,960	3,584,000
				Kanchibiya	5,533	2,213,200
Isoka	12,174			4,869,600		
Nakonde	11,913			4,765,200		
4	Luapula	Mansa	13,549	5,419,600		
		Kawambwa	12,500	5,000,000		
		Samfya	3,882	1,552,800		
		Nchelenge	3,600	1,440,000		
		Mwense	3,500	1,400,000		
5	Central	Kabwe	20764	8,305,600		
		Kapiri Mposhi	27000	10,800,000		
		Mumbwa	15942	6,376,800		
		Serenje	19097	7,638,800		
		Chitambo	5702	2,280,800		
6	Western	Mongu	1000	400,000		
		Kaoma	12000	4,800,000		
		Nkeyema	10000	4,000,000		
		Luampa	4500	1,800,000		
		Nalolo	500	200,000		
7	Copperbelt	Kalulushi	7,840	3,136,000		
		Lufwanyama	10,340	4,136,000		
		Masaiti	10,840	4,336,000		
		Mpongwe	16,630	6,652,000		
		Ndola	8,109	3,243,600		
8	Eastern	Lundazi	10946	4,378,400		
		Lumezi	6513	2,605,200		
		Chadiza	14710	5,884,000		
		Sinda	15800	6,320,000		
		Nyimba	12430	4,972,000		
9	Lusaka	Lusaka	8600	3,440,000		
		Chilanga	8146	4,258,400		
		Kafue	12000	4,800,400		
		Chongwe	17800	7,120,000		
		Rufunsa	12142	4,856,800		
		Luangwa	500	200,000		
	<b>Total</b>	<b>Total</b>	<b>499,228</b>	<b>200,691,600</b>		

## b. Food Security Pack Beneficiaries Benefiting from FISP Programme

FISP Direct Input Supply Implementation Manual Annex 2 No. (vii) states that no individual who is benefiting from the Food Security Pack (FSP) Programme can be a beneficiary from the FISP Programme.

Contrary to the guideline, 6,024 individuals who benefitted from the FSP programme at 37 stations were also supplied with farming inputs costing K7,269,697 under FISP. See table 2 below.

**Table 2: Food Security Pack Beneficiaries on FISP Programme**

No.	Province	Station	No. of Beneficiaries	Value of Packs K
1	Sourthern	Choma	83	33,200
		Monze	73	29,200
		Kalomo	111	858,073
2	Northern	Mporokoso	64	25,600
		Mungwi	359	143,600
		Lunte	245	98,000
		Luwingu	54	21,600
		Lupososhi	29	11,600
3	Luapula	Samfya	32	12,800
		Nchelenge	36	14,400
4	Central	Chibombo	133	266,000
		Chisamba	123	246,000
		Chitambo	191	382,000
		Kabwe	331	662,000
		Kapiri-Mposhi	208	416,000
		Luano	362	724,000
		Mkushi	233	466,000
		Mumbwa	167	334,000
		Ngabwe	192	384,000
		Serenje	207	414,000
5	North Western	Shibuyunji	20	40,000
		Kalumbila	69	27,600
		Ikelenge	217	86,800
6	Western	Chavuma	77	30,800
		Mongu	20	32434.1
		Kaoma	141	206,157
		Nkeyema	139	222,002
		Luampa	172	259,282
7	Eastern	Nalolo	49	67,749
		Chadiza	150	60,000
8	Lusaka	Sinda	337	134,800
		Lusaka District	32	12,800
		Chilanga District	173	69,200
		Kafue District	338	135,200
		Chiongwe District	402	160,800
		Rufunsa District	407	162,800
Luangwa District	48	19,200		
<b>Total</b>			<b>6024</b>	<b>7,269,697</b>

## c. Irregular Issuance of farming inputs to Civil Servants

FISP Direct Input Supply Implementation Manual Annex 2 No. (iv) states that “an individual beneficiary should not be employed by the Government of the Republic of Zambia (Civil Servants), public institutions (such as statutory bodies and parastatals) and not in any formal employment.”

Contrary to the guideline, ninety four (94) civil servants were included on the approved farmer beneficiary list for 2022/2023 farming season and got inputs costing K80,522. See table 3 below.

**Table 3: Irregular Issuance of Inputs to Civil Servants**

No.	Province	District	Season	No. of Civil Servant Beneficiaries	Amount K
1	Southern	Kalomo	2022/2023	4	30,922
2	Northern	Mporokoso	2022/2023	1	2,100
		Mungwi	2022/2023	3	6,300
		Lunte	2022/2023	1	2,100
		Luwingu	2022/2023	3	6,300
3	Luapula	Mansa	2022/2023	3	1,200
		Samfya	2022/2023	2	800
4	Lusaka	Lusaka	2022/2023	15	6,000
		Chilanga	2022/2023	17	6,800
		Kafue	2022/2023	15	6,000
		Chongwe	2022/2023	16	6,400
		Rufunsa	2022/2023	14	5,600
	<b>Total</b>		<b>Totoal</b>	<b>94</b>	<b>80,522</b>

In response to the interim Management letter dated 19<sup>th</sup> June 2023, management submitted that letters had been written to the employers of the affected civil servants to help institute recoveries via Payroll Management and Establishment Control (PMEC).

However, as at 31<sup>st</sup> July 2023, recoveries had not commenced.

**d. Unacquitted for Farming Inputs**

FISP Direct Input Supply Implementation Manual Guideline No. 4.3.2 requires that individual farmers sign against their names for inputs received against the Goods Issued Notes (GIN) and that all signed copies of the GIN deliveries to the farmers be handed back to the DACO by the warehouse manager for acquittal record reference.

Contrary to the guideline, 266 beneficiary farmers at two (2) stations were purported to have been issued with farming inputs costing K532,000 for which they did not acquit as at 31<sup>st</sup> July 2023. See table 4 below.

**Table 4: Unacquitted Inputs**

Station	No. of Beneficiaries	Value of Inputs K
Lufwanyama	83	166,000
Ndola	183	366,000
<b>Total</b>	<b>266</b>	<b>532,000</b>

In this regard, it could not be ascertained whether the inputs were issued to the intended beneficiaries.

**e. Undelivered Farming Inputs – Copperbelt Province**

During the period under review, Zambezi Seed Company was contracted to deliver 176.52 MT of Maize seed variety 521 costing K11,120,760 to five (5) districts in two (2) provinces. In addition, the company was contracted to supply 112.5 MT of soyabeans to Mungwi and 54.73 MT of Groundnut Seed to Lundazi costing K4,500,000 and K3,792,789 respectively. See table 5 below.

**Table 5: Contracted Inputs**

Province	District	Contracted Inputs in Metric Tons	Amount per Metric Ton K	Amount K
	<b>Maize Seed 521</b>			
Copperbelt	Mpongwe	49.89	63,000	3,143,070
	Chililabombwe	26.54	63,000	1,672,020
	Luanshya	22.57	63,000	1,421,910
	Masaiti	32.52	63,000	2,048,760
Northern	Mungwi	45	63,000	2,835,000
	<b>Total</b>	<b>176.52</b>		<b>11,120,760</b>

**Soya beans-Early Kafue**

Province	District	Contracted Inputs in Metric Tons	Amount per Metric Ton K	Amount K
Northern	Mungwi	112.5	40,000	<b>4,500,000</b>
	<b>Ground nuts</b>			
Eastern	Lundazi	54.73	69,300	<b>3,792,789</b>

A scrutiny of records and inspections carried out in May 2023 revealed that Zambezi Seed Company was contracted to deliver 131.52 metric tons of ZM 521 Maize seed variety to four (4) districts. However, the company delivered 121.31 metric tons leaving a balance of 10.21 metric tons costing K649,530 undelivered. See table 6 below.

**Table 6: Undelivered Farming Inputs**

No.	District	Contracted Inputs (MT)	Delivered Input (MT)	Variance (MT)	Amount per Metric Ton K	Amount K
	<b>Maize Seed 521</b>					
1	Mpongwe	49.89	40	9.89	63,000	623,070
2	Chililabombwe	26.54	26.14	0.4	63,000	25,200
3	Masaiti	32.52	32.5	0.02	63,000	1,260
4	Luanshya	22.57	22.67	-0.1	63,000	(6,300)
	<b>Total</b>	<b>131.52</b>	<b>121.31</b>	<b>10.21</b>	<b>63,000</b>	<b>649,530</b>

Consequently, inspections conducted in May 2023 at two (2) districts revealed that 211 farmers redeemed partial inputs due to undelivered inputs. See table 7 below.

**Table 7: Partial Redeeming**

District	Number of Farmers	ZIAMIS Status
Lufwanyama	176	Partially Redeemed
Mpongwe	35	Partially Redeemed
<b>Total</b>	<b>211</b>	

### **38 Head: 89 Ministry of Agriculture - Agriculture Productivity and Market**

#### **Enhancement Project (APMEP)**

##### **38.1 Background**

The Agriculture Productivity and Market Enhancement Project (APMEP) is a project under the Ministry of Agriculture and its mandate is to contribute to economic growth and poverty reduction by enhancing food, income and nutrition security among participating households.

##### **38.2 Audit Findings**

An examination of accounting and other records maintained at the project secretariat and some selected sub-project sites for the financial year ended 31<sup>st</sup> December 2022 revealed the following:

**a. Budget and Funding**

The project is financed by the African Development Bank through the Global Agriculture and Food Security Programme (GAFSP) loan of US\$31,120,000 with Government of the Republic of Zambia Counterpart contribution of US\$3,610,000. Further, the project received additional financing towards mitigating the impact of Covid-19 on household food security of US\$1,400,000. See table 1 below.

**Table 1: Project Source of Financing**

No.	Source	Amount US\$
1	Project Grant amount (GAFSP)	31,120,000
2	Counterpart Funding	3,610,000
3	Additional Finance	1,400,000
	<b>Total</b>	<b>36,130,000</b>

**b. Operational Matters**

**i. Under Utilisation of Project Funds**

The APMEP is divided into three (3) components namely:

- Agriculture Production and Productivity
  - i) Irrigation Development
  - ii) Crop diversification and Intensification
  - iii) Livestock Development
- Value Chain Development and Market Linkages
  - i) Agro Processing Infrastructure Development
  - ii) Market Linkages
- Institutional Strengthening
  - i) Nutrition and Capacity Building
  - ii) Project Management
  - iii) Monitoring and Evaluation

In the 2022 budget, the project was allocated amounts totalling US\$1,908,673.42 to cover all activities relating to the three (3) project components out of which

amounts totalling US\$264,457.96 were spent representing 14% absorption. See table 2 below.

**Table 2: Budget vs Actual Performance**

Component	Budget (US\$)	Actual (US\$)	Variance (US\$)	% Funding
Agriculture Production and Productivity	1,042,468.42	144,440.15	898,028.27	14%
Value Chain Development and Market Linkages	487,690.00	67,572.33	420,117.67	14%
Institutional Strengthening	378,515.00	52,445.48	326,069.52	14%
<b>Total</b>	<b>1,908,673.42</b>	<b>264,457.96</b>	<b>1,644,215.46</b>	<b>14%</b>

Consequently, the project was unable to implement some targeted activities such as electrification of the Shikabeta Irrigation Scheme in Rufunsa.

**ii. Contract Management of Infrastructure Projects**

According to the Protocol of Agreement and the Project Appraisal Report, the Project in order to achieve its overall objective was to construct irrigation schemes and milling plants in areas where the project was implemented.

The following were observed:

- **Failure to Connect the 136ha Irrigation Scheme (Centre Pivot) to Electricity - Shikabeta Irrigation Scheme**

On 7<sup>th</sup> September 2019, the Agricultural Productivity and Market Enhancement Project (APMEP) signed a contract with African Brothers Corporation for the construction, supply, installation, testing and commissioning of the Shikabeta Irrigation Scheme in Rufunsa District at a contract sum of US\$1,299,580.66 (K29,332,132) with a completion period of eight (8) months.

As at 31<sup>st</sup> December 2022, the full contract amount had been paid to the contractor. However, the scheme was not fully operational as power had not been installed.

Consequently, the intended beneficiaries could not benefit from the scheme contrary to the project objective.

- **Failure to Operationalise the Cassava Milling Plant - Mukando Site in Chitambo District**

On 13<sup>th</sup> June 2018, the Agricultural Productivity and Market Enhancement Project (APMEP) signed a contract with Hua Sheng Construction Limited for the construction, supply, installation and commissioning of the Cassava Milling Plant at Mukando Site in Chitambo District at a contract sum of US\$2,428,175 with a completion period of six (6) months.

As at 31<sup>st</sup> December 2022, amounts totalling US\$2,428,175 had been paid to the contractor.

Although the contractor had handed over the 30 tonnes per day capacity cassava milling plant to the Ministry on 15<sup>th</sup> September 2021, the plant had not been operationalised as at 31<sup>st</sup> July 2023.

- iii. **Electrical Mechanised Farming Equipment Delivered to Groups with No Access to Power**

On 24<sup>th</sup> January 2018, the Ministry of Agriculture-(APMEP) signed a contract with Agricon Zambia Limited for the supply of 280 value addition processing equipment at a total sum of US\$234,970.15 exclusive of VAT with a delivery period of eight (8) weeks.

Between 28<sup>th</sup> June 2018 and 31<sup>st</sup> August 2018, the mechanised equipment were delivered and distributed to the six (6) districts; Rufunsa, Gwembe, Sinazongwe, Serenje, Chitambo and Chongwe under the Value Chain Development and Market Linkages Component of the Project.

A physical inspection carried out in April 2023 revealed that electrical farm equipment valued at US\$40,046.30 was distributed to various cooperatives which had no electricity connections and had not been used five (5) years after they were delivered. See table 3 below.

**Table 3: Delivered Electrical Farm Equipment**

Item No	Good or related service	Quantity (No.of units)	Unit price US\$	Total price US\$
1	Groundnut roasters	29	704.15	20,420.35
2	Sealing machines	67	150.60	10,090.20
3	Egg incubators	5	1,907.15	9,535.75
		101		<b>40,046.30</b>

Further, since the project will be coming to an end in December 2023, it is unlikely that the objectives of the project under the Value Chain Development and Market Linkages Component will be met.

**iv. Distribution of Value Addition Mechanised Equipment**

In 2018, the Ministry of Agriculture - (APMEP) procured Value Addition Processing Equipment at a total sum of US\$234,970.15 exclusive of VAT under the Value Chain Development and Market Linkages Component of the Project.

Between 28<sup>th</sup> June 2018 and 31<sup>st</sup> August 2018, the mechanised equipment were delivered and distributed to the six (6) districts; Rufunsa, Gwembe, Sinazongwe, Serenje, Chitambo and Chongwe.

A physical verification conducted in June 2023 in five (5) selected participating districts revealed the following:

- **Failure to Sensitise/Train Farmers on the Use of the Value Addition Equipment**

Section 3.2 of the APMEP Implementation Guidelines and Institutional Arrangements requires that the District Agricultural Coordinators mobilise communities, provide sensitisation to beneficiaries and train farmers.

Contrary to the guidelines, the District Agricultural Coordinators' Office did not sensitise or train the beneficiary farmers in the use of the value addition equipment five (5) years after delivery. As a result, the equipment was not being utilised by the beneficiaries.

- **Failure to Utilise the Value Addition Equipment in Gwembe District**

The district had 135 registered cooperatives with an average membership of 30 members. Of the 135 cooperatives, only fourteen (14) cooperatives were each allocated some Value Addition Processing Equipment. A site visit to four

(4) beneficiary groups that were allocated in Gwembe District revealed that the equipment were not being utilised. See table 4 below.

**Table 4: Beneficiaries with Unutilised Equipment**

No.	Beneficiary Group	Type of Equipment	Comment
1	Hamunali Cooperative	Vegetable Solar Dryer	Not operational and unsecured.
2	Twende Tubone Cooperative	Oil Pressing Machine	Not mounted and non-operational
3	Sola Sola Cooperative	Groundnut Sheller, Groundnut Roaster and Peanut Butter Making	Not mounted and non-operational
4	Musisa Farmer's Cooperative	Egg Incubator	Non-operational

**c. Accounting Irregularities**

**i. Unsupported Payments**

Regulation 46 of the Public Finance Management (General) Regulations of 2020 requires that a payment voucher relating to purchases should be supported by a purchase order, the supplier's invoice and proof of delivery or performance.

Contrary to the regulation, twelve (12) payments in amounts totalling K745,388 made during the period under review were not supported with documents such as Invoices, goods received notes, Goods Issued Notes, receipts and quotations.

**ii. Unacquitted Payments**

Contrary to Financial Regulation No. 45 (3) which states that any document which is acquitted, certified and approved by a responsible officer shall form part of cash sale receipts APMEP paid amounts totalling K455,809 to seven (7) officers as group imprest to cater for payment of daily subsistence allowance and fuel allowance for various activities between 1<sup>st</sup> January 2022 and 31<sup>st</sup> December 2022.

In addition, the imprest lacked details such as beneficiary details, acquittals and activity reports.

## **39 Head: 91 Office of the President - Copperbelt Province**

### **39.1 Mandate**

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

### **39.2 Audit Findings**

An examination of accounting and other records for the financial year ended 31<sup>st</sup> December 2022 maintained at the Provincial Administration Headquarters and seven (7) selected districts for the period under review revealed the following:

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

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a total provision of K91,858,089 was made to cater for the operations against which amounts totalling K91,849,657 were released.

As at 31<sup>st</sup> December 2022, amounts totalling K81,889,696 had been spent.

#### **b. Operational Matters - Department of Water Resources Development**

During the period under review, amounts totalling K164,118 were generated by the Department of Water Resource Development (DWRD) and grants in amounts totalling K3,297,309 were received. In addition, there was a balance brought forward of K1,230,356 bringing the total available funds to K4,691,783. The following were observed:

##### **i. Failure to Undertake Outstanding Works**

A review of documents at the DWRD revealed that advance payments in amounts totalling K327,000 were received from twenty (20) clients during the period from June 2020 to June 2022 for water works namely borehole assessment, borehole drilling and borehole maintenance. However, it was observed that as at 31<sup>st</sup> March 2023, the works had not been carried out.

In response to the interim management letter dated 30<sup>th</sup> April 2023, management submitted that the works were outstanding due to the broken-down drill rig. Further, management stated that efforts were being made to have the drill rig repaired so that works could commence.

As at 30<sup>th</sup> June 2023, the works had not been carried out.

**ii. Failure to Repair Drilling Truck**

On 18<sup>th</sup> September 2021, a “MAN” drilling rig truck registration number GRZ 885 was partially gutted by fire while parked at Masala Police Station and a number of meltable and other plastic components were damaged.

The vehicle was comprehensively insured at the time of the accident. In this regard, the Provincial Administration claimed compensation from an insurance company and on 3<sup>rd</sup> June 2022, an insurance claim of K169,853 was received.

On 3<sup>rd</sup> April 2022, a quotation amounting to K212,795 VAT inclusive for supply of spare parts and labour was obtained from CLA Commercial Vehicles Ltd who are the suppliers of MAN truck spares.

On 7<sup>th</sup> June 2022, the Provincial Administration made a payment of K183,444 to CLA Commercial Vehicle Ltd for repairs and the truck was driven to the garage in Lusaka.

As at 31<sup>st</sup> July 2023, the truck had not been repaired despite the full payment having been made before commencement of the works.

Although management submitted that the Office of the Attorney General had engaged the supplier over the matter, the vehicle had not been repaired as at 31<sup>st</sup> July 2023.

**c. Weaknesses in Managing Payroll and Staff Related Matters**

**i. Positions on Payroll not Prescribed on Establishment Register**

During the period under review, amounts totalling K181,505 were paid as salaries in respect of four (4) officers at Provincial Administration. However, a review of the Provincial Administration establishment register revealed that these positions were not provided for. See table 1 below.

**Table 1: Positions not Prescribed on the Establishment Register**

<b>Grade</b>	<b>Positions</b>	<b>Amount K</b>
L1	Assistant Chief Registrar	106,521
PSS09	Accounts Assistant	21,561
PSS11	Sub Fire Officer	17,665
PSS12	Fireman	35,758
<b>Total</b>		<b>181,505</b>

As at 30<sup>th</sup> June 2023, the situation had not been regularised.

**ii. Misplacements of payroll Area**

The Cabinet Office Circular No.13 of 2019 requires Controlling Officers to ensure that all employees under their respective Ministries, Provinces and Agencies are placed in their designated duty stations.

Contrary to the Circular, eighty three (83) officers drew salaries in amounts totalling K6,672,659 from pay-points that were different from their physical stations.

Further, fifty-four (54) officers who were transferred to the Copperbelt Provincial Administration from other provinces and departments were drawing salaries from other provinces' payrolls.

As at 31<sup>st</sup> July 2023, the situation had not been regularised.

**iii. Failure to Pay Rural Hardship Allowances to Deserving Officers**

Section 166 of the Terms and Conditions of Service for the Public Service and Cabinet Office Circular No. B2 of 2010 states that an officer serving in an area declared to be a rural area be entitled to receive a hardship allowance at a rate as may be determined by Government from time to time.

Contrary to the Terms and Conditions of Service, a reconciliation of the payroll data, staff returns and head count conducted at Provincial Administration revealed that fourteen (14) officers who were working at stations designated for payment of such allowances were not paid the allowances during the period under review.

As at 31<sup>st</sup> July 2023, the situation had not been regularised.

#### d. Accounting Irregularities

##### i. Failure to Collect Revenue - District Administration Offices

Section 11 (1) of the Public Finance Management Act No. 1 of 2018 states that, “A controlling officer is responsible for planning and controlling of revenue collection and expenditure of public funds appropriated under that controlling officer’s control.”

However, three (3) District Administration Offices were owed amounts totalling K147,445 as at 31<sup>st</sup> December 2022 by twenty-six (26) tenants that occupied twenty seven (27) Government properties. The debt was outstanding for periods ranging from three (3) to nineteen (19) months as at 31<sup>st</sup> July 2023. See table 2 below.

**Table 2: Outstanding Receivables**

Station	No. of Shops	Amount K	Amount Collected K	Amount Outstanding K
Mufulira DC	13	18,280	6,335	11,945
Kalulushi DC	3	29,500	2,000	27,500
Kitwe DC	11	108,000	-	108,000
<b>Total</b>	<b>27</b>	<b>155,780</b>	<b>8,335</b>	<b>147,445</b>

##### ii. Unsupported Payments

Regulation 46 (1) of the Public Financial Management (General) Regulations of 2020 stipulates that payment vouchers relating to purchases should be supported by a purchase order, the supplier invoice and proof of delivery or performance.

Contrary to the Regulation, twenty eight (28) payments in amounts totalling K217,323 made at four (4) stations during the period under review were not supported with relevant documentation such as receipts, invoices, attendance lists among others. See table 3 below.

**Table 3: Unsupported Payments**

No.	Station	No of Transactions	Amount K
1	Provincial Administration	23	146,524
2	Department of Local Government and Housing	1	36,853
3	Department of Tourism	3	28,946
4	Kitwe District Commission	1	5,000
	<b>Total</b>	<b>28</b>	<b>217,323</b>

As at 31<sup>st</sup> July 2023, the supporting documents had not been availed for audit verification.

**e. Weaknesses in Management of Assets**

**i. Lack of Title Deeds for Properties**

Section 41 (4) of the Public Finance Management Act No. 1 of 2018 requires Controlling Officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, title deeds for parcels of land owned by the Provincial Administration on which 107 properties were located had not been secured with title deeds as at 31<sup>st</sup> July 2023.

**ii. Failure to insure Motor Vehicles and Motor Bikes**

Regulation 41 (1) of the Public Finance Management (General) Regulations of 2020 stipulates that a public body shall insure public assets with an insurance company registered under the Insurance Act, 1997.

Further, section 86 of the Road Traffic Act No.11 of 2002 states that “No person shall use or cause or permit any person to use a motor vehicle or trailer on a road unless there is such a policy of insurance or such a security in respect of third - party risk.”

Contrary to the Act, nine (9) motor vehicles and twelve (12) motorbikes whose values could not be ascertained had not been insured as at 31<sup>st</sup> July 2023.

**f. Management of Stores - Unaccounted for Stores**

Regulation 16 of the Finance (Control and Management) (Public Stores) Regulations requires that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain record of the receipt and issue of such public stores.

Contrary to the Regulation, stores items costing K730,755 (general stores - K716,854 and fuel – K13,901) procured during the period under review at four (4) stations were not accounted for in that there were no receipt and disposal details. See table 4 below.

**Table 4: Unaccounted for Stores**

No.	Station	No. of Transactions	General Stores Amount K	Fuel Amount K	Total Amount K
1	Provincial Administration	77	653,684	11,901	665,585
2	Masaiti DC	14	34,429		34,429
3	Kitwe DC	1		2,000	2,000
4	Mufulira DC	15	28,741		28,741
	<b>Total</b>	<b>107</b>	<b>716,854</b>	<b>13,901</b>	<b>730,755</b>

**g. Management of Liabilities****i. Failure to Withhold VAT**

The Value Added Tax (VAT) Act, Chapter 323 of the Laws of Zambia read together with the Treasury and Financial Management Circular No. 6 of 2017 directed all public institutions to withhold and remit VAT from payments to suppliers of goods and services to the Zambia Revenue Authority (ZRA).

Contrary to the provision, VAT in amounts totalling K27,332 relating to procurements in amounts totalling K167,329 was not withheld during the period under review. See table 5 below.

**Table 5: Failure to Remit VAT**

Station	No. of Transactions	Amount K	VAT Amount K
Kitwe DC	15	75,903	14,720
Kalulushi DC	15	91,426	12,612
<b>Total</b>	<b>30</b>	<b>167,329</b>	<b>27,332</b>

**ii. Failure to Settle Outstanding Liabilities**

As at 31<sup>st</sup> August 2023, the Provincial Administration accrued outstanding bills in amounts totalling K4,149,957 in respect of utility bills and personal emoluments, local suppliers and accrued expenses dating as far back as 2007. See table 6 below.

**Table 6: Outstanding Liabilities**

No.	Debt type	Amount K
1	Personal Emoluments	3,267,772
2	Local Suppliers	19,358
3	Accrued Expenses	862,827
	<b>Total</b>	<b>4,149,957</b>

## 40 Head: 93 Office of the President - Northern Province

### General Administration

#### 40.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

#### 40.2 Audit Findings

An examination of accounting and other records for the financial year ended 31<sup>st</sup> December 2022 maintained at the Provincial Administration Headquarters and six (6) district offices for the period under review revealed the following:

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

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a total provision of K84,634,534 was made to cater for the operations of the Provincial Administration and K82,707,250 was funded leaving a balance of K1,927,284. See table 1 below.

**Table 1: Budget, Funding and Expenditure**

No.	Programme	Budget Provision K	Amount Funded K
1	Economic Development	12,126,133	12,126,126
2	Local Government Service	2,292,007	2,292,005
3	Natural Resources Management	9,892,424	9,892,421
4	Management and Support Services	44,012,011	42,084,745
5	Community Devevelopment and Social Service	16,311,959	16,311,952
	<b>Total</b>	<b>84,634,534</b>	<b>82,707,250</b>

As at 31<sup>st</sup> December 2022, amounts totalling K82,667,739 had been spent.

##### b. Failure to Collect Hotel Manager Fees

Section 59 of the Tourism and Hospitality Act No. 13 of 2015 requires a registered Hotel Manager to obtain a certificate of registration, practising certificate or certificate of exemption at a prescribed fee. Contrary to the Act, nineteen (19) accommodation establishments were operated by Managers who did not have practicing or exemption certificates resulting in revenue loss in amounts totalling K25,950 in the 2022.

As at 30<sup>th</sup> June 2023, no action had been taken by the Ministry against the defaulters.

**c. Failure to Collect Revenue**

Section 11 (1) (m) of the Public Finance Management Act No. 1 of 2018, stipulates that a Controlling Officer is responsible for planning and controlling of revenue collection and expenditure of public funds appropriated under that Controlling Officer’s control including taking effective and appropriate steps to collect revenues due to the Head of Revenue and Expenditure under their charge as appropriated by Parliament.

Accommodation establishment database revealed that the Department was being owed amounts totalling K1,270,232 by various establishments such as lodges and hotels. As at 30<sup>th</sup> June 2023, the amounts owed had not been collected from the establishments. The amounts have been outstanding from as far back as 2018.

**d. Lack of Safe Facilities - Forestry Departments**

Regulation 8(c) of the Public Finance Management (General) Regulations of 2020 stipulates that an accounting officer should ensure that proper arrangements are made for the safekeeping of public monies, securities, revenue counterfoil receipts, licences, warrants and all forms of requisitions.

Contrary to the regulation, four (4) districts had no safe facilities at the Forestry Department despite having collected cash in amounts totalling K815,616 during the period under review. It was further observed that articles and accountable documents such as receipt books and revenue collected were kept in drawers that were not lockable rendering revenue and accountable documents vulnerable to thefts. See table 2 below.

**Table 2: Districts without Safes**

No.	District	Department	Amount Collected K
1	Mpulungu	Forestry	273,391
2	Kaputa	Forestry	271,298
3	Nsama	Forestry	246,126
4	Mporokoso	Forestry	24,802
	<b>Total</b>		<b>815,616</b>

**e. Irregular Payment of Rural and Remote Hardship Allowances**

The Terms and Conditions of Service for the Public Service No. 166 and Cabinet Office Circular No. B2 of 2010, stipulates that an officer serving in an area declared to be rural area shall be entitled to receive a hardship allowance at a rate as may be determined by Government from time to time.

Contrary to the provisions, amounts totalling K108,026 were paid as rural hardship allowances to eleven (11) officers who were not eligible in that their work stations were not designated for payment of such allowances.

Further, contrary to the provisions, amounts totalling K292,033 were paid as remote hardship allowances to twenty-two (22) officers whose station of duty did not qualify for payment of the allowances.

**f. Unaccounted for Stores**

Regulation 16 of the Finance (Control and Management) (Public Stores) Regulations requires that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain record of the receipt and issue of such public stores.

Contrary to the Regulation, various stores items costing K593,685 (general stores – K279,275 and fuel - K314,410) procured during the period under review were not accounted for in that there were no receipt and disposal details.

**g. Lack of Title Deeds**

Section 41 (4) of the Public Finance Management Act No 1 of 2018 states, “a controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds.”

Contrary to the Act, seventeen (17) properties in four (4) districts were not secured with title deeds. See table 3 below.

**Table 3: Properties without Title Deeds**

No.	District	Number of Properties
1	Mbala	4
2	Mpulungu	5
3	Kaputa	4
4	Mporokoso	4
	<b>Total</b>	<b>17</b>

#### **h. Poor Maintenance of Buildings**

A physical inspection carried out during the period from February to March 2023 in selected districts revealed that some buildings were in a deplorable state. In particular, the following were observed:

- **Mbala District - District Commissioner's House**

The house has broken windows, damaged floors and dirty walls. See pictures below.



*Broken windows*



*Damaged floor*

- **Mpulungu District**

- **District Administration Block**

The block is being used as office space for the District Administration. The office roof leaks. See picture below.



*Leaking roof of the administration block*

- **Forestry offices**

The building is being used by the Forestry Department as office space. The building has a leaking roof and the pit latrine has a crack. See picture below.



*Crack on the VIP Latrine*

- **Kaputa District**

- **District Administration Block**

The administration block was used by various Government departments and the ceiling boards are stained and damaged. Further, the walls have cracks. See picture below.



*Administration block with damaged ceiling board and cracks*

- **District Commissioner's House**

The house is being occupied by an officer from the District Administration office. The roof was old and leaks and the windows were broken.

- **Mporokoso District**

- **District Commissioner's house**

The house is in a poor state and needs electrical, drainage, plumbing and ceiling board works to be done.

- i. **Failure to Settle Outstanding Bills**

As at 30<sup>th</sup> June 2023, the Provincial Administration had accrued debts in amounts totalling K2,594,888 in respect of personal emoluments, utility bills and other supplies

of goods and services, among others. The arrears had been outstanding as far back as 2012. See table 4 below.

**Table 4: Outstanding Obligations**

No.	Details	31/12/22 Balance K
1	Leave Travel Benefits	158,700
2	Long Service bonus	160,239
3	Repatriation	44,600
4	Salary related arrears	124,350
5	Settling in allowance	990,821
6	Terminal Leave	234,897
7	Suppliers of goods and services	605,468
8	Water bills	70,937
9	Office rentals-Survey dept	17,556
10	Post box rental-Survey dept	13,000
11	Other accrued allowances	174,319
	<b>Total</b>	<b>2,594,888</b>

**41 Head: 93 Office of the President - Northern Province**

**General Deposit Account**

**41.1 Mandate**

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

**41.2 Audit Findings**

An examination of accounting and other records for the financial year ended 31<sup>st</sup> December 2022 maintained at the Provincial Administration and six (6) selected district offices for the period under review revealed the following:

**a. General Deposit Account – Funding and Expenditure**

The Provincial Administration maintains a General Deposit Account (GDA) which is an intermediary account where Third Party funds are deposited for implementation of activities on behalf of line ministries and other institutions. During the period under review, the Provincial Administration received funds in the General Deposit Account totalling K13,296,584.84. In addition, amounts totalling K2,263,072 were bought

forward from 2021 bringing the total available funds to K15,559,657. See table 1 below.

**Table 1: Funding and Expenditure**

No.	Purpose of Funds	Opening Balance K	Reciepts K	Total Funds Available K
1	Presidential Visit	5,560	699,914	705,474
2	Infrastructure Development	1,410,885	-	1,410,885
3	Youth Empowerment-Agric	655,806	-	655,806
4	Youth Empowerment-Loans	568	164,902	165,470
5	Youth Empowerment-Interns	47,188	1,418,500	1,465,688
6	Committee of Survey	653	7,308,706	7,309,359
7	Office Equipment	-	400,000	400,000
8	Insurance Claim	7,415	450,000	457,415
9	Other funds	134,999	2,037,450	2,172,449
	<b>Total</b>	<b>2,263,072</b>	<b>13,296,585</b>	<b>15,559,657</b>

As at 31<sup>st</sup> December 2022, amounts totalling K14,062,670 had been spent.

**b. Management of Youth Empowerment Programme Loans**

**i. Unsecured Loan Disbursements**

Guideline 7 (v) of the Multi Sectoral Youth Empowerment Programme Guidelines of 2020 requires a loan disbursed under the programme to be comprehensively insured by the borrower.

Contrary to the requirement, loans in amounts totalling K850,000 issued to seven (7) youth groups during the period under review had not been insured by the borrower as at 30<sup>th</sup> June 2023.

**ii. Failure to Recover Loans**

The Multi Sectoral Youth Empowerment Programme Guideline No. 7 (iii) of 2020 states that the project will run on a loan basis for a period of thirty-six (36) months. In addition, the beneficiaries were required to pay back the loan inclusive of 10% administration fee to the Ministry of Youth, Sport and Child Development in monthly instalments that were to be calculated based on the value of the loan. The first payment was due in thirty (30) days from the expiry of the grace period of ninety (90) days.

During the period under review, loans in amounts totalling K1,683,771 were issued to ninety two (92) youth groups. However, as at 30<sup>th</sup> June 2023, the

recoveries on the loaned amounts had not been effected in spite of the grace period having elapsed.

**c. Management of Stores - Unaccounted for General Stores**

Regulation 16 of the Finance (Control and Management) (Public Stores) Regulations requires that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain record of the receipt and issue of such public stores.

Contrary to the Regulation, stores items costing K11,724 procured during the period under review were not accounted for in that there were no receipt and disposal details.

**d. Failure to Remit Committee of Survey Funds to Treasury**

Section 37 (4) of the Public Finance Management Act No. 1 of 2018 states, “all proceeds from disposal of public assets and stores except those that belong to local authorities and statutory Corporations shall be transmitted to the Consolidated Fund.”

Contrary to the Act, the Provincial Administration did not remit funds amounting to K194,348 from the sale of stores items, motor vehicles and equipment. See table 2 below.

**Table 2: Unremitted funds**

No.	Details	Amount K
1	Funds Banked	7,308,706
2	Funds Remitted	7,114,358
3	Unremitted Funds	194,348

Although management in their response to the interim management letter dated 11<sup>th</sup> April 2023 submitted that the unremitted funds amounting to K194,348 were meant to refund bidders with unresolved issues, there was no documentation to show that there were any bidders who had unresolved issues.

## **42 Head: 94 Office of the President - Western Province**

### **42.1 Mandate**

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

### **42.2 Audit Findings**

An examination of accounting and other records for the financial year ended 31<sup>st</sup> December 2022 maintained at the Provincial Administration and five (5) selected district offices for the period under review revealed the following:

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

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a total provision of K102,687,452 was made to cater for operations of the Provincial Administration and was fully funded. As at 31<sup>st</sup> December 2022, amounts totalling K102,683,717 were spent.

In addition, the Provincial Administration raised amounts totalling K5,450,193 for the Western Investment Expo from various stakeholders out of which K4,297,057 had been spent leaving a balance of K1,153,136.

#### **b. Management of Payroll and Staff Related Matters**

##### **i. Overpayments of Salaries to Officers**

During the period under review, six (6) officers were placed on wrong salary scales. Consequently, the officers were paid amounts totalling K501,372 instead of K469,766 resulting in an overpayment of K31,606.

As at 31<sup>st</sup> July 2023, the overpayments had not been recovered and the salary scales had not been normalised.

##### **ii. Officers on Payroll but not on Staff Returns**

Section 3.5 (i) and (ii) of the Treasury and Financial Management Circular No. 6 of 2019 stipulates that controlling officers are in charge of managing the payroll under their respective heads of expenditure and ensuring that all employees under their charge are on the payroll stations they are working from. Contrary to the Circular, the Provincial Administration paid salaries in amounts totalling K2,400,238 to 291 officers who were not on their staff returns.

**iii. Irregular Payment of Salaries to an Officer who had not Reported**

On 26<sup>th</sup> July 2021, a Principal Internal Auditor was transferred from the Ministry of Finance to the Provincial Administration in the same capacity but had not reported to the station as at 31<sup>st</sup> December 2022.

It was however, observed that although the officer had not reported at the station, he was irregularly paid salaries in amounts totalling K222,453 for the period 1<sup>st</sup> January to 31<sup>st</sup> December 2022.

As at 31<sup>st</sup> May 2023, the officer had still not reported and the funds had not been recovered.

**iv. Irregular Payment of Salaries to Dismissed Officer**

The Public Service Management Division Circular No. B.1 of 2019 3 (d) stipulates that employees who are separated from employment by way of resignation, dismissal or discharge should be terminated from the payroll with effect from the date of resignation, dismissal or discharge.

Contrary to the Circular, a general worker who was convicted by the Subordinate Court and subsequently dismissed on 13<sup>th</sup> August 2020 was irregularly paid salaries in amounts totalling K103,140 for the period from the date of dismissal to 30<sup>th</sup> September 2022.

As at 31<sup>st</sup> May 2023, the funds had not been recovered.

**c. Infrastructure Development**

**i. Construction of Wall Fence – Social Welfare**

During the period under review, the Provincial Administration embarked on a project for the construction of a palisade fence at Community Development and Social Welfare offices in Mongu. The project involved two (2) phases namely Phase I and Phase II.

## **PHASE I**

On 3<sup>rd</sup> February 2022, the Provincial Administration signed a contract with Grant Engineering and General Dealers at a contract sum of K196,497. The contract period was from 28<sup>th</sup> February 2022 to 20<sup>th</sup> April 2022.

As at 31<sup>st</sup> December 2022, the contractor had been paid an amount of K180,022 leaving a balance of retention funds of K16,475.

Phase I of the project included construction of the boundary perimeter fence overlooking the Mongu - Senanga road (opposite main Shoprite entrance) with a total perimeter of 130m.

## **PHASE II**

On 23<sup>rd</sup> December 2022, the Provincial Administration signed another contract with Grant Engineering and General Dealers at a contract sum of K169,978. The project was for a period of four (4) months from 6<sup>th</sup> January 2023 to 5<sup>th</sup> May 2023. As at 31<sup>st</sup> December 2022 the full payment of K169,978 had been made. Phase II of the project included construction of the boundary perimeter fence overlooking the Mongu-Lusaka Road with a total perimeter of 72m. The scope of works included the following:

- Foundation excavation and footing;
- Raising of block works from foundation to 2m above the ground level;
- Fixing and installation of metal works (angle irons in between block works);
- Plastering block work internally and externally; and
- Concrete coping at top of block work.

The following were observed:

- **Irregular Payment**

On 23<sup>rd</sup> December 2022, the contractor was paid the full amount of K169,978 by bank transfer. It was however observed that the contractor was paid on the day the contract was signed and before commencement of works on 6<sup>th</sup> January 2023. Consequently, there was no Interim Payment Certificate (IPC) issued rendering the payment irregular.

- **Poor Workmanship**

As at 31<sup>st</sup> May 2023, the works had not been completed in that plastering of blockworks and concrete copying had not been done. In addition, there were loose blocks, block works not aligned and excavated foundation not fully backfilled. See pictures below.



*Incomplete wall fence, unplastered and unaligned block works (February and May 2023)*



*Loose block works*



*Foundation excavation not fully backfilled*

### **43 Head: 95 Office of the President - Eastern Province**

#### **43.1 Mandate**

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

#### **43.2 Audit Findings**

An examination of accounting and other records for the financial year ended 31<sup>st</sup> December 2022 maintained at the Provincial Administration and nine (9) selected district offices for the period under review revealed the following:

**a. Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a total provision of K84,648,321 was made for operations against which amounts totalling K83,743,245 were released resulting in an underfunding of K905,076.

As at 31<sup>st</sup> December 2022, amounts totalling K83,655,025 had been spent leaving a balance of K88,220.

**b. Misplacement of Payroll**

A reconciliation of the payroll records and staff returns at the Provincial Administration revealed that there were thirteen (13) officers who drew salaries totalling K1,093,854 that were not serving at stations where they had been paid from.

**c. Department of Water Resources Development (DWRD)**

During the period under review, the Department of Water Resources Development (DWRD) received amounts totalling K8,340,775 for operations, drilling of exploratory boreholes, dam maintenance, and rehabilitation of non-functional boreholes. The Department also generated funds amounting to K36,000 through borehole siting charges to clients.

In addition, an amount of K752,136 was brought forward from the year 2021 bringing the total funds available to K9,128,911. See table 1 below.

**Table 1: Source of Funds**

No.	Source/Purpose	Amount K
	Opening balance	752,136
1	Mwase Dam Rehabilitation	5,151,325
2	Dam maintenance (Nyanje, Madziatuwa, Biko)	122,727
3	Rehabilitation of non functional boreholes	1,000,000
4	Drilling of Exploration Boreholes	388,027
5	Operational Grants	1,678,695
6	Departmental Charges-Borehole Siting	36,000
	<b>Total</b>	<b>9,128,911</b>

The following were observed:

**i. Failure to Complete Rehabilitation of Mwase Dam within the Agreed Period**

On 21<sup>st</sup> June 2022, the Ministry of Water Development and Sanitation engaged the Zambia National Service (ZNS) Headquarters to rehabilitate Mwase Earth Dam in Lundazi District at contract sum of K5,134,828 dry rate with a completion period of four (4) months. The contract had a provision of 50,710 litres of fuel to facilitate completion of works. The project commencement date and site handover was on 15<sup>th</sup> September 2022 with an expected completion date of 15<sup>th</sup> January 2023.

The dam was intended to provide a reliable water source and improve water availability for multipurpose use such as; domestic supply, animal watering, small scale irrigation and fish farming for the local community. The scope of works included the following:

- Reshaping of the dam embankment and increasing it by a metre height;
- Placing riprap on the upstream of the embankment;
- Placing and compacting the second core material on the downstream of embankment;
- Reconstruction of the spillway using reinforced concrete instead of masonry; and
- Extension of the existing low flow pipe to the irrigated area.

The general description of the project works is as shown in table 2 below.

**Table 2: Summary of Works**

Item No.	Description	Amount K
A	Preliminary and General	1,195,769
B	Earthworks	1,136,347
C	Concrete (Structural)	2,042,118
D	Outlet Pipelines (Specials and Fittings)	184,060
E	Ancillary Works	109,732
	Contingency	466,803
	<b>Total</b>	<b>5,134,828</b>

An examination of accounting and other records revealed that K140,163 had been paid as allowances for handover and monitoring, K1,341,666 for fuel to Lundazi

Service Station and K1,548,935 to the contractor (ZNS) leaving a balance of K2,107,064.

A review of correspondence between the DWRD (Client) and the Zambia National Service (Contractor) revealed that rehabilitation works commenced on 15<sup>th</sup> September 2022 and as at 30<sup>th</sup> June 2023, works had not been completed and stood at 40%.

A physical inspection carried out in June 2023 revealed that although the contractor was on site, the following works were still outstanding:

- Reshaping of the dam embankment and increasing by a meter;
- Construction of super structure on the spill way;
- Placing riprap on the upstream of the embankment; and
- Extension of the existing low flow pipe to the irrigated area.

See picture below.



*Incomplete Mwase Dam*

#### **d. Failure to Maintain Institutional Properties**

A physical inspection of selected office blocks for the Provincial Administration carried out in June 2023 revealed that some offices were not properly secured, and the ceiling boards had fallen, roofs were leaking and as result the ceiling boards were stained. Further, some office blocks had broken windows and tiles. See pictures below.



*Broken windows*



*Broken tiles*



*Leaking roof*



*Fallen ceiling board*

In response to the interim management letter dated 23<sup>rd</sup> May 2023, management submitted that the Provincial Administration had not been able to carry out major rehabilitation works due to inadequate resources.

As at 30<sup>th</sup> June 2023 rehabilitation works had not yet been done on the dilapidated offices.

**e. Failure to Settle Outstanding Bills**

As at 31<sup>st</sup> December 2022, the Provincial Administration had accrued debts in amounts totalling K3,527,799 in respect of personal emoluments, utility bills and other supplies of goods and services some of which had been outstanding as far back as 2015. See table 3 below.

**Table 3: Outstanding Bills**

No.	Details	Amount K
1	Other Personal Emoluments	3,352,000
2	Water Bills	8,129
3	Postal Rentals	126,000
4	Motor Vehicle Servicing	41,670
	<b>Total</b>	<b>3,527,799</b>

**f. Background - General Deposit Account**

The Provincial Administration maintained a General Deposit Account (GDA) which was an intermediary account where Third Party funds were deposited for implementation of activities on behalf of Line Ministries and other institutions. An examination of accounting and other records maintained at the Provincial Administration and nine (9) selected district offices for the period under review revealed the following:

**i. Budget, Funding and Expenditure**

During the financial year ended 31<sup>st</sup> December 2022, a total amount of K8,248,918 was received to cater for various activities in the Province on behalf of ministries and other institutions. See table 4 below.

**Table 4: Funds Received**

No.	Source of Funds	Programme/Activity	Funds Received K
1	Ministry of Youth, Sports and Arts	Youth Internship	2,272,000
		Youth Arts Festival	50,000
		Youth Consultative Meeting	74,000
		Youth Empowerment	200,000
2	Ministry of Tourism and Arts	Multi purpose theatre construction	2,400,178
		Support to Traditional Ceremonies	621,075
3	Cabinet Office	State Visit	1,598,694
		State Funerals	210,907
3	Ministry of National Development Planning-PPU	Development of 8NDP	569,937
4	Ministry of Infrastructure Housing & Urban Development	Preventive Maintenance	35,000
		Operations	55,926
5	Ministry of Local Government and Rural Development	Operations	50,000
6	Ministry of Transport and Logistics-Office Equipment	Operations	33,200
7	Ministry of Transport and Logistics-CGT	Operations	13,000
8	Ministry of National Guidance and Religious Affairs	Operations	10,000
9	Others		55,000
	<b>Total</b>		<b>8,248,918</b>

In addition, there was a balance of K3,950,942 brought forward from 2021 bringing the total funds available to K12,199,860 during the period under review.

As of 31<sup>st</sup> December 2022, amounts totalling K6,374,747 had been spent leaving a balance of K5,825,113.

**ii. Failure to Implement Funded Programme – Construction and completion of Kapata Multi-Purpose Theatre**

During the period from January 2010 to December 2020 amounts totalling K1,792,802 were disbursed by the Ministry of Community Development and Social Services and the Ministry of Tourism and Arts for the construction of a multi-purpose art theatre hall at Kapata Cultural Centre.

During the same period, two (2) contractors were engaged and amounts totalling K1,792,802 were paid. However, works stalled due to lack of funding.

Further, in 2022, the Provincial Administration received funding in amounts totalling K2,400,178 for the construction and completion of the Kapata Cultural Centre. See table 5 below.

**Table 5: Funds Received - Kapata Cultural Centre**

No.	Date	Amount Funded K	Purpose
1	16.05.2022	1,500,000	Construction of theatre
2	31.08.2022	300,000	Construction of theatre
3	28.12.2022	600,178	Construction of theatre
	<b>Total</b>	<b>2,400,178</b>	

However, it was observed that as at 30<sup>th</sup> June 2023, the funded programme had not been implemented and the funds had remained unutilised.



*Incomplete inside part of the Theatre    Incomplete outside part of the Theatre*

In response to the management letter dated 23<sup>rd</sup> May 2023, management submitted that the tender processes could not be finalised as the funds available were not sufficient to complete the project. The total amount for the bill of quantities was more than what was budgeted for and hence, management could not go ahead with the procurement as per Section 56 of the Public Procurement Act No. 8 of 2020.

#### 44 Head: 96 Office of the President - Luapula Province

##### 44.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

##### 44.2 Audit Findings

An examination of accounting and other records for the financial year ended 31<sup>st</sup> December 2022 maintained at the Luapula Provincial Administration and five (5) selected district administration offices carried during the period under review revealed the following:

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

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2022, a total provision of K85,090,677 was made to cater for Recurrent Departmental Charges (RDCs) activities and Personal Emoluments and the whole amount was released.

As at 31<sup>st</sup> December 2022, amounts totalling K84,905,335 had been spent. See table 1 below.

**Table 1: Provision, Funding and Expenditure**

No.	Programme	Provision K	Funding K	Statement C Expenditure K
1	Community Development and Social Services	18,206,960	18,206,959	18,203,414
2	Natural Resource Management	13,281,289	13,281,288	13,263,433
3	Economic Development	13,701,496	13,701,495	13,680,298
4	Local Government Services	2,777,495	2,777,492	2,776,532
5	Management and Support Services	37,123,437	37,123,435	36,981,658
	<b>Total</b>	<b>85,090,677</b>	<b>85,090,669</b>	<b>84,905,335</b>

###### b. Failure to Meet Target Output - Economic Development and Natural Resources Programmes

A comparison of Budget against Actual outputs under Economic Development Programme for the financial year ended 31<sup>st</sup> December 2022 revealed that despite having been funded 100% of the total Budget, Lands, Survey, Labour, Public Infrastructure and Forest departments underperformed in their respective sub-programmes as indicated in table 2 below.

**Table 2: Targeted Outputs not Achieved**

No.	Sub-Programme	2022 Budget	2022 Actual	Budget Variance	Budget % Variance
	<b>Lands</b>				
1	Number of Title Deeds Processed	450	167	(283)	<b>-63%</b>
2	Number of Offer Letters Issued	650	375	(275)	<b>-42%</b>
	<b>Survey</b>				
3	Cadastral Survey Undertaken	1,400	713	(687)	<b>-49%</b>
	<b>Labour</b>				
4	Number of Private Firms Inspected	140	109	(31)	<b>-22%</b>
	<b>Public Infrastructure</b>				
5	Number of public infrastructures monitored	24	13	(11)	<b>-46%</b>
	<b>Forest Based Business Promoted</b>				
6	Number of Cooperatives Trained in Farm Community Agroforestry Nurseries	10	0	-10	-100%
7	Number of Individuals Farmers Trained on Farm Community Agroforestry Nurseries	40	0	-40	-100%

In their response to the management letter dated 19<sup>th</sup> April 2023, management explained that the departments were unable to meet the targets due to high default rate on the payment of land fees. Certificates of Title were only processed and issued to applicants who met the necessary requirements which included full payment of required fees.

In addition, management stated that the failure by the clients to pay the lease charges resulted in fewer offer letters issued than targeted. Further, management stated that the growing number of mining firms dotted across the province and away from the Central Business Centres entailed that more funds were spent on fuel and logistics to monitor the operations and safety of employees in mining areas.

However, it was noted that management's failure to meet targeted outputs did not only happen in 2022 as the Provincial Administration also failed to meet its targeted outputs in 2021.

**c. Weaknesses in Managing Payroll and Staff Related Matters**

An examination of payroll and other records maintained at the Provincial Administration Headquarters for the period under review revealed the following:

**i. Positions on Payroll Not on Establishment Register**

Regulation 21 (d) of the Public Finance Management (General) Regulations of 2020 provides that any recurrent expenditure estimates for personal emoluments

should be supported by details from the establishment register for posts which shall be considered part of the estimates.

However, during the period under review, the payroll for the Provincial Administration had 148 positions on the payroll which were not supported by the Establishment Registers or Treasury Authority. As at 30<sup>th</sup> June 2023, the anomaly had not been corrected.

**ii. Misplacement of Payroll Area**

The Cabinet Office Circular No.13 of 2019 provides that Controlling Officers should ensure that all employees under respective Ministries, Provinces and Agencies are placed in their designated duty stations.

Contrary to the Circular, two (2) officers stationed outside Luapula Province drew salaries in amounts totalling K315,808 from the Provincial Administration during the period under review.

**iii. Delayed Removal of Separated Officer from the Payroll**

Clause (d) of the Public Service Management Division (PSMD) Circular No. B1 of 2019 stipulates that employees who are separated from employment by way of resignation, dismissal or discharge should be terminated from the payroll with effect from the date of resignation, dismissal or discharge.

Contrary to the Circular, during the period from August 2020 to December 2022, salaries in amounts totalling K129,036 were paid to an officer who was separated from the service on 3<sup>rd</sup> August 2020 through dismissal.

As at 30<sup>th</sup> June 2023, the salaries had not been recovered.

**d. Unsupported Payments**

Regulations 46 (1) and 68 (2) of the Public Finance Management (General) Regulations of 2020 stipulate that a payment voucher relating to purchases shall be supported by a purchase order, the supplier's invoice and proof of delivery or performance, and that a paying office holder shall ensure that the payee receives the payment and provide acknowledgment of receipt of the payment.

Contrary to the regulations, nine (9) payments in amounts totalling K47,379 made during the period under review were not supported with relevant documents such as receipts and invoices.

**e. Unaccounted for Stores**

Regulation 16 of the Finance (Control and Management) (Public Stores) Regulations requires that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain record of the receipt and issue of such public stores.

Contrary to the regulation, stores items costing K57,633 procured during the period under review were not accounted for in that there were no disposal details.

**f. Management of Liabilities**

**i. Failure to Remit Pay as You Earn**

The Income Tax Act, Chapter 323 of the Laws of Zambia requires that Pay As You Earn (PAYE) be deducted from officers' emoluments and remitted to the Zambia Revenue Authority (ZRA).

During the period under review, the Provincial Administration deducted PAYE in amounts totalling K45,498 from settling-in allowances of K461,230 paid to nine (9) officers.

Contrary to the Act, the deducted PAYE had not been remitted to ZRA as at 30<sup>th</sup> June 2023.

**ii. Failure to Settle Outstanding Bills**

As at 31<sup>st</sup> December 2022, the Provincial Administration had accrued debts in amounts totalling K5,529,367 in respect of suppliers of goods and services, other personal emoluments and utility bills, some of which had been outstanding as far back as 2014. See table 3 below.

**Table 3: Outstanding Bills**

No.	Details	Amount K
1	Personnel Related Arrears	1,627,554
2	Suppliers of goods and services	229,095
3	Contractors	3,068,924
4	Water Bills Accrued	9,018
5	Rentals accrued	90,345
6	Other accrued expenses	504,431
	<b>Total</b>	<b>5,529,367</b>

**g. General Deposit Account**

The Provincial Administration maintains a General Deposit Account (GDA) which is an intermediary account where Third Party funds are deposited for implementation of activities on behalf of line ministries and other institutions. The following were observed:

**i. Funding and Expenditure**

During the financial year ended 31<sup>st</sup> December 2022, a total amount of K3,907,741 was received in the GDA to cater for various activities such as presidential visits, funerals, traditional ceremonies, rehabilitation of the Minster's house and Youth Empowerment Programme, among others.

In addition, an amount of K288,884 was brought forward from 2021 bringing the total funds available for expenditure to K4,196,625. See table 4 below.

**Table 4 - Funding and Expenditure**

No	Source of Funding	Program/Activity	Funds Received K
1	Opening Balance	Various	288,884
2	Ministry of Youth	Youth Empowerment Program	1,194,957
		Anti- Gender Violence Activities	55,000
3	Cabinet Office	Funeral for late Ho. Peter Chanshi and chief Nshimba	251,446
		Presidential Visit	632,525
		Rehabilitation of mnister's house	700,000
5	Ministry of Infrastructure	Operations	122,413
		Office Equipment	411,000
6	Ministry of Local Govt	Prov. Loal Govt office opeations	100,000
7	Ministry of Transport & Logistics	Transport Operations	30,200
9	Ministry of Tourism	Operations	17,016
		Traditional ceremonies	63,228
		National day of prayers	10,000
		Lauch of tourism information center and Samfya arts festival	74,300
10	Ministry of Finance	Consolidation of 8th NDP	100,374
13	Cash Deposits	College HIV debate, tender documents, refunds and reversals	145,282
	<b>Total</b>		<b>4,196,625</b>

As at 31<sup>st</sup> December 2022, amounts totalling K3,655,153 were spent leaving a balance of K541,472.

**ii. Uncompetitive Procurements**

Regulation 108 (2) of the Public Procurement Regulations of 2011 stipulates that the procurement unit should include sufficient bidders in a short list of bidders to ensure efficient competition, but in any case, should obtain not less than three (3) quotations.

Contrary to the regulation, on 17<sup>th</sup> January 2022, the Provincial Administration paid an amount of K23,300 to Towing Logistics of Lusaka for the repair and servicing of a motor vehicle registration No. GRZ 223 CM without obtaining competitive quotations.

**45 Head: 98 Office of the President - Southern Province**

**45.1 Mandate**

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the Provincial level.

**45.2 Audit Findings**

An examination of accounting and other records for the financial year ended 31<sup>st</sup> December 2022 maintained at the Provincial Administration Headquarters and four (4) selected Districts for the period under review revealed the following:

**a. Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the Financial year ended 31<sup>st</sup> December 2022, a total provision of K102,856,159 was made to cater for operations at the Province and the whole amount was released by the Treasury.

As at 31<sup>st</sup> December 2022, amounts totalling K95,194,425 were spent leaving a balance of K7,7689,731. See table 1 below.

**Table 1: Budget, Funding and Expenditure**

Details	Final Budget K	Funding K	Actual Expenditure K	Variance Expenditure K
Personal Emoluments	76,699,383	76,699,383	76,699,383	-
Recurrent Departmental Charges	26,156,780	26,156,780	18,467,049	7,689,731
<b>Total</b>	<b>102,856,163</b>	<b>102,856,163</b>	<b>95,166,432</b>	<b>7,689,731</b>

In addition, amounts totalling K26,058,914 comprising K24,763,985 and K1,294,928 from line ministries and locally generated funds respectively meant for various activities were received and there was a balance of K7,591,657 brought forward from 2021 bringing the total available funds for expenditure to K59,807,350.

As at 31<sup>st</sup> December 2022, amounts totalling K40,920,297 had been spent leaving a balance of K18,887,054.

**b. Weaknesses in Managing Payroll and Staff Related Matters**

**i. Overpayments of Salaries to Officers**

During the period under review, three (3) officers were placed on wrong salary scales. Consequently, the officers were paid amounts totalling K150,990 instead of K129,454 resulting in an overpayment of K21,536. See table 2 below.

**Table 2: Overpayments of Salaries**

No.	Position	Payroll SS	Wrong Scale	Correct Salary Due K	Wrong Salary Paid K	Overpayment K
1	District Messenger	C	D	45,301	47,657	2,356
2	Office Orderly	A	B	41,049	43,104	2,055
3	Senior Office Orderly	B	F	43,104	60,229	17,125
	<b>Total</b>			<b>129,454</b>	<b>150,990</b>	<b>21,536</b>

As at 30<sup>th</sup> June 2023, the overpayments had not been recovered and the salary scales had not been normalised.

**ii. Irregular Payment of Housing Allowance**

The Public Service Management Division Circular (PSMD) No. B 24 of 2013 stipulates that housing allowance should be paid to officers not accommodated by Government in standard/pool houses through the payroll.

Contrary to the Circular, six (6) officers who were accommodated in institutional houses during the period under review were irregularly paid housing allowances in amounts totalling K52,244.

**iii. Irregular Payment of Rural Hardship Allowances**

According to the Terms and Conditions of Service for the Public Service No. 166, an officer serving in an area declared to be a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

However, it was observed that amounts totalling K60,178 were paid as rural hardship allowance to six (6) officers who were not eligible in that their work stations were not designated for payment of such an allowance.

**c. Failure to Undertake Paid for Activity**

On 21<sup>st</sup> November 2022, subsistence allowance and fuel imprest in amounts totalling K54,141 was paid to ten (10) officers to facilitate for travel to various districts to conduct a sensitisation of Government departments on the code of ethics and other Human Resource Policies.

It was however observed that the activity had not been undertaken as at 30<sup>th</sup> June 2023, seven (7) months after the payments were made.

**d. Failure to Avail Activity Reports**

During the period under review, imprest in amounts totalling K121,324 was paid to nineteen (19) officers to undertake various activities such as verification of dam inventory infrastructure and procurement of materials and fuel as well as monitoring of borehole drilling.

As at 30<sup>th</sup> June 2023, there was no evidence that the activities were undertaken as no activity reports were availed for audit.

**e. Weaknesses in Managing Assets**

**i. Failure to Maintain Properties – District Administration – Choma**

Section 41 (1) of the Public Finance Management Act No. 1 of 2018 states, ‘A Controlling Officer is responsible for the management of public assets and stores of the Head of expenditure.’

Contrary to the Act, a physical verification conducted on 12<sup>th</sup> February 2023 revealed that a residential property under the Provincial Administration allocated to the District Commissioner for Choma was dilapidated in that the geyser was rusty, windows were broken and the roof tiles were worn-out. Consequently, the property had been abandoned by the District Commissioner. See pictures below.



*Rusty geyser*



*Broken glass window panes*



*Damaged floor tiles*



*Worn out roof tiles*



*Damaged Padlocks*



*Rotten Ceiling Board*

In response to the interim management letter dated 18<sup>th</sup> May 2023, management submitted that budget constraints had impeded the routine and effective maintenance of the cited property.

As at 30<sup>th</sup> June 2023, the matter had not been resolved.

**ii. Failure to Maintain Government Properties – Kalomo District Commissioner’s Office**

During the period under review, the Public Infrastructure Maintenance Department under the Provincial Administration had a budget provision of K282,566 for VIP houses and office blocks, out of which K2,080 was meant for Kalomo District Administration.

As at 31<sup>st</sup> December 2022, the whole amount was released and spent.

A scrutiny of records maintained by the Kalomo District Administration revealed that a total of K2,080 was spent on rehabilitation. However, the funds were not sufficient and as a result, various GRZ properties such as offices and houses were not renovated. See table 3 below.

**Table 3: Status of Government Properties in Kalomo**

Item	Department	Description	Scope of Work Required
1	Labour	The Building needs serious attention to be habitable	Wall demolition, mending wall and floor cracks, electrical, external and external wall painting, Plumbing, Carpentry/joinery
2	Forestry	Renovation	Wall and Floor mending, Sanitary, External and internal wall painting, Electrical
3	Preventive and Maintenance	Renovation	Wall and Floor mending, Sanitary, External and internal wall painting, Electrical, Plumbing works
4	District Administration	Renovation	Wall and Floor mending, Sanitary, External and internal wall painting, Electrical, Plumbing works
5	District Administration House	Renovation	Wall and Floor mending, Sanitary, External and internal wall painting, Electrical, Plumbing works
6	Water Affairs	Renovation	Wall and Floor mending, Sanitary, External and internal wall painting, Electrical, Plumbing works

A physical inspection of the Labour Office block and District Commissioner's Residence carried out in March 2023 revealed that the offices were in a dilapidated state.

The roof of the office block was partially blown off and part of the ceiling board had fallen off. Further, the following observations were made at the District Commissioner's residence; walls had developed cracks, windows were broken, the servant's quarter had no doors, walls had cracks and the structure was abandoned. See pictures below.

- **Labour Office Block District**



*Side View of the Labour Office*



*Part of Front View with Overgrown Tree*



*Crack inside the Labour Office*



*Blown off Roof and Worn out Ceiling*

- **Commissioner's Residence**



*Dilapidated District  
Commissioner's Residence*



*Visible cracks and broken window panes DC's Residence*



*Rear View of dilapidated DC's Residence*



*Dilapidated Servant Quarter at the DC's Residence*

In response to the interim management letter dated 18<sup>th</sup> May 2023, management submitted that budget constraints had impeded the routine and effective maintenance of the cited properties.

As at 30<sup>th</sup> June 2023, the status had remained the same.

**iii. Failure to Avail Lease Agreements - Livingstone District Commissioner’s Office**

During the period under review, the District Administration had fifty-eighty (58) Government houses under its jurisdiction. The houses were occupied by civil servants, retired civil servants and non-civil servants, among others. However, a physical inspection carried out in March 2023 and inquiries made with management revealed that thirty-two (32) Government properties were occupied by non-civil servants without lease agreements. As at 30<sup>th</sup> June 2023, there was no evidence that rentals were collected from the tenants. See table 4 below.

**Table 4: Status of Government Properties**

No.	No. of Properties	Occupation Status	Status of Occupant	Whether on Title or Not	Whether on Lease Agreement or Not
1	11	Occupied	Civil Servants	Not on Title	N/A
2	13	Occupied	Retired Civil Servant	Not on Title	N/A
3	2	Occupied	Family to Late Civil Servant	Not on Title	N/A
4	32	Occupied	Non Civil Servant	Not on Title	No Lease Agreement
<b>Total</b>	<b>58</b>				

**iv. Failure to Secure Title Deeds**

Section 41 (4) of the Public Finance Management Act No. 1 of 2018, requires Controlling Officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, various parcels of land on which sixty four (64) properties for the District Administration are located were not secured with title deeds.

Further, the District Administration did not avail title deeds for the fifty eight (58) parcels of land under its charge.

## 46 Recommendations

In order to improve Public Financial Management and ensure that the Ministries, Provinces and Agencies (MPAs) are operating within the financial management and accounting framework as set out in the Constitution of Zambia (Amendment) Act No. 2 of 2016, Public Finance Management Act No. 1 of 2018, Public Procurement Act No. 12 of 2008, Appropriations Act No. 22 of 2018 and any other laws and regulations, the following are recommended:

- i. Controlling Officers must ensure that revenue collection and expenditure is properly managed. This should be done by:
  - Adhering to relevant laws, regulations and circulars;
  - Establishing and maintaining an effective, efficient and transparent system of financial and risk management as well as adequate and robust internal controls;
  - Managing public resources prudently and safeguarding them;
  - Taking effective and appropriate steps to collect revenues due to the Government that is under their charge;
  - Prevention of irregular or wasteful expenditure, misapplication of funds, theft or loss resulting from negligence or criminal conduct;
  - Taking immediate, effective, and appropriate disciplinary steps against erring office holders in the ministry or department under their charge; and
  - Taking immediate and appropriate action on internal and external audit recommendations.
- ii. The general revenue collected by appointed agents on behalf of Government should be promptly remitted to the Consolidated Fund,
- iii. Controlling Officers should ensure that there is strict adherence to procurement procedures and all contract provisions,
- iv. Controlling Officers must ensure that all the assets under their charge are appropriately secured and insured, and

- v. Controlling Officers must ensure that all taxes and other statutory contributions are deducted and timely remitted to the respective institutions.

#### **47 Acknowledgements**

I wish to thank all my staff for their hard work in ensuring that this report is produced despite the constraints highlighted in this report. I also wish to express my gratitude to the Secretary to the Treasury, the Accountant General and Controlling Officers and their staff for their cooperation during the audit process which enabled me to execute my duties diligently.

## **48 Recommendations of the Public Accounts Committee**

### **Appendix 1 – Summary of Outstanding Issues as at 31<sup>st</sup> December 2021**

#### ***OUTSTANDING ISSUES FROM THE TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIRST SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY.***

#### ***Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2009.***

##### **Ministry of Foreign Affairs Missions Abroad**

*Paragraph 30 (28) (b) Properties (i) Vor Schorhor 23 Berlin-Pankow, Repairs on Ambassador's Residence*

*Paragraph 34 (32) (b) Unclaimed Rental Security Deposits – Balance of K27,984,004 (£5,500)*

##### **Ministry of Science, Technology and Vocational Training**

*Paragraph 46 (44) (c) Management of Contracts 1. Kasiya Trades Training Institute • Male Hostels*

##### **Office of the President Western Province**

*Paragraph 66 (64) (a) Construction of Health Posts*

##### **Office of the President Western Province**

*Paragraph 68 (66) Completion of construction of a clinic Failure to prepare bill of quantities, Unverified building materials, Physical inspection of the projects*

#### ***Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2010.***

##### **Ministry of Finance**

*Paragraph 33 (33) (f) Weaknesses in the Administration of Outstanding Bills JJ Lowe Ltd Kashikishi - Lunchinda Road - Overstatement K20,040,096,855, (f) Weaknesses in the Administration of Outstanding Bills JJ Lowe Ltd (Mbesuma Bridge) (K1,4437,218,315) and NCC Phoenix (Kashikishi-Lunchinda Road) (K72,095,637,323)*

##### **Ministry of Local Government and Housing**

*Paragraph 31 (31) (b) Unaccounted for Funds – HQs Details Chadiza – K7,231,000, (c) (ii) Central Province Kabwe Municipal Council • Non-Delivery of Motor Vehicles – K55,107,000*

##### **Ministry of Agriculture**

*Paragraph 40 (50) (a) Construction and Rehabilitation of Disease Free Zone Infrastructure (i) Renovation of Central Veterinary Research Institute (CVRI) (a) Nelkan Industrial Construction (iv) Construction of Office Block and 2x3 Bed Roomed Houses at Luangwa Bridge - Lot 7*

*Paragraph 49 (50) (v) Renovation of a House and Construction of an Office Block at Nkalamabwe – Lot 9 (vi) Renovation of Four Houses at Nkalamabwe Site – Lot 10*

*Paragraph 50 (51) (a) Stores- (No Receipt and Disposal Details - K555,441,356) (No Disposal Details – K1,028,074,881), (e) Unretired Imprest - K1,281,928,738*

#### **Ministry of Home Affairs – Zambia Police**

*Paragraph 9 (9) (c) Unaccounted for Revenue – K62, 859,000 -Manda Hill Police Post. (a) Receipt Books not Presented for Audit,*

#### **Ministry of Home Affairs -**

*Paragraph 14 (14) 2010 (j) Incomplete Contractual Works (i) Mongu Records Centre (i)Kazungula Border Post*

#### **Ministry of Science, Technology and Vocational Training**

*Paragraph 39 (39) (iv) Kasiya Secretarial and Business College – K366,116,700*

#### **Office of the President Southern Province**

*Paragraph 75 (76) (b) Extension of an Office Block and Rehabilitation of two (2) Staff Houses at Nanga in Mazabuka, (v) Failure to Effect Contract clauses*

### ***Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2011.***

#### **Ministry of Finance**

*Paragraph 9 (8) b. ii. Unaccounted for Revenue from Sale of Pool Houses- K404,894,842*

#### **Ministry of Local Government and Housing**

*Paragraph 38 (37) e. Failure to Submit Expenditure Returns – K70,000,000, g. Weaknesses in the Management of Revolving Fund Account.*

#### **Ministry of Health**

*Paragraph 44 (43) b. Tender and Award of Contract to AVIC International Limited. i. Irregular Award of the Contract.*

#### **Ministry of Transport, Works, Supply and Communication**

*Paragraph 46 (45) (d) Upgrading of Kasaba Bay Run Way, (e) District Aerodromes- K3,939,432,900 Provincial Administration – Western Province Shangombo - Lack of Receipt and Disposal Details for Fuel Senanga District – Unretired Imprest -Sesheke District -Kalabo District.*

#### **Ministry of Foreign Affairs Missions Abroad**

*Paragraph 23 (22) c. Properties i. Chancery – 2419 Massachusetts Ave*

*Paragraph 25 (24) a) Internal Control Weaknesses. ii. Unclaimed Rental Security Deposits K197,444,063 (£25,539)*

*Paragraph 26 (25) (c) Mission Properties i. The Chancery ii. The Residence iii. Plot No. 39 Toure Drive Masaki, iv. Plot No. 22 Ocean Road*

### **Ministry of Livestock and Fisheries Development**

*Paragraph 53 (52) (b) Unretired Imprest K299,425,500 c) Non - recovery of Loans and Advances- K847,000,000 d) Unaccountable Fuel K1,394,100,000 f) Chilanga Department of Fisheries i. Non - recovery of Loans and Advances K155,000,000 ii. Failure to utilise boats.*

*Paragraph 54 (53) c) Unaccounted for Store – K6, 945,000 d) Unretired Imprest- K24,597,000*

*Paragraph 55 (54) e) Unaccounted Stores K499,755,279 g) Infrastructure Provincial Livestock and Fisheries Office*

*Paragraph 56 (55) a) Unremitted funds – K337,987,650*

*Paragraph 57 (56) b) Unretired Imprest-K78,822,560 c) Unaccounted for Fuel-K81, 165,611*

*Paragraph 58 (57) c) Unretired Imprest K47,703,500 d) Questionable Retirement of Imprest i. Mongu District Livestock and Fisheries Office - K1,393,700 e) Unaccounted for Fuel and Store - K290, 664,214*

*Paragraph 59 (58) d) Unretired Imprest K37,288,810*

*Paragraph 60 (59) b) Unretired Imprest K158,721,950 c. Unaccounted for Stores and Fuel - K57,489,285.60*

### **Ministry of Home Affairs**

*Paragraph 18 (17) c. Construction of the National Registration Offices i. Kapiri Mposhi Office Block - K3,074,445,907 ii. Luangwa Office Block - K3,255,724,418*

### **Ministry of Defence - HQ**

*Paragraph 48 (47) d) Construction of Housing Units for Defence i. Non-Adherence to Contract Terms and Conditions ii. Rehabilitation of Bon Accord Building for Zambia Army in Livingstone*

### **Ministry of Defence - Zambia National Service**

*Paragraph 50 (49) c) Renovation of Deputy Commandant's Residence - Outstanding works and defects Non adherence to Agreed Specifications ii. Physical Inspection*

### **Office of the President Western Province**

*Paragraph 80 (79) d. Weaknesses in the Management of PRP Projects i. Kalabo - Kalongola Road (D319)*

### **Office of the President Southern Province**

*Paragraph 88 (87) a) Failure to Account for Funds - K121,365,177*

### **Office of the Vice President – DMMU**

*Paragraph 37 (36) b. Provinces ii. Central Province*

## **Office of the President Copperbelt Province**

*Paragraph 73 (72) d) Rehabilitation of Kitwe Little Theatre- K156,655,100*

*Paragraph 75 (74) g) Failure to implement Projects i. Drilling and Rehabilitation of Boreholes  
h) Construction of Youth Skills Training Centre in Masaiti*

## **Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2012.**

### **Ministry of Local Government and Housing**

*Paragraph 31 (31) i. iii. Decentralisation Secretariat Disbursements to the District Councils •  
Chadiza District Council – Failure to Provide Accounting Records*

### **Ministry of Lands**

*Paragraph 13 (13) c. Failure to Collect Arrears on Rent of Government Premises d. Un-  
presented Receipt Books*

### **Ministry of Health**

*Paragraph 37 (37) a. xv. Undelivered Drugs c. i. Wasteful Expenditure – Construction of Sewer  
Ponds Kalabo District Hospital c. ii. Construction of Milenge District Hospital – Phase 1:  
Stalled Project*

### **Ministry of Communication and Transport**

*Paragraph 39(39) c. Resurfacing of Parking Pavement – Chirundu Border Post d. i.  
Construction of Border Infrastructure at Katima Mulilo - Poor Workmanship d. ii. Non-  
Functional Boreholes*

### **Ministry of Communication and Transport**

*Paragraph 39(39) e. i. Infrastructure Management – Civil Aviation Department Rehabilitation  
of Kasama Airport – Non-Implementation of the Project e. iv. Abandoned Works - Nyangwe  
Airstrip h. Interest Erroneously Charged by the Bank*

### **Ministry of Foreign Affairs Mission Abroad**

*Paragraph 20 (20) c. i. Property Management 201 Wyndcliff Road – Residence c. ii. 237 East  
52nd Street – Chancery*

### **Ministry of Justice**

*Paragraph 35 (35) i. v. Un-Reconciled Payments to Voluntary Separatees Association (VSA)  
– K472,843,648,093*

### **Ministry of Youth and Sport**

*Paragraph 36 (36) f. i. Youth Development Fund (YDF) Irregular Disbursement of Loans*

## **Office of the President Southern Province**

*Paragraph 80 (80) b. PRP Projects Implementation Incomplete Works/Poor Workmanship*

### **Office of the President Northern Province**

*Paragraph 60(60) e. ii. Construction of Rice Dehuller Shelter at Chifwenge e. iii. Completion of Police Post at Matipa in Chilubi District*

*Paragraph 63 (63) a. Contract for Drilling of Boreholes Irregular Payment*

### **Office of the President Central Province**

*Paragraph 58 (58) a. Non-Delivery of Materials*

### **Office of the President Eastern Province**

*Paragraph 68 (68) Drilling of Borehole Kaozi Resettlement Scheme in Chama*

### **Office of the President North-Western Province**

*Paragraph 74 (74) a. i. Irregular Payments Irregular Award of Tender ii. Undelivered items g. Irregular Payment on the Provision of Security Services*

*Paragraph 76 (76) a. Resettlement Department Failure to Implement Projects, Storage Shed - Janyauki Resettlement Scheme b. Rehabilitation and Maintenance of Solwezi Sports Complex c. i. Magrade Extension Road Works Paid for but not Done ii. Delayed Completion d. Solwezi College Road*

*Paragraph 77 (77) d. Questionable Payments e. Failure to Follow Tender Procedures b. i. Implementation of Road Chikonkwelo-Kayombo Road, Kabompo District – Incomplete Works*

## **Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2013.**

### **Ministry of Chiefs and Traditional Affairs**

*Paragraph 15 (15) a. Unaccounted Stores K512,112*

### **Ministry of Communication and Transport**

*Paragraph 37 (37) (b) Aircraft Lease Agreement*

### **Ministry of Finance – Loans and Investments**

*Paragraph 32 (32) c. i. Eurobond Proceeds Zambia Railways - Failure to recover advance payment guarantee*

### **Ministry of Mines and Mineral Development**

*a. Non-Enforcement of Export Permit Returns*

### **Ministry of Local Government and Housing**

*Paragraph 31 (31) g. Questionable Payment of Allowances l. Questionable Payment of Allowances and Undertaking of Activities*

*Paragraph 35 (35) g. ii. Irregularities in the Purchase of Graders – Chama Council iv. • Construction of an Administration Block at Chinsali Day Secondary School - K73, 316 •*

*Construction of a Police Cell at Thendele Police Post K - 27,850 • Construction of 1x2 Teachers Houses at Chikwama Basic School – Kafue, Eastern Province • Project Management Completion of a 1 X 2 Class Room Block at Chidolo Primary School - K14,805*

*Paragraph 36 (36) h. ix. Capital Projects Luapula Province Mwense District Council – Construction of Kalanga Market - (over-commitment of – (K394,638) Chipili District Council - Construction of Ten (10) Three Bedroom Medium Cost Houses (over commitment of - K2,774,094)*

### **Ministry of Education**

*Paragraph 53 (53) b. ii. Bursaries Abroad Failure to Recover Student Loans h. Infrastructure Development - Abandoned Projects*

*Paragraph 54 (54) p. Failure to Procure a Scania F95 HB 65-Seater Bus – Mongu PEO i. Mbunde Primary School - Construction of a Staff House and a Single VIP Latrine ii. Kalabo Resource Centre - Construction iii. Construction of 3 Double VIP Latrines Maoma Primary School-Construction of a Staff House and a Single VIP Latrine b. iii. Construction of 2 Staff Houses and a VIP Toilet - Kaikumbe Primary School, Chipata Project Status*

### **Ministry of Foreign Affairs Mission Abroad**

*Paragraph 24 (24) c. Rehabilitation of the Official Residence at Plot 20 Don Alfonso Henrique Avenue – Maputo d. Chancery Plot No. 1286 Kenneth Kaunda Avenue*

*Paragraph 26 (26) c. Rehabilitation of the Chancery – Avenue Moliere 469 1050 Bruxelles*

*Paragraph 27 (27) c.i. ii. iii. Iv. v. vi. Weaknesses in the Management of Properties Chancery • House No. 8, Simms Road Mount Pleasant • House No. 44, Sloans Road Highlands • 10 Turnstead, the Garage • 5 Cowden Close, Chisipite • 7 Samson Road, Mount Pleasant*

### **Ministry of Agriculture**

*Paragraph 60 (60) hh. ii. Construction of a Dip Tank at Kalovya – Chama DACO nn. Construction of Chasato Earth Dam – Chama DACO oo. Other Projects Western Province Construction of a Regional Veterinary Laboratory - Mongu - K4,299,995; Southern Province Rehabilitation of One Staff House and Construction of a Double Pit Latrine - K84,840; Choma, Mochipapa, Research Station- Construction of an Office Block - K158,450 (Materials K107,505 and Labour K50,945); Lusaka Province Construction of a Breeding Centre - K814,043.04; Muchinga Province Construction of Medium Cost Houses at Mbesuma State Ranch - K803,096*

### **Ministry of Community Development, Mother and Child Health**

*Paragraph 43 (43) g. i. Weaknesses in Accounting for Drugs and Other Medical Supplies • Unaccounted for Drugs and Medical Supplies; ii. Undelivered Drugs and Medical Supplies - Mumbwa DCMO*

### **Ministry of Youth and Sport**

*Paragraph 49 (49) a. Failure to Recover Loans – Youth Development Fund (YDF)*

### **Office of the President Southern Province**

*Paragraph 86 (86) a. iii. Rehabilitation Maramba Stadium; iv. Rehabilitation of Harry Mwaanga Nkumbula Stadium*

*Paragraph 89 (89) e. ii. Construction of International Bus Terminus in Livingstone Lack of Bills of Quantities Equal to Contract Sum; i. Delayed Completion of Works; f. Construction of an Ultra-Modern Market in Livingstone*

*Paragraph 90 (90) a. Failure to Implement Projects*

### **Office of the President Northern Province**

*Paragraph 71 (71) c. Irregular Award of Contracts*

*Paragraph 72 (72) a. i. Rehabilitation of Feeder Roads - Luwingu District ii. Irregular Payments to the Contractor ii. Failure to Enforce Performance Security Bond*

### **Office of the President Muchinga Province**

*Paragraph 58 (58) a. Failure to Recover Funds - Contract for Installation of Water Tank j. Construction of Culverts at Icheshi Chinsali l. Construction of Nchenga - Upukwe Bridge – Nakonde*

### **Office of the President Luapula Province - Headquarters**

*Paragraph 81 (81) d. i. Failure to Implement Projects Rehabilitation of Mulwe Road - Kawambwa District Paragraph 81 (81) ii. Rehabilitation of Feeder Roads - Mwansabombwe District iii. Rehabilitation of Senama – Fiyongoli Road iv. Construction of a Bridge on Mansa - Tayali Road, Mansa District v. Rehabilitation of Chembe – Kasomalwela Road – Chembe District*

### **Office of the President Lusaka Province**

*Paragraph 65(65) f. D177 Kalubwe Road; D482 (Ng'ombe Ilede and Ibwe Munyama Roads); Mutumbish a Road - 8.6 Km; Chishiko- Kabeleka Road - 5.5 Km; Nchute –Lukoshi Road – 4.3 Km; Mpango Road- 7.8 Km Waterfalls Road; Luangwa – Other Roads; D168 Kacheta Road- Chilanga District; Kabanana/Chisakila Road – Kafue District*

### **Office of the President Copperbelt Province**

*Paragraph 69 (69) a. Undelivered Stores e. Failure to Supply a Grader*

### **Office of the President Eastern Province**

*Paragraph 77 (77) a. Construction of Vubwi DC's Office Block*

*Paragraph 78 (78) e. Kampondo – Chanyalubwe Rd (Via Kapongolo) - Lundazi District*

### **Office of the President North-Western Province**

*Paragraph 82 (82) a. Irregular Award of a Contract b. ii. Implementation of Road Projects Rehabilitation of Kanongesha Road iii. Rehabilitation Lwakela - Kakoma Road*

*Paragraph 83 (83) a. Failure to Procurement Procedures b. i. Infrastructure Development Headquarters Construction of Dining Hall at Mutanda High School Poor Workmanship b. iii.*

*Rehabilitation of Kabompo Rest House Delayed Completion iii. Rehabilitation of Kabompo Rest House Poor Workmanship*

**Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2014.**

**Ministry of Lands**

*Paragraph 14 (14) j. ii. Revenue Generated from Survey Departments. Use of Revenue without Treasury Authority.*

**Ministry of Local Government and Housing**

*Paragraph 40 (40) c. Failure to Avail Activity Reports d. Unaccounted for Stores e. Water Supply and Sanitation Projects Rehabilitation and Expansion of Chinsali Water Supply and Sanitation Infrastructure in Chinsali District; Network Expansion of Mufumbwe Water Supply System in Mufumbwe District; Rehabilitation and Expansion of Isoka Water Supply System in Isoka District f. Markets and Bus Station Construction of a Bus Station in Mpika District; Construction of a Bus Station in Chinsali District; Construction of Modern Market and Bus Station in Sinazongwe District; Construction of Ten Medium Cost Houses in Ikelenge District; Construction of Ten Medium Cost Houses in Sinda District; Construction of Ten Medium Cost House in Chipili District; Construction of Ten Medium Cost Houses in Chikankata District; Construction of Ten Medium Cost Houses in Pemba District; Construction of Ten Medium Cost Houses in Zimba District; Construction of Twenty (20) Medium Cost Houses in Lunga District - Construction of Twenty Medium Cost Houses in Lunga District-Delayed Completion of Work; h. Fire Services Construction of sub-fire station at Bonaventure in Lusaka District; Construction of Sub-fire station at Chilenje in Lusaka District; Construction of Sub-fire Station at Chelstone, in Lusaka District*

*Paragraph 42 (42) t. Mongu Municipal Council z. Undelivered Tipper Truck – Ndola City Council cc. i. Project Management: Western Province Construction of 1x3 Semi-detached Staff Houses at Kaama Basic School and Construction of 1x3 Classroom Block at Ndau Basic School ii. Other Infrastructure Projects Construction of Yuka Traditional Court; Rehabilitation of blown off Roof at Looma Primary School; Construction of Kwandu Community Radio Station; Completion of 1x2 Classroom Block at Malala Community School; Completion of Staff House at Liyuwayuwa Primary School; Chifunabuli Rehabilitation of 1x2 Classroom Block Mashitolo Primary School; Construction of Market Shelter at Namwandwe; Construction of a Three Bedroomed House at Muleke Community School – Central Province Mumbwa; Construction of a Market Shelter; Construction of a Clinic at Soloboni Community; Construction of a Market Shelter at Chipongwe*

*Paragraph 43 (43) j. Unsupported Payments Shangombo District Council - K803,428; Kasama Municipal Council – K963,857; Solwezi Municipal Council K760,084.09; n. Failure to Remit Statutory Contributions; r. Management of Capital Projects Mulobezi District Council Construction of Ten Medium Cost Houses in Mulobezi – K4,689,881*

**Ministry of Health**

*(n)Infrastructure Development*

## **Ministry of Transport, Works, Supply and Communication**

*Paragraph 50 (50) n. Construction of Kasama Airport Runway o. Construction of Fire Station Chipata Airport*

*Paragraph 51 (51) i. Construction of Fire Station Chipata Airport ii. Abandoned Works iii. Failure to Submit Claims Certification; Subcontracted Works*

## **Ministry of Education**

*Paragraph 55 (55) z. vii. Abandoned Infrastructure Projects – Wasteful Expenditure Nabwalya Boarding Secondary School Luansobe Boarding Secondary School Chikando Day High School • Chalimbana University Kapekesa • Umi Primary School • Chikowa Basic School • Musa Day High School • Ntumpa Boarding High School • Kampamba Day High School • John Mubanga Day High School • Copperbelt Secondary Teachers College (COSETCO) • Mukuba University • Chasefu Boarding Secondary School • Chikowa Day Secondary School • Construction of Kanona Day • Secondary School • Limulunga Day High School • Construction of Kaumba Boarding Secondary School; Construction of Two Hostel Blocks at Ukwimi Trades; Luanshya Based Institution Abandoned; Infrastructure Projects Wasteful Expenditure • Luansobe Boarding Secondary School • Chikando Day High School • Chalimbana University • Kapekesa Umi Primary School; Chikowa Basic School*

*Paragraph 59 (59) t. ii. Western Province Failure to Account for Receipts - Luampa Secondary School*

## **Ministry of Foreign Affairs Mission Abroad**

*Paragraph 23 (23) e. Rehabilitation of Mission Properties House No. 6 Lundula Avenue, House No. 18 Kamanyola Avenue, House No. 26 Luvua Avenue (Residence), House No. 1332 Kapenda Avenue, House No. 6 Tshinyama Avenue The Chancery, Servants Quarters (x4), House No. 6 Lundula Avenue, House No. 18 Kamanyola Avenue House No. 26 Luvua Avenue (Residence) House No. 1332 Kapenda Avenue House No. 56 Tshinyama Avenue Kitchen Units (x 6) Construction of the Wall Fences, Screening Room*

*Paragraph 28 (28) b. iv. Undeveloped Land*

*Paragraph 32 (32) e. i. 2014 State of Mission Properties • The Chancery - No. 22 Sam Nujuma /MandumeNdemu fayó Street ii. Official Residence - No. 1 George Hunter Street, Olympia e. iv. 9 Schwerinsburg Street, Luxury Hill b. Failure to Dispose a Boarded Vehicle and Obsolete Assets*

## **Ministry of Agriculture**

*Paragraph 66 (66) iii. Kalungwishi State Ranch – Mporokoso DACO Unaccounted for Animals jjj. i. Infrastructure Development Construction of Nsenga Earth Dam – Petauke District. ii. Sinazongwe Construction of an Office Block at Kanchindu State Ranch; Construction of a Medium Cost House at Kachindu Ranch; Construction of an Office Block at Livingstone DACO; Chongwe Construction Milk Shed Kanakantapa; Rufunsa Construction Rufunsa Livestock Breeding Centre; Shibuyunji Construction of Dip Tank at Chintanga and Rehabilitation of a Dip Tank at Martin Luther King; Construction of Dip Tank at Chintanga; Dip Tank at Martin Luther King Construction Milk Collection Centre; Rehabilitation of Administration Block at Kaunga Farmers Training Centre; Muchinga - Construction of Chama*

*dip tank at Chama Central Camp; Eastern - Chadiza Rehabilitation of Khulika and Chilenga Dip Tank; Mlolo Dip Tank; Construction Kapiri-Mpika Tank; Lundazi Rehabilitation of four (4) dip tanks at Kamphanda, Kathimba, Kamtomo and Kamamphina; Rehabilitation of Kamuzoole, Emusa, Mtwalo and Chiungwe Dip Tanks Vubwi Construction of an Office Block at Vubwi DACO; Katete Rehabilitation of Mshoka Dip Tank / Storeroom and Sinking of Borehole; Rehabilitation of Kagoro Dip Tank; Luapula Samfya -Construction of a Dip Tank at Chitundwa Camp; Mufulira Kasaka Fisheries Training Institute – Kafue Failure to Adhere to Procurement Guidelines*

*Paragraph 67 (67) b. Drawing of Salaries on Wrong Salary Scales*

### **Ministry of Home Affairs – Zambia Police**

*Paragraph 18 (18) c. Rehabilitation of the Office Block for National Registration and Passport in Mporokoso*

*Paragraph 19 (19) i. Western Region Construction of two low cost houses at Kalabo State Prison e. ii. Supply and Delivery of Test Bench K265,000.*

### **Ministry of Defence**

*Paragraph 53 (53) f. Outstanding Arrears g. Drilling and installation of Boreholes – Zambia Army Operation Areas h. Procurement of Sub Division Farm 688 (Lusaka West) - Failure to Transfer Title*

*Paragraph 54 (54) a. Irregular Drawing of Salary c. Unaccounted for Funds - Renovation of Officers' Quarters - ZNS Luanshimba*

### **Ministry of Tourism and Arts**

*Paragraph 13 (13) b. Poor Monitoring and Reconciliation of Tourism Development Credit Facility (TDCF) Loans*

### **Ministry of Youth and Sport**

*Paragraph 52 (52) c. i. Youth Development Fund (YDF) • Lack of Records - Loan Recoveries iii. Irregular Transfer of YDF Funds c. iv. 2014*

### **Office of the President Western Province**

*Paragraph 84 (84) i. Rehabilitation of Mulobezi Dam - Department of Water Affairs*

*Paragraph 86 (86) b. Failure to Implement Funded Project c. Drilling of Boreholes in Kalumwange Resettlement Scheme*

### **Office of the President Southern Province**

*Paragraph 98 (98) j. Failure to Collect Outstanding Rentals*

### **Office of the President Northern Province**

*Paragraph 80 (80) a. Rehabilitation of Feeder Roads – Mipita Lundu Road*

*Paragraph 82 (82) a. Failure to Deliver a Generator b. Fish Cages – Livestock and Fisheries Development*

### **Office of the President Muchinga Province**

*Paragraph 61 (61) g. Construction of a Police Post at Ntantumbila –*

*Paragraph 62 (62) b. Nakonde District Administration Construction and Rehabilitation of Feeder Roads*

*Paragraph 63 (63) c. Drilling of Boreholes in Kaozi Resettlement Scheme*

*Paragraph 64 (64) a. Construction of a Cultural Village – Failure to Sink a Borehole b. Access Roads Development Project*

### **Office of the President Luapula Province**

*Paragraph 92 (92) b. Failure to Implement Funded Activities - Rehabilitation of Roads in Mwanabombwe District c. i. Failure to Complete Projects Chiengwe District Mipa East Road ii. Mansa District Kapesha Mukanga Prison Farms Road iii. Mwense District Mambili ma - Lukolongo Road*

### **Office of the President Lusaka Province**

*Paragraph 71 (71) a. i. Rehabilitation of Feeder Roads • Grading, Spot Gravelling and Culvert Installation – 22 km Other Roads Luangwa (Chilombwe Road) xii. Gravelling and Culvert Installation – 25 km Nampundwe Mine Road and 24km Situmbeko Chimbotela Road. Nampundwe Mine Road 24km Situmbeko - Chimbotela Road.*

### **Office of the President Copperbelt Province**

*Paragraph 75 (75) c. Road formation in Resettlement Schemes - Kambilombilo d. Water Affairs Department - Borehole Setting and Drilling in Masaiti*

### **Office of the President Eastern Province**

*Paragraph 89 (89) e. i. Construction of Boundary Wall Fence – David Kaunda Stadium Irregular Engagement of a Contractor ii. Construction of Boundary Wall Fence - David Kaunda Stadium Abandoned Project; ii. Construction of Boundary Wall Fence - David Kaunda Stadium Abandoned Project*

### **Office of the President North-Western Province**

*Paragraph 96 (96) b. Rehabilitation of Manyinga – Choongo Road*

*Paragraph 97 (97) c. Infrastructure Development • Construction of Zambia Compound Health Centre, Staff Houses and Three Pit Latrines - K473,688; Construction of Zangamenu Health Centre, Staff House and Three Pit Latrines; Construction of Weighbridge Health Centre, Staff House and Three Pit Latrines*

***Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2015.***

### **Ministry of Mines and Mineral Development**

*Paragraph 8(8) b. Non-Payment of Area Charges by Active Mineral Rights Holders 617 mining rights; Missing Accountable Documents (10) General Receipt Books*

## **Ministry of Energy and Water Development**

*Paragraph 18(18) h. i. Sitting and Audit Committee Allowance K125,275 ii Meal/Lunch Allowances K183,554 iii. Transport Refunds K749,995 l. Unaccounted for Stores K523,752 m. Unaccounted for Furniture and Equipment K54,366 n. Geological Survey Department - Infrastructure Development o. Construction of Rural Filling Stations at Mporokoso and Luwingu in Northern Province; Contract for Consultancy Services for the Development and Establishment of an Integrated Mining Information System for Mineral Economics Unit*

## **Ministry of Health**

*Paragraph 39 (39) o. ii. Delayed Completion of Projects and Poor Workmanship Eastern Province Vubwi - Construction of Vubwi District Hospital Phase I; Construction of Lundazi District Hospital Phase III; Namwala District Hospital – Phase III; Gwembe District Hospital – Phase II; North-Western Province Ikelenge; Kabwe – Construction of Staff house and VIP at Muunga Health Post*

## **Ministry of Works and Supply**

*Paragraph 40 (40) a. Unaccounted for Stores K120,000 b. i. Partial Delivery of Equipment and Passenger Vessels ii. Partial Delivery of Equipment and Passenger Vessels iii. Partial Delivery of Equipment and Passenger Vessels c. Failure to Commission Commercial Web Offset Printing Press*

*Paragraph 41 (41) a. Payments for Works Not Done K225,110 b. Irregular Payments K5,223,126 c. Abandoned Contracts K5,438,098 d. Non-Preparation of Recovery Certificates K24,023,667*

## **Ministry of Education**

*Paragraph 45 (45) a. Failure to Prepare Accurate Bank Reconciliations a. Failure to Remit Funds to Lower - Level Institutions d. v. Payment of Overtime Allowances K703,059 e. ii. Failure to Provide Activity Reports f. Irregular Use of Accountable Imprest to Procure Goods and Services K500,474 g. Unretired Accountable Imprest K5,427,537. h. Unaccounted for Stores K3,462,017 i. i. Misapplication of Funds - Bursaries for Orphans and Vulnerable Children K15,648,435 ii. Lack of Cash Book and Bank Reconciliation Statements iv. Questionable Payments of Top Up Allowances K2,131,690 v. Lack of Expenditure Returns K431,009 (US\$46,345) j. Misapplication of Funds K500,000 o. Infrastructure Development i. Unpaid Certificates ii. Wasteful Expenditure – Interest Paid on Delayed Payments.*

*Paragraph 46 (46) a. Irregularities in Establishment Register over staffing of 1,246 positions b. Misplacement of Payroll Area K45,060,222 c. Irregular Payment of Salaries to Officers Absent from Duty Without Official Leave d. Unknown Officers Drawing Salaries K18,839,673 e. Payment of Full Salary to an Officer on Suspension – Sesheke District K36,750. f. Questionable Payment of Salaries – Sichili Secondary School K34,172 g. Failure to Remove Retired and Deceased Officers from the Payroll K1,119,987 h. Failure to Retire Officers after Attaining Retirement Age of 55 – Western Province K563,296. i. Allowances Paid to Officers without Authority – Western Province K337,025 j. Questionable Payment of Double Class Allowance K559,340 k. Irregular Payment of Rural and Remote Hardship Allowance K8,319,244 l. Officers Getting Acting Allowance without Authority – Southern Province K1,624,965 m. Irregular Payment of Housing Allowance K8,902,784 n. Irregular Payment of*

*Responsibility Allowance K373,930 o. Payment of Remote Instead of Rural Hardship Allowance K48,816 p. Failure to Constitute Medical Boards K976,535. q. (34) Staff Employed on Positions not on Establishment K1,490,840 r. (27) Employees without National Registration Card on Pay Slips K212,430 s. (8) Officers with Duplicate National Registration Card on Payslips K115,282 t. Officers Drawing Double Salaries K40,560 u. Drawing of Salaries on Wrong Salary Scales – Central Province K724,019. v. irregular Payment of Responsibility Allowance to Senior Officers – Central Province K46,862*

*Paragraph 47 (47) a. (18) Missing Payment Vouchers K235,176 b. Unsupported Payments K547,045 c. Unapproved Payments K8,000 d. Officers on Studies without Approved Leave K59,600 e. i. Unacquitted Funds K7,200 e. ii. Unacquitted Funds K24,008 f. Unretired Accountable Imprest K1,257,434 f. Failure to Provide Monitoring/Activity Reports h. Irregular Procurement of Goods and Services Using Imprest K225,822 i. Failure to Follow Tender Procedures K199,661 i. Failure to Inscribe Government Assets K135,505 k. Unaccounted for Stores K396,309 m. Failure to Disburse Grants to Basic Schools K1,011,927 n. Misapplication of Funds K1,599,033 o. Failure to Deduct Tax K64,530 p. Failure to Remit Tax K11,160 q. Failure to Recover Loans and Salary Advances - Revolving Fund Account K42,250 r. Irregular Payment of Teachers' Subsidies and Incentives K222,620 s. Unaccounted for Funds K11,516 t. Failure to Collect User Fees K2,231,778 u. North Western Province i. Theft of Building Materials Mukumbi Secondary School K31,147 ii. Undelivered Building Materials – Solwezi District Education Board Secretary K140,176 v. Copperbelt Province i. irregular Drawings of Fuel - Mpongwe District Education Board Secretary K7,825 ii. Irregular fuel drawings by Private Vehicle – Lufwanyama District Education Board Secretary K6,518 iii. Irregularities in the Procurement of Computers – Ndola District Education Board Secretary K168,000 w. Irregular Procurement of ICT Equipment - Petauke District Education Board Secretary K456,766 w. Lusaka Province Revolving Account i. Failure to Collect Materials – Kafue District Education Board Secretary K3,459 x.ii. Hire of Conference Facility without Authority - Sports Account – Lusaka PEO K38,900 y. Unreceived School Grants – Western Province K263,449 y. Muchinga Province i. Unreimbursed Borrowings – Chinsali Provincial Education Office, Revolving Fund Account K30,746 aa. Over Payment of Subsistence Allowances K6,160 bb. Funds for Orphans and vulnerable Children (OVCs) K1,226,485. cc. Irregular Procurement – Nyimba Kafue District Education Board Secretary K164,500*

*Paragraph 48 (48) a. Failure to Produce Activity Report K650,215 b. Irregular Use of Imprest to Procure Goods and Services K51,022 c. Unaccounted for Stores K106,394 d. i. Failure to Provide Contracts - Zambia Education Publishing House K8,155,245 ii. Failure to Provide DISPOSAL Zambia Education Publishing House K8,155,245 e. iii. Undelivered Textbooks K3,119,463 f. Unaccounted for Textbooks between DEBS and Schools K440,194 f. Failure to Distribute Books to Primary Schools K477,010 h. Failure to Deliver Free Education Materials to Schools - Chembe District K3,330 i. Failure to Distribute Books – Kleene DEB Office K94,054 j. Failure to Deliver Books to Schools as Per Allocation – District Education B Office, Zimba K4,086 i. Missing Laboratory Apparatus – Provincial Education Officer – Mongu K27,300 k. ii. Failure to Use Mobile Science Laboratories – Provincial Education Officer - Mongu l.i. Undistributed Mathematical Graph Boards – Western Province K19,600 ii. Failure to Distribute Mathematical Graph Boards – Southern province K105,000 iii. Failure to Distribute Graph Boards to schools - Chisamba District Education Board Secretary K8,750 m. Contract for the Construction of Wall Fence - Ya Investments Limited i. Failure to Provide*

*Pre-award of Contract Documents n. Construction of Administration Block - October First Enterprises o. Failure to Procure Apparatus and SWAP Chemicals K4,355,993*

### **Ministry of Foreign Affairs Missions Abroad**

*Paragraph 25 (25) London a. Revenue iii. Irregular Transfer of Revenue K652,888 (£52,231)*

*Paragraph 29 (29) Harare a. Uncollected Rental Arrears from Leased Properties K624,415 (US\$98,364)*

### **Ministry of Livestock and Fisheries Development**

*Paragraph 53 (53) a. Payment of Rural and Remote Hardship Allowance to Ineligible Officers K708,799 a. Failure to Submit Monthly Expenditure Returns to the Ministry Headquarters K4,420,757 c. Inadequately Supported Payments K1,460,188 d. Unretired Accountable Imprest K933,411 e. Unaccounted for Stores K1,028,845 f. Misapplication of Funds K62,380 e. Delays in Settling Outstanding Bills K2,609,980 (US\$388,769.41)*

*Paragraph 54 (54) a. Misplacement of Officers on the Payroll K5,987,513 b. Irregular Payment of Acting Allowance K1,756,266. c. Irregular Payment of Salaries to Separated Staff K385,627 d.i. Allowances Paid to Ineligible Officers K682,094 ii. Payment of Remote Instead of Rural Hardship Allowance K109,018 iii. Overpayment of Rural Hardship Allowance K14,660. e. Irregular Payment of Housing Allowances i. Allowances Paid to Ineligible Officers K320,832 ii. Overpayment of Housing Allowance –Muchinga f. i. Payment of Salaries to Officers absent from Work without Official Leave K238,851 ii. Failure to effect Half Pay - Southern Province – PACO K220,587 iii. Payment of Salaries Resigned - Senanga District Agricultural Coordinator K27,300 iv. Questionable Payment of Salary Arrears - National Agriculture Research and Development Centre (NARDC - Kitwe) K14,066 g. Introduction to Payroll Without Authority K467,113 g. Failure to Recover Salary Advances –Lusaka PACO K6,400*

*Paragraph 55 (55) a. Missing Payment Vouchers K116,941 b. Unsupported Payments K478,925 c. Misapplication of Funds – Southern Province K281,036 d. Irregular Refunds – Chinsali District Agricultural Coordinator K51,868 e. i. Irregularities in the Payment of Allowances K86,197 ii. Out of Pocket Allowance – Western Province K5,416 iii. Meal Allowance f. Irregularities in the Payment of Imprest i. Unretired Accountable Imprest K163,463 ii. Retirement of Imprest K88,754 iii. Failure to Produce Activity or Monitoring Reports K208,611 iv. Irregular Use of Accountable Imprest K41,626 Management of Stores i. Unaccounted for Stores K1,203,585 g. ii. Failure Inscribe Government Assets K465,503 iii. Failure Insure Assets h. Failure to Remit Pay As You i. Failure to Sign Payment Vouchers – Chipata Provincial Agricultural Coordinator j. Failure to Report A Road Traffic Accident – Ndola PACO k. Irregular Payment of Wages– Chapula Zambia Horticulture Training CentreKalulushi i. Questionable Drawing of Fuel m. Irregular Management of Infrastructure Senanga, Livingstone, Mansa, Samfya – Masaba , Katebe, Chongwe*

*Paragraph 56 (56) Eastern Province a. i. Chilobwe Dam - Chipata ii. Kalichelo and Chiparamba Dip Tanks: Incomplete Works and Works Contrary to the Project Bill of Quantities and Project Manager's Instructions dip. iii. Mshoka Tank – Katete Dip iv. Kagoro Tank – Katete Dip v. Joel Tank – Katete Dip vi. Construction of Nyamphande Dip Tank and Rehabilitation of North Nyamphande Dip Tank Rehabilitation of North Nyamphande Dip Tank – K39,569 vii. Nsenya Dam – Petauke b. i. NegaNega Dip Tank – Mazabuka ii. Maggobo Dip*

Tank - Mazabuka iii. Tandabale Dip Tank – Mazabuka iv. Chief Hanjalika’s Palace – Mazabuka v. Sijekeke Dip Tank - Sinazongwe viii. Construction of Two Low Cost Houses – Sinazongwe ix. Construction of One (1) Medium Cost House – Sinazongwe c. Copperbelt Rehabilitation of the Exhibition Stand at the Show Grounds

### **Ministry of Agriculture**

Paragraph 57 (57) a. ii. Irregularities in the supply of seed K29,371,644 Unsupported Invoices K258,500 b. i. Failure to Collect Revenue – Farmer Input Support Programme Ring Fence Accounts K13,200,418 c. iii. Expired Inputs iv. Unacquitted for Farming Inputs K417,530 v. Stolen Farm Inputs – Mpulungu K35,190 vi. Issuance of Inputs to Unqualified Farmers K584,930 vii. Undelivered Farming Inputs K584,450 viii. Inputs Paid for but not Delivered K460,630 ix. Excess Delivery of Inputs K1,718,090 x. Unaccounted for Inputs K224,940 xi. Unsupported Collection of Inputs K2,571,630 xii. Questionable Acquittals of Inputs – Rufunsa K10,800 xiii. Excess Issuance of Inputs – Luampa xiv. Loss of Fertiliser in Transit – Manyinga K22,950 d. i. Failure to Provide Bank Statements ii. Unreconciled Revenue Monze K10,970,800. iii. Failure to Load E-Voucher Cards (Choma, Pemba, Kalomo, Mazabuka, Chikankata, Chongwe, Ndola, Monze) iv. Beneficiaries with E-Voucher Cards Bearing Same Numbers v. Failure to Distribute EVoucher Cards – Kalomo vi. Unqualified Farmer Groups/Co-operatives vii. Issuance of Unapproved Items by Agro Dealers – Monze K37,909 viii. Irregular Drawing of Cash from an ATM using E-Voucher Cards K19,590 ix. Issuance of Cards to Ineligible Farmers – Monze e. i. Missing Payment Vouchers ii. Misapplication of Funds K180,387 iii. Unsupported Payments – Headquarters K1,174,251 iii. Unretired Accountable Imprest K166,918 v. Failure to Provide Breakdowns of Inputs Procured from Agro Dealers K109,718,700.

### **Ministry of Home Affairs – Zambia Police**

Paragraph 7 (7) a. Failure to Reconcile Revenue K3,668,952 b. Delayed Banking – HQ K4,770,988

Paragraph 16(16) a. i. Irregular Payment of Rural and Remote Hardship Allowances K391,104. ii. Irregular Payment of Housing Allowances K226,444. b. Failure to Deduct Taxes K38,162 c. Unretired Accountable Imprest K106,375 d. Overpayment of Subsistence Allowances K20,597 e. Undelivered Goods i. Supply and Delivery of One Explosive Trace Particulate and Vapour K299,000

### **Ministry of Home Affairs - Prisons and Reformatories**

Paragraph 20 (20) c. Failure to Insure Farm Equipment – Chitumba Prison Farm

Paragraph 21 (21) a. Delayed Banking K23,296 b. Failure to Issue GRZ Receipts – Muchinga Province K35,166 c. Failure to Refund Borrowed Funds K28,218 d. Inadequately Supported Payments K29,103 e. Unaccounted for Fuel K5,166 f. Kalonga Milling Plant Revenue Account Failure to Issue Receipts K374,845 i. Unreimbursed Borrowings K454,797 f. i Uncollected Revenue (Bounced Cheque) K49,660 ii Expenditure Unretired Accountable Imprest K27,530 d. Inadequately Supported Payments K29,103 g. Unaccounted for Fuel K5,166 h. Kalonga Milling Plant Revenue Account Failure to Issue Receipts K374,845 ii. Irregular Use of Accountable Imprest K24,616 ii Expenditure Outstanding Debt – Insurance Premium K207,729

*Paragraph 22 (22) a. Inadequately Supported Payments K595,977 b. Misapplication of Funds K1,402,510 c. Other Personal Emoluments i. Under Deduction of PAYE - K25,335 ii. Failure to Deduct Tax from Settling in Allowances – Eastern Province K19,149 d. Transport Management i. Failure to Report Road Traffic Accidents to the Standing Accidents Board K34,453 d.ii. Failure to Insure 4 Motor Vehicles – Northern Region e.Unaccounted for Uniforms and Accessories – Central Province K133,350 f. Staff Uniforms Distributed by HQ but not Received by the Intended Stations K141,215; Failure to Deliver Stores Items – North Western Region K4,176 h. Unaccounted General Stores K259,390 i. Unaccounted for Fuel K 102,735 j.i. Unretired Accountable Imprest K151,736 ii.Irregular Payment of Subsistence Allowances – North Western Region K9,100 iii. Failure to Produce Activity Reports K73,098 iv. Irregular Use of Accountable Imprest K21,850 k. Committing Government to Debt K8,976,829; Procurement Management - Delivery of Food Rations to North Western Region Office Instead of Prison Stations K310,310*

### **Ministry of Home Affairs – Immigration**

*Paragraph 9 (9) a. Failure to Reconcile Revenue K1,453,596. b. Failure to Replace Stale Cheques K12,000 c. Failure to Adopt N-ZIMS Computer Generated Receipts as Official Accountable Document d. i Failure to Adopt ICT Frameworks ii. Failure to Capture Key Fields – New Zambia Immigration Management System (N-ZIMS) iii. Failure to Insure ICT Equipment iv. Lack of Interface between N-ZIMS and Other Systems. v. Failure to Implement Electronic Payment Methods on N-ZIMS System. vi. Failure to Implement System Automated Reminders/Alerts on N-ZIMN vii. Lack of Control over Personal Identification Security Comparison and Evaluation System*

### **Ministry of Home Affairs**

*Paragraph 19 (19) a. Misapplication of Funds K77,822 b. Issuance of National Identity Documents c. Failure to Claim Compensation for Insured Motor Vehicles K1,141,000*

### **Ministry of Defence**

*Paragraph 43 (43) a. Failure to Align the Procurement Plan to the Budget K98,221,631 b. Failure to Utilise Funds K252,548 c. Outstanding Arrears K3,327,253,334 d. Supply and Delivery of Specialised Waterman Ship Equipment, Military Uniforms and General-Purpose Shelter Tents i. Delayed Delivery of Materials i. Undelivered Fibre Canoes e. Remittance of Funds to Dar-es-salaam*

*Paragraph 44 (44) a. Supply and Delivery of Mobile Kitchen Trailers, Field Ablutions and Various Containers b. Supply and Delivery of Mobile Kitchen Trailers, Field Ablutions and Various Containers c. Supply and Delivery of Ultra Sound and X-Ray Machine d. Supply and Delivery of Various Radio*

### **Ministry of Community Development, Mother and Child Health**

*Paragraph 35(35) a. Missing Payment Vouchers K240,103 i. ii. Payment of Meal Allowances within the Station K123,153 iv. Payments of Subsistence Allowance for Working within the District K479,200 p. Misapplication Funds K353,163 q. Failure to Produce Expenditure Returns K433,743 t. Failure to Deduct Tax – Kabwe DCMO K144,472 x. Wasteful Expenditure y. Unacquitted Allowances K23,272 z. Outstanding Bills K5,824,915 bb. ii. Fuel Drawn by Vehicles not Belonging to DCMO K40,398 bb. iv. Unaccounted for Spare Parts – Kapiri*

*Mposhi DCMO K287,558 cc. Infrastructure Development i. Misapplication of Funds – Kaputa DCMO K222,039*

*Paragraph 36(36) b. Failure to Take Disciplinary Action K91,137.*

### **Judiciary**

*Paragraph 10(10) Variances between Revenue Returns and Receipted Revenue K485,986. Unaccounted for Revenue K7,338; Delayed Banking of Revenue K568,937 d. Missing Receipt Page – Choma Subordinate Court e. Lack of Safe – Monze Urban Local Court a. Unretired Accountable Imprest K9,280*

### **Ministry of Gender and Child Development**

*Paragraph 15 (15) b. Misapplication of Funds K311,800 c. Irregular Payment of Subsistence Allowances K132,767 d. Unaccounted for Stores K206,518 d. Outstanding Debt on Insurance Premiums for Motor Vehicles K375,978 f. six (6) Missing Payment Vouchers K126,966 g. Failure to Adhere to Procurement Procedures; Unexplained Debit Entry K10,464; Non-Submission of Expenditure Returns K750,833*

### **Ministry of Youth and Sport**

*Paragraph 42 (42) a. Unsupported Payments K185,017 b. Failure to Avail Details of Recoveries for the Youth Development Fund Loans K35,765,772 c. Failure to Effect Recoveries of Loans and Advances K121,000 c. Unaccounted for Stores K32,725*

### **Office of the President Western Province**

*Paragraph 75 (75) i. Construction of Chiefs' Palaces - Ministry of Chiefs and Traditional Affairs i. Construction of the Chief's Palace at Namayula - Lukulu District i. ii. Construction of Chief's Palace at Njonjolo – Nkeyema District*

*Paragraph 76 (76) d. ii Stalled Works*

### **Office of the President Southern Province**

*Paragraph 85 (85) a. Misapplication of Funds K148,123 b. Failure to Remit Tax K158,058 c. Unaccounted for Funds K110,090*

*Paragraph 86 (86) b. Failure to Remit Tax to ZRA K46,890 h. ii Physical Inspection*

*Paragraph 87 (87) a. Employees on Payroll (PMEC) but not at the Station K366,834. c. Failure to Remove Retired or Deceased Officer from Payroll K332,907 e. Non-Recovery of Salary Advances K171,941*

*Paragraph 88 (88) a. i. Misapplication of Funds K321,683 ii. Misapplication of Funds K588,522*

*Paragraph 89 (89) a. Misapplication of Funds K262,483 b. Failure to Remit Tax to ZRA K61,869*

### **Office of the President Northern Province**

*Paragraph 69 (69) a. Failure to Correct Errors on the Bank Statements K35,862 b. (5) Missing Payment vouchers K39,166 c. Unretired Accountable Imprest K95,269 d. Failure to Insure Assets e. Failure to Report Accident - GRZ 883 CH*

*Paragraph 70 (70) a. Irregular Payment of Salaries K1,887,930 b. Misplacement of Payroll Area K430,416 c. Irregular Payment of Rural and Remote Hardship Allowances K195,315 d. Failure to Recover Tuition and Salary Advances K63,24 d. Issuance of Concurrent Salary Advances K145,060*

*Paragraph 71 (71) Failure to Correct Errors on the Bank Statements K12,972 b. Unaccounted for Fuel K129,096*

*Paragraph 72 (72) a. Misapplication of Funds - Construction of Mbala Youth Skills Training Centre K26,097 b. Failure to Insure Building - Mwela Rocks Cultural Village K293,403 c. Construction of Mpulungu Youth Skills Training Workshop Block - Mpulungu District K35,000. d. Failure to Reimburse Borrowed Funds K540,497*

### **Office of the President Muchinga Province**

*Paragraph 49(49) a. Construction of a Six Storey Office Block for the Provincial Administration – Chinsali K33,468,792 b. Construction of a four Storey Office Block for the Provincial Administration in Chinsali K16,563,290 c. Construction of Thirty Medium Cost Houses in Chinsali K10,774,303 g. Construction of Three (3) Storey Civic Centre for Chinsali Municipal Council K18,089,434 h. Construction of a Post Office Block in Shiwang’andu K852,648 i. Construction of an Office Block for Shiwang’andu District Administration K7,542,636 k. Construction of a Post Office Block in Mafinga K2,490,825.*

*Paragraph 51(51) e. Irregular Use of Accountable Imprest to Procure Goods K20,140*

*Paragraph 52(52) f. Irregular Payment of Housing Allowances K9,183*

### **Office of the President Luapula Province**

*Paragraph 80 (80) b. Chieftainess Kanyembo’s Palace – Nchelenge District c. Chief Mununga’s Palace - Chiengi District*

### **Office of the President Lusaka Province**

*Paragraph 58(58) c. Failure to Value and Insure an Office Block – Lusaka Provincial Administration*

*Paragraph 59(59) b. Failure to Reimburse Funds K179,468*

### **Office of the President Copperbelt Province**

*Paragraph 64(64) a. Delayed Completion -Lufwanyama Government Houses*

### **Office of the President Central Province**

*Paragraph 66 (66) a. Unauthorised Excess Staff on the Payroll K8,895,258 c. ii Failure to Remove Officers from Payroll K153,469. g. Irregular Payment of Rural and Remote Hardship*

*Allowances K29,460 h. iii. Over and Under Payment of Transport and Housing Allowances K10,060 i. Failure to Deduct National Pensions Scheme Authority Contributions K655,663.*

*Paragraph 67 (67) b. None Completion of Access Road – Katanino Resettlement Scheme*

*Paragraph 68 (68) Lack of proper handover of Assets Zambia National Service*

### **Office of the President North-Western Province**

*Paragraph 81(81) a. Unvouched Expenditure K78,767 b. Questionable Air Travel K33,513 c. Failure to Provide Expenditure Returns K270,020 d. Unaccounted Funds K11,252 e. Payment of Overtime Allowance Outside the Payroll K45,740 e. Failure to Remit Income Tax K140,731 g. Failure to Provide Activity Reports K30,895 h. Irregular Use of Accountable Imprest K80,435 i. Questionable Payment of Subsistence Allowances K158,100 j. Irregular Payment of Meal Allowances K5,370 k. Failure to Insure Motor Vehicle and Report Motor Vehicle Accident K345,000 l. Unaccounted for Fuel K13,606*

*Paragraph 82(82) a. Employees on Payroll but not at Station K80,912 b. Misplacement of Officers on the Payroll K1,225,211 c. Irregular Payment of Acting Allowance K415,905. d. Irregular Payment of Rural and Remote Hardship Allowances e. Irregular Payment of Salaries to Officers Absent from Duty without Leave K11,760*

*Paragraph 83 (83) a. Misapplication Funds K156,280 b. Failure to Reimburse Borrowed Funds K338,042 c. Construction Kankujere Earth Dam*

*Paragraph 84 (84) a. Misapplication of Funds K831,544 b. Payment of Overtime Allowance Outside the Payroll K10,498 c. Questionable Travel Air K18,347 c. Construction of Kasempa Meteorological Office i. Payment of Value Added Tax to a Non - Registered Supplier d. ii. Poor Workmanship e. Construction of Chiefs' Palaces i. Contract for the Supply of Building Materials e. ii. Construction of Chieftainess Ikelenge's Palace (Wastage of Cement and Abandoned Works) iii. Delay in Completion of Chief Kalilele's Palace*

### **Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2016.**

#### **Ministry of Home Affairs**

*Paragraph 24 (24), a. Unaccounted for Stores – K546,187 b. Supply and Delivery of an Automated Fingerprint Identification System Machine (AFIS)*

*Paragraph 26 (26) a. Unaccounted for Stores – K155,358 b. Failure to Update an Asset Register – K571,892 c. Rehabilitation of the Commissioner for Refugees Houses in Makeni – K30,130*

*Paragraph 27 (27) a. Failure to Deduct and Remit PAYE to ZRA – K14,583 b. Weaknesses in the Management of Infrastructure Projects*

#### **Ministry of Lands and Natural Resources**

*Paragraph 18 (18) a. Failure to Collect Ground Rent – K513,895,457 b. Undercharges on Timber Export Permits – K76,659*

## **Ministry of Mines and Minerals Development**

*Paragraph 19 (19) a. Expired Mining Licenses – K315,000 b. Failure to Collect Outstanding Area Charges for Mineral Rights Holders – K11,102,566*

*Paragraph 25 (25) Unaccounted for Fuel K28,000; Failure to Recover Advances K47,663*

## **Ministry of Transport and Communications (Road Transport and Safety Agency) Road Traffic Collections**

*Paragraph 21 (21) i. Under Banking of Revenue Zampost - K16,290,947 i. Unexplained Withdrawals on the Revenue Transit Account – Finance Bank a. Irregularities in the administration of the e-ZAMTIS Contract i. Incomplete Works on e-ZamTIS (Phase I) ii. Weaknesses in Environmental Controls and ICT Governance • Lack of Audit Trail Reports on e- ZamTIS • Poor User Account Management –OTI (developer) Access to the E-ZamTIS Live Environment*

## **Ministry of Transport and Communications**

*Paragraph 23 (23) a. Expired Radio Licenses K2,241,730 b. Non-compliant Postal and Courier Firms c. Outstanding Fees – Zamtel Limited - K105,029,725 d. Failure to Type Approved Imported Electronic Communication Equipment; Failure to Set up the Universal Access Fund*

## **Ministry of Foreign Affairs - Headquarters**

*Paragraph 28 (28) a. Unretired Accountable Imprest- K152,619 b. Undelivered Goods- Donations from South Korea – K998,000 c. Failure to Effect Recoveries of Tuition Advances - K50,700*

*Paragraph 29 (29) a. Unaccounted for Stores – K179,614 b. Failure to Maintain Asset Register – K102,732 c. Failure to Reimburse Funds for Medical Expenses - K22,207 a. Irregular Payment of Rent for the Chauffeur – K19,291 b. Irregular Claim of Medical Expenses – K2,943*

*Paragraph 30 (30) a. Unsupported Payments – K441,298 b. Irregular Payment of Allowances - Former Deputy High Commissioner– K85,961 c. Irregular Payment of Education Allowances – K15,469*

*Paragraph 31 (31) a. Delayed Banking – K17,612 b. Unaccounted for Stores – K82,651 c. Failure to Update Asset Register – K21,212 d. Failure to Follow Procurement Procedures - Approval of Procurement Above Threshold – K46, 365 e. Payments of Subsistence Allowance and Penalties Without Authority – K57,033 a. Over Payment on Cost of Living Allowance b. Over Payment of Education Allowance – K85,087 c. Unauthorised Use of Funds from the Revolving Account – K287,008 i. Failure to Insure Buildings*

*Paragraph 32 (32) Irregular Payment of Spouse Allowance – K47,670 a. Failure to Mark Assets with GRZ Serial Numbers; Failure to Avail Title Deeds i. Vacant Properties*

*Paragraph 33 (33) Unauthorised Financial Assistance – K17,125; Questionable Payment of Education Allowances – K874, 327; Failure to recover Funds Paid for Medical Bills – K4,369; Failure to recover Security Deposits – K119,415; Irregularities in the Management of Lease Agreement – K60, 566; Failure to Dispose of Boarded Items. d. Property Management*

*Paragraph 34 (34) a. Failure to Recover Security Deposits on Rented Properties – K689,333 b. Irregular Payments of Education Allowance – K1,262,880 c. Irregular Purchase of Calling Cards – K66,000 d. Non-Recovery of Funds Paid on behalf of Staff - Utility Bills – K379,248 e. Unaccounted for Stores – K115,752 f. Transport Management – K14,690 g. Property Management Building Located on Strasse VorSchoholz 23 – K3,476,786*

### **Ministry of Justice**

*Paragraph 36 (36) • Delays in Settling Compensation and Awards – K1,759,083,266 • Judgment Entered in Default - K 949,766 • Failure to Recover Funds from Negligent Public Officers - K2,949,931 • Unsupported Payments – Funds Remitted to Law Firms – K10,554,178 • Payments for Bills Incurred by Other Institutions – K88,333,910*

### **Ministry of Commerce, Trade and Industry**

*Paragraph 37 (37) a. Misapplication of Funds on Travel Expenses - K459,041 b. Irregular Payment of Rural Hardship Allowance - K49,652 c. Unsupported Payments - K143,970 d. Irregular Use of Accountable Imprest to Procure Goods and Services - K37,350 e. Failure to Recover Salary and Tuition Advances K82, 000*

### **Ministry of Health**

*Paragraph 39 (39) a. Failure to Replace Returned Drugs and Medical Supplies - K943,889*

*Paragraph 40 (40) a. Irregular Payment of Salaries – Isoka DMO - K97,646 b. Irregular Payment of Housing Allowances - K535,944 c. Payment of Acting Allowance to Ineligible Employees – Northern Province - K81,248 d. Employees on Wrong Salary Scale - K2,843,239, K101,720*

*Paragraph 41 (41) a) Unsupported Payments - K41,324 b) Unretired Accountable Imprest - K256,302 c) Irregular Payment of Allowances - K59,706 d) Failure to Remit Tax – Central Provincial Health Office -K31,425 e) Unaccounted for Drugs and Medical Supplies – Mambwe District Health Office - K18,559 f) Stores Unaccounted for K247,093 i. Questionable Payments for Repairs of Motor Vehicle GRZ 139 CK – Mporokoso District Health Office - K67,500 i. Non-Functional Mobile Hospital Equipment – Mongu Provincial Health Office b. Transport Management - Delays in Payment of the Insurance Claim for GRZ 552 CK – Mporokoso District Health Office - K200,000 c. Weakness in the Management of Loans and Advances - K33,800 d. Weakness in Management of Infrastructure Projects Masaiti District - Construction of Masaiti District Hospital Phase III • Nchanga North - Construction of Lecture Theatre • Ndola Central Hospital - Psychiatric Unit • Mindolo Clinic 1 - Standard Maternity Block • CIMAS Hostel - Construction of a Kitchen and Dining Hall • St Theresa - Renovation of X-Ray Department • Kabushi Health Centre - Construction of a Maternity Wing • Kaonda Rural Health - Construction of Post Maternity Wing - PMO 004/15 • Kaonda Rural Health - Construction of Post Mother's Shelter - PMO 006/15 • Construction of Katozi Rural Health Centre (initially Mbuko HP) • Ntatumbila Rural Health Centre - Construction of Maternity Wing • Construction Mukwikile Rural Post • Construction Lwanyana Health Post • Construction Chibamba Rural Centre • Mpulungu District Construction of Ten Staff Houses • Construction of Male Ward a. Mbala District Renovation of the Female Ward and Ablution Block at Mbala General Hospital a. Nalolo District Outpatient Department (OPD) and XRay Block Administration Block b. Limulunga District • Limulunga District Hospital Phase 1*

*Administration Block; Mongu District Lecture Theatre at Lewanika Nursing School e. Kaoma District - Construction of Laboratory at Kaoma District Hospital; Namwala District Construction of Namwala District Hospital Phase III; Female Ward; Two Staff Houses; Four Staff Houses; Gwembe District Construction of Gwembe District Hospital Phase II Maternity, Theatre and Service Block Ncinerator Mortuary Staff Houses c. Kazungula District Construction of Kazungula District Phase 1 Out Patient Department (OPD) b. Kalomo District Construction on the Kalomo District Hospital Phase II; Macha School of Nursing - Construction of a Dining Hall and Demonstration Laboratory; Chitambo District Construction of Staff House and VIP at Nakatambo in Chitambo d. Mumbwa District Construction of Staff House and VIP Toilet at Naluvwi Rural Health Centre in Mumbwa District a. Chisamba District Electrification of Malombe Rural Health Centre b. Chibombo District Completion of Theatre at Mwachisompola Health Demonstration Zone; Construction of the Dining Hall and the Kitchen at Mwachisompola Health Demonstration Zone in Chibombo; Kapiri-Mposhi District Construction of Staff House and VIP at Kakulu Health Post in Kapiri-Mposhi; Kapiri-Mposhi District Construction of Staff House and VIP at Kakulu Health Post in Kapiri-Mposhi; Mkushi District Construction of Mkushi District Hospital Phase II; Chembe District Maternity Annex at Chipete Rural Health Centre; Mansa District OPD and Ablution Block at Mibenge; Nchelenge District Reconstruction of Guttled Hostels and Ablution Block at St Paul's School of Nursing; Kafue District- Construction of Health Post and Staff House at Kanyangala; Chirundu District - Completion of Staff House at Chiawa Health Centre; Shibuyunji District - Construction of a rural Health post in Shibuyunji (Masteak Rural Health Centre)*

### **Ministry of Transport and Communications**

*Paragraph 42 (42) a. Third Party Funds – Tanzania Zambia Railways Authority (TAZARA) - Failure to avail Expenditure Returns – K27,352,965 a. Questionable Claims and Payments – Kasaba Bay Runway (i) Interest Charges Claimed (ii) Opportunity Cost for a Crusher - K82,684,800 b. Failure to Deliver Dredgers and Excavators - MCD Civil and Mechanical Engineering c. Failure to Deliver Passenger Vessels – Multi-Industry Limited d. Failure to Utilise Delivered Dredgers e. Construction and Rehabilitation of Airports - Construction of Kasama Airport Aerodrome*

### **Ministry of Energy and Water Development**

*Paragraph 43 (43) a. Misapplication of Funds – K112,898 b. Procurement of a Technical RIG, Compactor and Trucks*

### **Ministry of Works and Supply**

*Paragraph 44 (44) a. Grant Aided Institutions Under Hostels Board - i. Failure to Abide by the Contract Terms in the Supply of Air Conditioners – Lothian House - K333,023*

*Paragraph 45 (45) i. Abandoned Works a. Fundamental Breach by the Contractor • Construction of a Post Office and Associated External Works in Mpongwe District by T. I Investments at a Contract Sum of K2,131,891 b. Fundamental Breach by the Employer Construction of 10 Medium Cost Houses and Associated External Works in Mpongwe District at a Contract Sum of K7,109,315.00 by Kawazane Investment Limited*

## **Ministry of Higher Education**

*Paragraph 46 (46) a. Infrastructure Development i. Construction of Four Hostel Blocks at UNZA (Lot 1) ii. Construction of Five Hostel Blocks at UNZA (Lot 4) iii. Construction of Four Hostel Blocks at UNZA (Lot 5) iv. Construction of External Works (Lot 7) v. Delayed Completion of Projects - Construction of Four Hostel Blocks at UNZA (Lot 3)*

## **Ministry of Youth, Sport and Child Development**

*Paragraph 47 (47) a. Failure to Distribute Sports items b. Failure to Avail Details of Recoveries for the Youth Development Fund Loans c. Procurement of Higer Buses for Youth Empowerment. i. Facilitating acquisition of land for setting up garages had not been done as of May 2017; Failure to Avail Details for Empowerment Scheme for Youth Street Vendors. e. Youth Development Funds (YDF) i. Northern Province – Kasama • Poor Record Keeping • Non-Repayment of Loans • Non-Monitoring and Evaluation of Funded Projects i. Muchinga Province - Mpika District • Non-Repayment of Loans; Eastern Province - Chipata District and Lundazi District Non - Repayment of Loans-Chipata District*

## **Ministry of Defence Headquarters**

*Paragraph 48 (48) a. Irregular Use of Imprest to Procure Goods and Services - K305,279 b. Failure to Complete Construction of Water Tank Stand and Pump House at Zambia Air Force Lusaka - K1,678,606; Failure to Settle Outstanding Bills - Accumulated Debt – K3,270,160,952 Expenditure Details – K130,000 c. Mupepetwe Engineering and Contracting Company (MECCO) Poor Management of Debt Outstanding Trade Receivables - K288,601; Outstanding Payables - K13,883,590*

*Paragraph 49 (49) a. Lack of Title Deeds b. Irregularities in the Management of Rented Houses - c. Outstanding Bills - K297,022,689 d. Outstanding Bills - K297,022,689 d. Failure to Settle Insurance Premiums and Outstanding Debt - K18,881,438*

*Paragraph 50 (50) i) Failure to Transfer Payroll - K20,459,693 ii) Failure to Report for Duty iii) Failure by Provincial Administration to Hand over Motor Vehicles iv Failure to Avail Records for Spare Parts*

*Paragraph 51 (51) a. Weaknesses in Maintenance of Cash Books b. Unretired Accountable Imprest – K1,695,292 c. Irregular Use of Imprest to Procure Goods and Services - K1,128,984 d. Outstanding Debt for Goods and Services – K15,043,085 e. Unsupported Payments K1,446,601 f. Unaccounted for Stores- K1,559,231 g. Failure to Produce Expenditure Returns - K240,993*

## **Ministry of General Education**

*Paragraph 52 (52) a) Weaknesses in the Management of Bank Account – Recurrent Departmental Charges i. Failure to Prepare Timely Bank Reconciliations Uncorrected Bank Errors and Omissions - K8,230,471 • Questionable Payments - K3,488,327 • Failure to Rectify Double Payments - K324,571 ii. Failure to Remit Funds to Lower-Level Institutions - K3,420,435 b) Unsupported Payments - K125,982,274 i. Irregularities in Imprests Related Transactions j. Failure to Avail Activity Reports - K3,344,236 k. Failure to Avail Acquittal Sheets - K1,170,521 c) Management of the Teacher Accreditation Board (TAB) Account – i. Opening of Account without Authority ii. Questionable Location of the Account iii.*

*Misapplication of Funds -K2,705,000 iv. Questionable Retirement of Accountable Imprest - K2,484,653*

*Paragraph 53 (53) a. Unauthorised Excess Staff on the Payroll – 734 b. Officers Occupying Positions not on the Establishment - K9,721,847 c. Misplacement of Payroll Area - K104,963,058 d. Officers paid at Wrong Notches of Salary Scales - North Western - K35,732 e. Drawing of Salaries on Wrong Salary Scales - K977,715 f. Salary Underpayments - K487,236 g. Absent from Duty without Leave – Ndola DEBS -K309,949 h. An Unapproved Study Leave -K850,079 i. Unknown Officers Drawing Salaries - K12,263,889 j. Failure to Remove Deceased Officer from the Payroll – Mpulungu DEBS - K102,188 k. Payment of Salaries to an Officer who Resigned – Mufumbwe DEBS - K26,189 l. Fraudulent Payment of Salary Arrears – Isoka - K35,452 Questionable Salary Scales – Lusaka DEBS - K754,647 i. Lusaka Province Lack of Documentation – Book Hut Limited*

*Paragraph 54 (54) i. Central Province - Irregular Bank Charges - K8,398 i. Undelivered Science Apparatus - Muchinga Province i. Western Province Failure to Follow Tender Procedures Nalolo DEB Office - K22,000 • Distribution of Textbooks of Subjects not Offered by the Schools -K2,005 • Distribution of Grade 3 Term 1 Silozi Books by ZEPH - i. Southern Province Double Payment of Grants to Schools – Choma DEB Office - K26,814 • Non-Receipt of Funds from the Ministry - Monze DEB Office K76,517 i. Northern Province - Failure to Mark Assets with GRZ Numbers - K44,500 i. North Western Province Misapplication of Funds – Grants for Distribution of Books -K24,549 Management of National Science Centre Contract for Construction of a Wall Fence - Ya Investments Limited (ii) Construction of Administration Block - October First Enterprises • In Lot 4, distillers costing K192,042 were rejected by the National Science Centre as they did not meet the specifications. They had not been replaced by the contractor as at 31st August 2017 In Lot 2, chemicals costing K127,494 had not been supplied as at 31st August, 2017. • In Lots 1 and 3, although the Supplier had delivered the science apparatus to the National Science Centre, the apparatus had not been distributed to the secondary schools as at 31st August, 2017 (iii) Distribution of Mathematical Graph Boards - K2,081,450*

*Paragraph 55 (55) a. Failure to Maintain a Register of Accountable Documents - Masaiti Boarding Secondary School b. Failure to Collect Fees – K 13,692,924 c. Use of Revenue at Source - K580,738 e. Delayed Banking of User Fees – K53,875/K303,506 f. Failure to Issue Receipts - K996, 663 i) Failure to Collect Rental Income Ndola PEO - K9,000 ii) Solwezi Technical Secondary School - K61,500 iii) Solwezi Urban Primary and Secondary School - K15,700 g. Deposit of Funds into Private Entities' Accounts - Masaiti Boarding Secondary School -K86,100 Masaiti Boarding Secondary . It was also observed that there were no receipt and disposal details maintained by the school for the building materials purported to have been received from the suppliers. h. Unauthorised Printing of Receipts Books – North Western Province - K192,205 i. Over Charging of Centre Fees – North Western Province -K59,750 j. Missing Original Receipt Forms - Lusaka Province k. Failure to Prep were Financial Statements - Charles Lwanga College of Education l. Missing Payment Vouchers -K558,999 m. Unsupported Payments - K3,005,741 n. Misappropriation of Funds - Nalituwe Secondary School -K145,800 o. Misapplication of Funds - K2,528,050 p. Failure to Produce Expenditure Returns for School Grants - K2,215,444 q. Failure to Disburse Grants to Schools - K6,834,693 r. Failure to Reimburse Borrowings Between Institutions - K223,000 s. Failure to Deduct Tax - K2,393,937 t. Failure to Remit Tax - K132,613 u. Claims without*

*Obtaining Prior Authority - K 277,993 v. Purchase of a Laptop – Kitwe College of Education - K14,000 w. Wasteful Expenditure Solwezi College of Education - K8,500 x. Contract for Security Services – Kitwe College of Education K149,500 y. Overpayment of Lecturers’ Allowances – Kitwe College of Education - K940,849 z. Payments Made without Processing Payment Vouchers - K332,685 aa. Unauthorised Training - K29,700 bb. Failure to Recover Subscriptions - K5,835 cc. Questionable Payments – Chinsali PEO - K25,745 ii. Lusaka DEB Office - K54,895 dd. Questionable Payment of Subsistence Allowances – Solwezi College of Education - K6,240 ee. Questionable Payment of Allowances – Nalituwe Secondary School - K4,118 ff. Questionable Payments – PEO Central Province -K12,309 i. Advance to the Tuck Shop - Solwezi College of Education -K17,386 gg. Unretired Accountable Imprest -K336,920 hh. Failure to Report Motor Vehicle Accident – Charles Lwanga College of Education ii. Irregular Procurement of Second-hand Computers - Mwinilunga DEB Office jj. Unaccounted for Computers – Masaiti Boarding Secondary School - K47,520 kk. Unaccounted for Stores - K6,393,575. ll. Fuel Not Recorded in Logbooks – KapiriMposhi DEBS mm. Failure to Maintain an Asset Register – Luwingu Secondary School - K59,060 nn. Failure to Inscribe Government Assets - K816,226 oo. Outstanding Bills K50,301,282 pp. Failure to Recover Loans and Salary Advances - K97,150; Irregular Procurements from Members of Staff - K266,995; Procurements Supported by Forged Quotations – Mungwi Technical Secondary School - K62,707; Procurement of Sick Bay Medicines from Unlicensed Dealer – Mungwi Technical Secondary School - K12,258 mmm. Irregular Payment of DSTV Subscription – Luwingu Secondary School -K2,600; Irregular Drawing of Fuel – St. Theresa Secondary School - K28,196/ K2,221 Irregular Procurement of a Motor Vehicle – St. Theresa Secondary School – K40,000 • The payments for the motor vehicle were paid as imprest to the School Accounts Assistant instead of directly to the supplier. No explanation was given for using this mode of payment. Project Management i. Hardened Cement - K6,156*

### **Ministry of Lands, Natural Resources and Environmental Protection**

*Paragraph 56 (56) a. Failure to Deduct Tax – K77,717.80 b. Failure to Reimburse Borrowed Funds K267,453 c. Theft of Two Motor Vehicles (Toyota Land Cruisers).*

### **Ministry of Fisheries and Livestock**

*Paragraph 57 (57) a. i. Misapplication of Funds Tsetse Fly Aerial Spray Funds – K2,962,559 ii. Artificial Insemination Centre - K142,197 b. Unsupported Payments – K44,240 c. Unretired Accountable Imprest – K91,505 d. Irregular Use of Accountable Imprest to Procure Goods - K25,778 e. Irregular Payment of Allowances – K200,454 i. Irregular Payment of Subsistence Allowance ii. Irregular Payment of Allowances to Officers within the District – K48,850 iii. Over Payment of Subsistence Allowances – K205,769 f. Unaccounted for Fuel – K43,313 g. Infrastructure Development i. Construction of an Office Block at Fiyongoli Aquaculture Research Station in Mansa District, Luapula Province i. Construction of Milk Collection Centre in Njolwe, Chongwe District, Lusaka Province ii. Failure to Utilise a Milk Shed in Kanakantapa, Chongwe District, Lusaka Province iii. Construction of a Satellite Artificial Insemination Centre at Shiwang’andu Boma in Shiwang’andu District, Muchinga Province iv. Construction of a Dip Tank at Mwika in Ilondola in Shiwang’andu District, Muchinga Province i. Construction of a Dip Tank at Chibalange/Matum bo Agriculture Camp in Shiwang’andu District, Muchinga Province v. Construction of Two Farrowing and Fattening Houses at Keembe Pig Breeding Centre in Chibombo, Central Province i. Construction of Dip*

*Tanks at Namakolongo and Kalasa in Chibombo District, Central Province vi. Construction of Milk Collection Centre at Mpima Dairy Scheme in Kabwe District, Central Province*

*Paragraph 58 (58) a. Unsupported Payments – K28,411 b. Payment of Subsistence Allowance on First Appointment - K6,000 c. Payment of Meal Allowances Within the Normal Duty Station - K18,125 d. Payments of Subsistence Allowance for Working Within the Normal Duty Station - K44,240 e. Failure to Provide Activity Reports – Sinazongwe DFLCO f. Unaccounted for Stores K9,661 g. Management of Ranches Chishinga State Ranch – Kawambwa DFLCO Failure to Meet Objectives ii) Unaccounted for Animals - Mbesuma Livestock Breeding Centre iii) Failure to Inscribe Assets – Mbesuma Livestock Breeding Centre*

### **Office of the President Muchinga Province**

*Paragraph 59 (59) a. Irregular Payments for Accommodation – Mafinga DC - K5,000*

*Paragraph 60 (60) a. Irregular Payment of Refund - K28,330 b. Failure to Insure Government Assets c. Failure to Recover Costs of Damaged Vehicles*

*Paragraph 61 (61) a. Irregular Payment Subsistence Allowance K1,200 b. Unretired Accountable Imprest K28,231 c. Irregular Payment Allowances K19,633 d. Overpayments of Training Allowances - K11,205*

### **Ministry of Agriculture**

*Paragraph 62 (62) a. Camp House at Kafubu Block – Ndola District – K35,491 i. Construction of Farmers Shelters and VIP Toilets – Luanshya District – K83,579 i. Rehabilitation of a Camp House at Mukolwe – Masaiti District – K62,884 i. Construction of a Camp House at the Boma – Lufwanyama District - K66, 826. i. Rehabilitation of a Dormitory at Mibenge Farmers’ Training Centre – K13,29 i. Completion of Executive Dormitory at the Farmers’ Training Centre – Luwingu District – K14,600 i. Construction of an Office Block – Rufunsa-K131,169*

*Paragraph 63 (63) 2016 a. Conventional FISP Programme - Procurement of Inputs-Contracts Awarded for the Supply and Delivery of Fertiliser - K7,752,757 b. Unsupported Claims - Contracts Awarded for the Supply of Seed – K204,071,651 c. Unaccounted for Funds – Luangwa District - K74,250 d. Weaknesses in Management of Inputs i. Late Distribution of Inputs to Farmers i. Unacquitted for Farming Inputs - K50,800 i. Issuance of Inputs to Unqualified Farmers – Shiwangáandu DACO – K42,000 i. Failure to Distribute Inputs – K422,270 i. Failure to Replace Damaged Inputs – K179,270 e. i. Electronic Voucher - FISP Programme Failure to Provide Bank Statements – K803,706,000 i. Un-reconciled Revenue K55, 001,600 i. Deposits Not Reflecting on Bank Statements – K1,798,400 ii. Failure to Load EVoucher Cards – K89,166,000 i. Beneficiaries with E-Voucher Cards Bearing Same Numbers – K552,300 iii. Delayed Delivery of EVoucher Cards i. Drawing of Cash from an ATM using EVoucher Cards – Mungwi District – K4,420 iv. Over Loading of Cards – K4,456,081 v. Failure to Replace Cards – K1,121,400 i. Retention of EVoucher Cards by Agro-Dealers*

*Paragraph 64 (64) 2016 a. Misplacement of Payroll area – K41,524,367 Headquarters b. Employees on Wrong Salary Scale – K162,139 c. Irregular Payment of Housing Allowance and Salary Arrears – Central Province – K37,807*

## **Office of the President Lusaka Province**

*Paragraph 65 (65) a. Unretired Accountable Imprest – K13,000 b. Irregular Use of Accountable Imprest to Procure Goods and Services – K75,293 c. Disbursement of Loans from the Revolving Fund Account – K60,000 d. Failure to Recover Loans and Advances – K93,200*

## **Office of the President Copperbelt Provincial**

*Paragraph 66 (66) a. Misplacement of Payroll Area K2,244,986 b. Payment of Acting Allowances for More Than Six Months K517,270 c. Irregular Payment of Rural and Remote Hardship Allowance -K189, 619 d. Irregular Payment of Salaries to an Officer Absent from Duty without Leave K224,564 e. f. Failure to Conclude Staff Disciplinary Cases - K545,212 Irregular Payment of Salaries to an Officer Absent from Duty without Leave K224,564 g. Failure to Conclude Staff Disciplinary Cases - K545,212 h. Revolving Fund Account i) Non-recovery of advances -K49,399 ii) Misapplications of Funds K235,486*

*Paragraph 67 (67) a. Unauthorised Swapping of Motor Vehicle Engines - Departments of Labour and Factories*

## **Office of the President Central Province**

*Paragraph 69 (69) a. Irregular Collection of Fees and Usage - K576,899 b. Irregular Recruitment of Planners - K50,400. i. Unretired imprest - K42,23 irregular use of Accountable Imprest for Procurements - K20,160 i. Imprest to Report to New Station - K4,182*

*Paragraph 70 (70) a. Officers Placed on Incorrect Salary Scales - K15,804 b. Failure to Deduct Statutory Contributions - K249,906 c. Irregular Payment of Housing Allowances – K88,348/ K36,732 d. Irregular Payment of Remote and Rural Hardship K1,451,090*

*Paragraph 71 (71) a. Misapplication of Funds -K193,697 b. Inadequately Supported Payments-K71,866 c. Questionable Refunds/Claims - K51,013 d. Weaknesses in the Management of Imprest Unretired Accountable Imprest - K86,068 ii. Questionable Imprest Retirements - K59,897 iii. Irregular Use of Imprest to Procure Goods and Services - K94,968 iv. Subsistence Allowance to Report at New Station - K2,800 vi. Irregular Payment of Settling-In Allowance vii. Special imprest - K14,567 viii. Unaccounted for Stores - K223,080 i. Transport Management i. Failure to Insure Motor Vehicles - K426,000 i. Fuel Drawn by Unauthorised Motor Vehicles ii. Payment of Advances to Officers with Net Pay Less Than 40 Percent - K212,700 iii. Non Recovery of Salary and Tuition Advances - K94,500 Irregular Payment of Salary Advances - K32,000*

*Paragraph 72 (72) a. Failure to Provide Funding Guidelines K487,741 b. Misapplication of Funds - K438,308 c. Unretired Accountable Imprest - K47,815 d. Failure to Prepare Activity Reports -K94,025 e. i. Irregular Payments Irregular Use of Imprest for Procurements - K11,068 ii. Irregular Issuance of Fuel Imprest - K50,972 iii. Lack of Record for the Extension of Programme - K5,600 iv. Construction of Meteorologica l Office – i. Lack of Terms of Engagement ii. Stalled Works i. Construction of Broken Hill Cultural Village*

*Paragraph 73 (73) Expenditure Details – Chibombo - K90,185 b. Unsupported Payments - K40,561 c. Questionable Payment – Serenje - K6,851 e. i. Weaknesses in the Management of Imprest Unretired Accountable Imprest - K3,050 ii. Irregular Retirements of Imprest – Ngabwe*

- K8,062 iii. Irregular Use of Imprest to Procure Goods and Services - K41,764 iv. Irregular Payment of Lunch Allowances - K7,385 f. Unaccounted for Stores - K96,285

#### **Office of the President Northern Province**

Paragraph 74 (74) a. Bank Reconciliations - K8,450 b. Questionable Payment of Imprest - K10,613

Paragraph 75 (75) a. Unaccounted for Stores K105,885 b. Failure to Insure Motor Vehicles - K522,000

Paragraph 76 (76) a. Unaccounted for Stores and Fuel - K24,767 b. Wasteful Expenditure – Construction of Chiefs’ Palaces - K51,000 and K8,130 a. Irregular Payment of Rural and Remote Hardship Allowances K704,072 and K254,644

#### **Office of the President Western Province**

Paragraph 78 (78) Misapplication Funds i. K241,400 ii. K200,000

Paragraph 79 (79) a. Failure to Deduct PAYE K39,815 b. Irregular Payment of Salaries to District Commissioners - K208,148 c. Irregular Payment of Health Shift Allowance - K2,257

Paragraph 80 (80) a. Unsupported Payments - K97,622 b. Unretired Accountable Imprest - K62,151 c. Failure to Produce Activity Reports - K9,750 d. Irregular Use of Imprest K90,682 e. Failure to Obtain Authority for Paid Study Leave - K17,800 f. Misapplication of Funds - Top Up on Procurement of Motor Vehicles - K81,549 g. Unaccounted for Stores K222,955 h. Questionable Claim for Fuel – Lukulu DC - i. Failure to Inscribe Government Assets- K11,700 j. Failure to Remit Tax -K43,030

#### **Office of the President Luapula Province**

Paragraph 81 (81) a. Outstanding Personal Emoluments – K8,633,830

#### **Office of the President North Western Province**

Paragraph 82 (82) a. Misapplication of Funds

Paragraph 83 (83) b. Misapplication K575,481 c. i. Construction Chieftainess Ikelenge’s Palace Wastage Cement- K8,800 i. Senior Chief Kalilele’s Palace Delayed Completion of the Project

#### **Office of the President Southern Province**

Paragraph 85 (85) Construction of Chiefs’ Palaces Chieftainess Mweenda’s Palace Physical Inspection i. Chieftainess Choongo’s Palace i. Chief Chona’s Palace

Paragraph 86 (86) Construction of Six Storey Office Block in Choma

**Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2017.**

#### **Zambia Revenue Authority**

Paragraph 11 (11) i. Worsening Arrears of Domestic Tax K31,144,696,256, ii. Failure to Configure Tax Amnesty on Penalties and Interests on Tax Online – K8,000,000,000, i.

*Unaccounted for Report Orders – Livingstone – K1,114,154, ii. Missing Goods Nakonde Warehouse – K563,821 iii. Missing Motor Vehicles – Nakonde and Mwami State Yards– 369,702*

### **Ministry of Transport and Communications - Road Transport and Safety Agency**

*Paragraph 12 (12) i Delayed Transfer of Revenue to Bank of Zambia – K2,214,376, ii Uncollected Revenue - Towing Trucks – K134,860, iii Lack of Mechanism to Verify Accuracy of Gross Vehicle Mass • Revenue Loss from Under Declared GVM - J & J Transport Zambia Limited – K109,000, • Revenue Loss from Under Declared GVM – Freight and Passenger Services – K51,000, ii. Under Banking of Revenue - Zampost – K5,203,344, i. Delayed Completion of System Implementation/H and Over of eZAMTIS – K5, 970,149, ii. Failure to Implement Interfaces with Other Systems, iii. Incomplete Works*

*Paragraph 15 (15) a. Spectrum Users – Expired Licences – K1,296,244, b. Outstanding Fees – Zamtel Limited – K111,257,412*

*Paragraph 18 (18) a. Uncollected Revenue – Maritime and Inland Waterways Fee K796, 689*

### **Ministry of Works and Supply - National Road Fund Agency**

*Paragraph 13 (13) a. Information Technology Matters - Failure to Provide Adequate Controls Over Server Room i. Unclaimed Interest on Delayed Transfer of Revenue to Control 99 – K1,368,066; US\$1,586.13 ii. Weaknesses in E-Toll Payments Irregular Use of DotCom Technologies • Irregularities in the ZESCO Toll Advance Account iii. Irregular Payment of Frequent User Discounts iv. Under Banking of Revenue Katuba – K7,594 v. Unaccounted for Revenue – Shimabala - K5,275 vi. Uncollected Revenue Weighbridge Offenders - K152,805*

### **Ministry of Home Affairs - Department of Immigration**

*Paragraph 14 (14) a. i. Mokambo Border Control Unaccounted for Revenue – K300,800 ii. Misappropriation of Revenue – K2,919,600*

### **Judiciary**

*Paragraph 16 (16) a. Unaccounted for Revenue - K331,752 b. Deposits without Supporting Receipts - K38,648 c. i. Missing Accountable Documents Chisamba Subordinate Court ii. Kitwe Sheriff's Office d. Poor Management of Warehouse – Kitwe Sheriff's Office e. Lack of Safe Facilities*

### **Ministry of Lands and Natural Resources**

*Paragraph 17 (17) a. Failure to Collect Export Permit Fees a. Irregularities in Revenue Receipting – Unsupported Revenue Reversals b. Irregularities in the Property Database i. Properties without Land Sizes/Area ii. Lapsed Invitation to Treat (ITTs) • Failure to pay by vulnerable clients • Challenges in reallocation, Properties under litigation Low Title Deeds Ratio: Titled Properties to Total Property c. Lack of Service Level agreements External Service Level Agreements Internal Service Level Agreements d. Failure to Update Anti-Virus Software on Computers e. Inadequate Information Processing Facilities (IPFs). Inadequate Staffing Levels i. Failure to Fill Vacant Position of Ground Rent Collector - Solwezi Failure to Fill Vacant Survey Positions g. Scanners Delivered without Rollers – Ndola Office, h. Failure to Repair HP Designer Plotters - Ndola and Solwezi Offices*

## **Ministry of Tourism and Arts**

*Paragraph 19 (19) a. Unaccounted for Revenue b. Outstanding Debt from Tour Operators - K67,237; US\$10,583 a. Weaknesses in the Licensing and Monitoring of Casinos i. Non-Compliant Casino Operators ii. Under Payment of Casino Registration Fees - K19,200 i. Lack of Monitoring Systems for Casinos b. Weaknesses in the Licensing of Hotel Managers i.*

*Failure to follow the Procedure on Issuance of Hotel Managers' Exemption Certificates i. Hotel Managers Operating Without Practicing Certificates c. Failure to Collect Manager Registration Fees - K261,000 d. Failure to Grade and Maintain a Database of Accommodation Establishments*

*Paragraph 20 (20) a. Failure to Collect Rental Arrears – Government Complex - K169,065 b. Failure to Collect Revenue from the Sale of Government Furniture – K253,994 c. Irregular Payment of Subsistence and Lunch Allowances – Government Printers – K154,301*

## **Ministry of Home Affairs Zambia Police Service**

*Paragraph 21 (21) 2017 b. Lack of Safe Facilities*

*Paragraph 23 (23) a. Unfulfilled Payment Terms- Supply and Delivery of an Automated Fingerprint Identification System Machine (AFIS) – K29,141,688 b. Construction of the Paramilitary Hostels and Guest Wing at State Lodge – K6,430,680*

## **Ministry of Gender and Child Development**

*Paragraph 22 (22) a. Unsupported Payments – K54,073 i. Leave Forms ii. Mika Convention Centre Attendance List – K24,000 b. Misapplication of Funds K1,889,168 c. Failure to Deduct and Remit Pay As You Earn to the Zambia Revenue Authority – K101,407 d. Failure to Follow Procurement Procedures – K513,000 e. Failure to Distribute Farming Implements – K217,576*

## **Ministry of Home Affairs**

*Paragraph 24 (24) a. Failure to Recover Overpayment-Rehabilitation of Kitchen and Toilets at National Archives-Headquarters – K25,901 b. Supply and Delivery of Fingerprint Scanners and Passport Readers – K169,893*

## **Ministry of Foreign Affairs**

*Paragraph 25 (25) a. Failure to Obtain Title Deed b. Failure to Remit Pay As You Earn – Zambia Institute of Diplomacy and International Studies - K173,558*

*Paragraph 26 (26) a. Property Management i. Failure to Maintain and Rehabilitate Chancery ii. Failure to Maintain the Residence*

*Paragraph 27 (27) a. Failure to Recover Contribution for Utility Bills - K85,242 b. Failure to Deduct 50 percent Contribution towards Insurance of Baggage - K50,153 c. Outstanding Bills not Cleared by Recalled Diplomats – K102,700 d. Unclaimed Value Added Tax (VAT) - K145,571 e. Failure to Dispose of Unserviceable and Obsolete Items - K12,549 f. Failure to Mark Assets with GRZ Serial Numbers - K136,059*

*Paragraph 28 (28) a. Payment of Interest Charges on delayed Remittances - K57,913*

*Paragraph 29 (29) a. Unclaimed Value Added Tax (VAT) - K591,397*

*Paragraph 30 (30) a. High Cost of Rented Properties - K14,583,295*

### **Ministry of Justice**

*Paragraph 31 (31) a. i. Outstanding Payments of Compensation and Awards – K3,028,552,193 Outstanding Claims Exceeding Principal Amounts – K635,088,753 ii. Judgment Entered in Default – K972,173 b. Loss of Public Funds Through Negligence by Public Workers – K11,448,709*

### **Ministry of Finance**

*Paragraph 32 (32) Weaknesses in the Management of IFMIS and TSA a. Misappropriation of Funds - Refunds to the Zambia Bureau of Standards and Competition and Consumer Protection Commission – K453,998*

### **Ministry of Community Development and Social Services**

*Paragraph 33 (33) a. Unsupported Payments – K6,478 b. Failure to Deduct Pay As You Earn (P.A.Y.E) – K2,864,426 c. Misappropriation of Funds – K99,600 d. Failure to Avail Expenditure Records Economic Empowerment of Women Programme – K100,000*

*Paragraph 34 (34) Engagement of Zambia Postal Services to Pay Social Cash Transfer Funds i. Weaknesses in the Management of the Contract – Headquarters • Disbursements to Provinces Outside the Contract – K30,947,320 • Failure To Submit Reports And Returns • Failure to Facilitate Opening of Zero Charge Accounts i. Unacquitted Funds – K1,088,640 iii. Unaccounted for Funds – K30,947,320 b. Failure to Remove Dormant Beneficiaries from the Register – Livingstone – K56,120 c. Failure to Retire Transfer Funds by Pay Point Managers – K24,120 d. Questionable Acquittal Sheets- Kazungula Social Welfare Office – K66,700 e. Unaccounted for Stores – K49,170 f. Weaknesses in the Transport Management – Fuel (i) Fuel Drawn by Private Non GRZ Motor Vehicles – K3,264*

### **Ministry of Health**

*Paragraph 35 (35) a. Infrastructure Development Construction of Mufulira District Hospital – Out Patient Department and Administration – K12, 341,125 Construction of Kazungula District Hospital Phase I and Associated External Works Comprising of OPD and Administration Block – K11, 772,951. Construction of Kalomo District Hospital Comprising of Theatre, Incinerator and 4 Houses – K23, 996,022.16 Construction of Vubwi District Hospital comprising of Out Patient Department and Administration – K13,070,095 Construction of Theatre, Maternity, Four Houses and Incinerator at Lundazi District Hospital – K10,069,874 Construction of Mwinilunga District Hospital Comprising of Out Patient Department and Administration Block – K19, 193,984*

*Paragraph 36 (36) c) Irregular Payment of Salaries to Officers that Resigned from Service – K408,682*

*Paragraph 37 (37) a. Unsupported Payments – K67,958 a. Irregularities in Management and Accounting for Imprest i. Questionable Payment to General Nursing Council Officers Solwezi Nursing School – K21,439 b. Irregularities in the Procurement and Management of Stores and Maintenance of Assets i. Unaccounted for Stores – Itzhi-Tezhi District Health Office –*

K69,608 ii. Failure to Insure Motor Vehicles iii. Failure to Report a Motor Vehicle Accident – Lewanika General Hospital iv. Failure to Inscribe Government Assets i. Engagement of Contractors Not Registered with ZRA (VAT) Kabwe Provincial Health Office a. Failure to Collect User Fees – K307,620 c. Delays in Banking Revenue –Ndola Teaching Hospital – K2,340,570 f. Irregularities in the utilisation of Medical Supplies i. Undelivered Drugs and Medical Supplies. Hospital. i. Unaccounted for Drugs and Medical Supplies

**INFRASTRUCTURE PROJECTS** Sesheke District - Completion of Ngweze Health Post - Off Road Trading Limited at the cost of K300,000; Mulobezi District – Completion of Senembo Health Post - Tosh Building Contractors at the Cost of K200,000; Shiwang’andu District - Construction of a 1 x 18 Office Block in Shiwang’andu – K4, 328,756; Namwala District Construction of Namwala District Hospital Phase III – K13,000,000; Construction of Gwembe District Hospital Phase II – K20,873,265; Construction of Kazungula District Hospital Phase I – K11, 772,951; Sinda District - Construction of 1 x 8 Two Bedroomed Block of Flats at Nyanje Mission Hospital in Sinda District – K11, 062,074; Construction of Lundazi District Hospital Phase III in Lundazi District – K10, 069,872; Construction of Kitchen and Dining Hall at CIMAS Hostel in Ndola –K1,957,756.36; Construction of a Maternity Wing at Kabushi Health Centre – K1,622,888.40; Construction of Psychiatric Unit at Ndola Central Hospital – K14, 539,522.36; Construction of a Standard Maternity Block at Mindolo Clinic I – K1,662,890.74; Upgrading of Ndeke Village Hospital – K7, 228,631.64; Chililabombwe District - Construction of Chililabombwe District Phase 1 and Associated External Works – K9, 731,839.82; Completion of Student Hostels at Chitambo Nursing School – K1,372,218; Construction of Staff House at Chitambo Hospital –K297, 223; Construction of a Maternity Ward at Naluvwi Rural Health Centre in Mumbwa District – K282,767; Itezhi-Tezhi District - Construction of a staff House at Buunga Rural Health Centre – K213,780; Completion of Theatre at Mwachisopola Health Demonstration Zone – K236,222; Construction of Dining Hall/Kitchen at Mwachisompola HEDEZO in Chibombo – K1,371,734; Construction of Maternity Ward and VIP Toilet at Lukomba Health Post – K195,025

### **Ministry of Housing and Infrastructure Development**

Paragraph 38 (38) a. Unretired Accountable Imprest - K346,512 b. Irregular Payments Meal Allowance K40,800 c. Symposium Conference (Missing Receipt Books) Infrastructure Development – New Districts

### **Ministry of Higher Education**

Paragraph 39 (39) a. Non-Installation of Water Tanks at Kapasa Makasa University – Chinsali b. University Education ii. Loans Board Management Information System • Lack of an Integrated Student Management Information System Weaknesses in the Administration of the MS SQL Database - Failure to Disable or Lock Down the Default Administrator Account – System Administrator Account - Failure to Patch the MS SQL Database •Inadequate Logging in at the Database Level • Inadequate Security Configuration on Database c. The Copperbelt University i. Under Budgeting of Student Tuition and Accommodation Fees Irregularities in Administration of Students • Over Billing to Government - K12,431,670.91 • Students Paid Accommodation Refunds Despite Being Accommodated - K655,000 • Students Not Accommodated and Not Paid Accommodation Refunds d. The University of Zambia i. Over Billing to Government –K71,082,937 ii. Students Paid Accommodation Refunds Despite Being

*Accommodated – K2,581,975 i. Students Not on University Bills but Paid Meal Allowance - K19,503,068.45*

### **Ministry of Tourism and Arts**

*Paragraph 40 (40) a. Unsupported Payment Vouchers - K238,997*

### **Ministry of Defence**

*Paragraph 41 (41) a. Failure to obtain Authority to Retain Funds – Maina Soko Military Hospital – K1,304,589 a. Irregular use of Imprest for Procurement of Goods – Defence Services Command and Staff College – K59,345 b. Unsupported Payments – Maina Soko Military Hospital and Defence Services Command and Staff College K327,008 a. Failure to Follow Procurement Procedures – K212,239*

### **Ministry of Defence Zambia Army**

*Paragraph 42 (42) a. Failure to Inscribe Furniture and Equipment – K1,391,134*

### **Ministry of Defence Zambia Airforce**

*Paragraph 42 (42) a. Non - Air Force Properties in the ZAF Livingstone Base*

### **Ministry of Defence Zambia National Service**

*Paragraph 42 (42) a. i. Infrastructure Development Construction of the Third Workshop at ZNS Chishimba Youth Skills Training Centre – Lots 1 and 2 – K616,668 ii. Failure to Deliver Paid for Fuel, Senanga – K191,207 iii. Lack of Title Deeds Nyumba Yanga Flats – K113,218*

### **Ministry of General Education**

*Paragraph 45 (45) a. Treasury Single Account Transactions i. Weaknesses in Salary and Tuition Advances Management ii. Weaknesses in the Cashier's Account Irregular Use of Imprest Account • Unsupported Payments • Lack of Expenditure Details Irregular Payment of Allowances - K30,000, K8,000, K126,000 b. Payments for Administrative Costs i. Unsupported Fuel Cost and Allowance Payments ii. Payments of Allowances not in line with Approved Budgets - K9,006,173 iii. Failure to Avail Activity Reports c. Overpayment of Subsistence Allowances - K231,550 d. Irregularities the Payment of Fuel Imprest K96,817, K449,702, K103,277 e. Payment Excess of Approved Amount Audit Inspection Infrastructure Projects f. Misapplication of Funds - K31,853,941 g. Unaccounted for Stores – K150,157 h. Failure to Disburse Early Childhood Grants Supply of Maize above Contract Amount i. Failure to Maintain Database of Orphaned and Vulnerable Children Funds j. Failure to Reimburse Funds – Keeping Girls in School Programme k. Delayed Procurement of Teachers' Guides and Learners Text Books – Phase III and IV l. Failure to Avail Statement of Requirements for Zambia Education Projects Implementation Unit Projects m. Poor Maintenance of Records of the Procurement Process and Contract Management n. Secondary School Infrastructure Development i. Diversion of Refunded Infrastructure Funds ii. Weaknesses in the Management of Infrastructure Projects*

*Paragraph 46 (46) a. Failure to Collect User Fees - K7,929,487 b. Failure to Maintain a General Revenue Cash Book - Namwala Secondary School c. Unaccounted for Revenue – K18,905 d. Unaccounted for Funds – Namwala Secondary School - K80,524 e. Failure to*

*Prepare Expenditure Ledgers – Namwala Secondary School f. Failure to Provide Authority to Employ g. Missing Payment Vouchers - K639,557 h. Unsupported Payments - K1,491,453 i. Un Approved Payment Vouchers j. Misapplication of Funds - K4,830,858 k. Failure to Produce Expenditure Returns for School Grants - K511,112 l. Failure to Disburse Grants to Schools - K10,812,439 m. Uncollected School Grants – Lusaka District Education Board n. Failure to Reimburse Borrowings – Mporokoso District Education Board o. Failure to Deduct Tax p. Failure to Remit Tax - K370,239 q. Failure to Deduct NAPSA Contributions r. Claims Without Obtaining Prior Authority s. Questionable Borrowing of Funds from Officers – Sikongo District Education Board – K10,000; K24,890 t. Irregular Payment of Subsistence and Meal Allowances - K581,144 u. Irregular Payment of Hotel Bills while on Transfer v. Irregular Payment of Training Costs – Mongu College of Education - K70,140 w. Irregular Payment of Administrative Allowances - K58,265 x. Misappropriation of Funds i) Chibote Secondary School – Copperbelt Province - K102,853 ii) Namwala Secondary School - Southern Province - K1, 460,000 y. Unacquitted Funds - K314,869 z. Unretired Accountable Imprest - K646,714 aa. Questionable Retirement of Imprest – Namwala Secondary School - K35,589 Failure to Produce Activity Reports bb. Irregular Procurement of Goods and Services Using Imprest - K876,723 cc. Unaccounted for Stores dd. Fuel Drawn by Motor Vehicles Not on Institutional Fleet – Southern Province ee. Irregular Payment of Fuel Imprest without Using Fuel Formula – Western Province - K31,215 ff. Failure to Follow Tender Procedures - Payments Above Threshold gg. Contracting of Unregistered Individuals – Southern Province hh. Failure to Insure Assets i. Motor Vehicles and Motor Bikes i. Cattle – Kitwe District Education Board ii. Failure to Recover Salary Advances - K72,688 jj. Failure to Refund the School for Poor Workmanship – Namwala Secondary School kk. Missing Cattle - Namwala Secondary School ll. Infrastructure Development i) Electrification of Sikatengwa and Lwamphamba Primary Schools – PEO Eastern Province ii) Construction of 1 x 3 Classroom Block and Staff House – Naambe Secondary School, Kabwe • Misapplication of Funds • Unaccounted for Funds • Wasteful Expenditure • Delayed Implementation of the Project*

*Paragraph 47 (47) a. Weaknesses in Internal Controls i. Failure to Respond to Internal Audit Reports b. Over Payment of Subsistence Allowance - K184,670 c. Payment of Subsistence Allowances Using Inappropriate Rates d. Over Payment of Fuel Imprest - K198,892 e. Unretired Accountable Imprest - K2,278,977 f. Questionable Retirement of Accountable Imprest for Refreshments g. Failure to Produce Activity Reports a. Questionable Activity Reports h. Irregular Payment of Meal Allowances - K78,500 i. Irregular Payment of Transport Allowance/Refund s - K183,390 j. i) Irregularities in the Management of the Zambia Educational Publishing House Contracts Undelivered Procured Books to Schools*

*Paragraph 48 (48) a. Misplacement of Payroll Area b. Unknown Officers Drawing Salaries - K76,789 c. Payment of Salaries to Officers Absent from Duty Without Leave - K749,242 d. Irregular Payment of Responsibility Allowance - K123,342 e. Irregular Payment of Double Class Allowance to Secondary School Teachers K32,318 f. Irregular Payment Allowances Without Authority K1,308,534 g. Payment of Acting Allowance to Ineligible Employees K292,495 h. Irregular Payment of Rural and Remote Hardship Allowances - K3,684,528 i. Payment of Remote Instead of Rural Hardship Allowances j. Irregular Payment Housing Allowances K2,317,549*

## **Ministry of Lands and Natural Resources**

*Paragraph 49 (49) a. Failure to Report Damaged Windscreen for the Higer Bus b. Failure to Follow Procurement Procedures*

## **Ministry of Fisheries and Livestock – Headquarters**

*Paragraph 50 (50) a. Irregular Payment of Rural Hardship Allowances – K10,169 i. Livestock Restocking Funds – K3,408,207 ii. Events - K1,513,551 iii. Procurement of Motor Vehicles – K1,114,538 b. Infrastructure i. Construction of Chipazu Dip tank in Ncheka Camp and Nyakatokoli Dip Tank in Msoro Camp in Mambwe District. ii. Rehabilitation of Kapete Dip tank, Chinkuli Dip Tank and Completion of Spray Race at Chieftainess Nkomeshya’s Palace in Chongwe District, Lusaka Province iii. Construction of Milk Collection Centre in Kafubu Block iv. Construction of 3 Dip Tanks at Kapufi, Chisembo/Chozi and Sikalembo in Mbala v. Construction of Dip Tank at Vincent Bulaya in Mporokoso/Lunte & Lukulu North 1 & 2 Dip Tank in Northern Province i. A Raised Goat Structure at Jiwundu in Kalumbila/Solwezi*

*Paragraph 51 (51) a. Missing Payment Vouchers – Serenje b. Unsupported Payments - K43,552 c. Weaknesses in the Management of Imprest i. Unretired Accountable Imprest – K22,086 Payment of Imprest for Trip not Undertaken – Mongu PFLO - K20,015 Failure to Produce Activity Reports d. Irregular Payments - Subsistence and Meal Allowances - K68,105 e. Weaknesses in Management of Stores i. Unaccounted for Stores ii. Unauthorised Fuel Drawings – Lusaka f. Weaknesses in Asset Management i. Failure to Insure Motor Vehicles ii. Failure to Mark Government Property i. Failure to Surcharge an Officer for Lost Laptop – Rufunsa DFLCO e. Failure to Remit Tax – K121,407*

## **Ministry of Agriculture**

*Paragraph 52 (52) a. Infrastructure Development i. Construction of an Office Block Kapiri-Mposhi ii. Construction of Office Block – Zimba District iii. Construction of Office Block - Pemba District iv. Construction of Guest Rooms at Farmer Training Centre – Monze District a. i. Irregularities in Loading of Farmers E-Voucher Cards with Government Contribution Failure By Government to Release All the Funds*

*Paragraph 53 (53) f. Failure to Return Unredeemed Funds – K28,402; K164 g. Outstanding Payments to Suppliers h. Beneficiaries Not Belonging to Registered Farmer Groups and Co-operatives Copperbelt Province ii Failure to Issue Inputs – Mufulira*

*Paragraph 54 (54) b. Overpayment of Salaries – K59,307 c. Payment of Hardship Allowances to Ineligible Employees – K315,870 a. Payment of Remote instead of Rural Hardship Allowances - Muchinga Province K4,656 b. Irregular Payment of Housing Allowances - Central Province -K53,175 c. Failure to Recover Salaries Paid to Separated Officers - K194,390 i. Irregular Payment of Salaries to a Seconded Officer- Muchinga Province - K44,305 d. Failure to Terminate the Salary from the Payroll for a Convicted Officer – Kalabo District Agricultural Coordinator e. Misapplication of Funds – Western Province - K110,806*

*Paragraph 55 (55) a. Missing Payment Vouchers – Serenje DACO - K89,976 b. Unsupported Payments K8,762 c. Irregular Procurement of Goods and Services Using Imprest d. Payments of Subsistence and Meal Allowances at Stations of Duty - K59,725; K130,865 e. Unaccounted for Stores - K52,250 f. Failure to Insure Motor Vehicles and Motor Cycles g. Failure to Remit Tax - K96,606 h. Failure to Reimburse Borrowed Funds – Sesheke DACO - K31,122 i. Failure*

*to Insure Livestock – Zambia College of Agriculture – Mpika j. Failure to Recover Salary Advances – Ndola PACO - K12,500*

### **Office of the President Lusaka Province**

*Paragraph 56 (56) a. Variances in Funds Released by Ministry of Finance and Remittances to Various Departments and District Commissioners' Offices - K5,434,664 b. Failure to Deduct PAYE c. Failure to Remit Taxes - K308,077 d. Under Deduction of PAYE - K33,233 e. Missing Payment Vouchers - K62,900 f. i. Irregularities in Imprest Related Transactions Irregular Retirements – K5,415,539 • Questionable Payment of Subsistence and Meal Allowances – K1,097,675 OFFICE OF THE PRESIDENT • Excess Payment of Subsistence Allowances – K784,680 Unretired Accountable Imprest - K518,355 Irregular Payment of Meal Allowance - K93,955 Questionable Retirements – K13,420; K4,320*

*Paragraph 57 (57) a. Irregular Payment of Meal Allowances - K54,179*

*Paragraph 59 (59) a. Questionable Payment of Allowances - K130,374*

### **Office of the President Copperbelt Province**

*Paragraph 60 (60) a. Unaccounted for Stores-K4,200 b. Wasteful Expenditure - NAPSA - K18,025 c. Board of Survey – Irregularities in the Sale of Bonded Assets i. Failure to Collect Participation Fees- K35,000 ii. Failure to Collect Outstanding Amounts from Sale of Motor Vehicles and Bikes - K39,200 i. Sale of Motor Vehicles/Bikes Without Reserve Price and Board of Survey (BOS) Numbers d. Misaka Resettlement Project - Phase I i. Failure to Allocate Compensated Farmers New Lots i. Drilling of Boreholes i. Opening up of Access Roads – Zambia National Service (ZNS) e. i. Construction of Chiefs' Palaces Construction of Chief Nkambo's Palace ii. Construction of Chieftainess Shimukunami's Palace*

*Paragraph 61 (61) a. Construction of Three Houses in Lufwanyama b. Construction of a 1 x 3 Classroom Room Block in Kambilombilo c. Failure to Rehabilitate the Minister's House*

*Paragraph 62 (62) a. Over payment of Salaries due to Wrong Salary Scales – K76,282 b. Irregular Payment of Housing Allowances – K6,995 c. Irregular Payment of Commuted Night Duty Allowance – K29,632 d. Irregular Payment of Rural and Remote Hardship Allowances – K184,289 e. Failure to effect Half Pay – K120,421 f. Introduction on Payroll Without Authority – K47,243 g. Failure to Conclude Staff Disciplinary Case h. Payments of Salaries to Unknown Officers - K285,556 • Misplacement of Payroll Area*

*Paragraph 63 (63) a. Failure to Avail Bank Account Records – Ndola District Administration Office. b. Unsupported Payments – K60,929 c. Irregular Payment of Subsistence Allowance Within the District – K20,250 d. Overpayment of Subsistence Allowance – Ndola District Administration Office – K1,970 e. Irregular Payment Hotel Bills K66,438*

### **Office of the President Central Province**

*Paragraph 64 (64) a. Irregular Payment of Rural and Remote Hardship Allowance - K66,450 b. Failure to Remit Tax – K86,184 c. Unaccounted for Revenue – Kabwe Skills Training Centre – K8,200 d. Weaknesses in the Administration of Funds at District Administration Offices i. Serenje District • Missing Payment Vouchers*

### **Office of the President Northern Province**

*Paragraph 65 (65) • Failure to prepare Bank Reconciliations a. Failure to Remit Tax – K15,941.50 b. Failure to Deduct PAYE Tax c. Failure to Insure Motor Vehicles d. Failure to Insure Buildings*

### **Office of the President Western Province**

*Paragraph 66 (66) a. Unretired Accountable Imprest – K50,451 b. Claims without Obtaining Prior Authority – K63,983 c. Failure to Withhold Value Added Tax (VAT) d. Irregular Payments i. Meal Allowances K13,540 ii. Subsistence Allowances – K21,185 iii. Conference Services without Authority – K2,550 e. Irregular Settlement of Officers' Bills for Meals and Accommodation – K111,655 f. Unaccounted for Stores g. Fuel Drawn by Officers at Level of Scale K and Above - Mongu District Administration h. Management of Transport i. Failure to Maintain Vehicles i. Failure to Dispose of Unserviceable Vehicles ii. Irregular Maintenance and Repair by Private Garages - Mongu District Administration*

*Paragraph 67 (67) a. Unsupported Payments – K54,550 b. Misapplication of Funds – K584,570 c. Failure to Withhold Value Added Tax (VAT) d. i. Irregular Payments Subsistence and Meal Allowances – K32,760 e. Drilling of Boreholes – Water Affairs f. i. Infrastructure Development - Buildings Department Irregular Payments - Construction of a Wall Fence and Rehabilitation of the Ablution Block – K69, 573 ii. Questionable Rehabilitation of the District Commissioner's Residence – Lukulu g. i. Construction of the Basket Ball Court - Sports Department Failure to Avail Contract Details ii. Undelivered Building Blocks – Mandanga Milling Company Limited i. Undelivered Building Materials*

*Paragraph 68 (68) a. Payment of Rural Hardship Allowance to Ineligible Employees – K113,511*

### **Office of the President North Western Province**

*Paragraph 69 (69) a. Missing Payment Vouchers b. Failure to Withhold Value Added Tax*

*Paragraph 70 (70) a. Failure to Conclude Staff Disciplinary Cases b. Questionable Unblocking of Salary a. Payment of Officers on Wrong Salary Scale – K2,164 c. Failure to Recover Salary Advances – K18,500*

### **Office of the President Southern Province**

*Paragraph 71 (71) a. Misplacement of Payroll Area b. Misapplication of Funds i. Provincial Administration – K626,106 ii. Child Protection, Advocacy, Capacity Building and Rehabilitation of VIP Houses i. District Commissioners' Offices – K23,040 i. General Deposit Account – K28,760 c. Unsupported Payments – K173,792 d. Irregular Use of Accountable Imprest Namwala and Mazabuka District Commissioners - K33, 982, K46,918 e. Unaccounted for Stores f. Weaknesses in the Management of Funds Department of Land Resettlement f. i. Failure to Implement Activities- Infrastructure Development Failure to Rehabilitate Swimming Pool – Hillcrest Technical High School Roofing of Mbabala Youth Training Centre Rehabilitation and Upgrading of Lifalale Dam*

## 49 Appendix 2 – Glossary of Terms

<b>Accountable Documents</b>	Documents such as receipts, licences, certificates, discs or tokens and others used in the collection of Revenues.
<b>Audit Finding</b>	The result of audit procedures and tests conducted by the auditor.
<b>Controlling Officer</b>	An officer designated as such by the Secretary to the Treasury to maintain accounts of a Ministry, Province or Spending Agency.
<b>Delayed Banking</b>	Failure to bank moneys received not later than the next business day or at least twice every month where banking facilities do not exist.
<b>Excess Expenditure</b>	Expenditure incurred above the authorised budget amounts without the authorisation of Parliament.
<b>Failure to Follow Procurement Procedures</b>	Non-Compliance with the Zambia Public Procurement Act and Procurement guidelines in the purchase of goods and services.
<b>Irregular payments</b>	Payments made outside the normal practice or acceptable regulations or norms.
<b>Irregularity</b>	Breach of laws, regulations or rules.
<b>Imprest</b>	Funds or monies issued out to facilitate payments of a minor nature, meet expenses when the officer is travelling on duty or to facilitate the purchase of goods and services whose value cannot be ascertained at the time.
<b>Misapplication</b>	Use of funds budgeted for a programme on an unrelated programme without authority from the Secretary to the Treasury.
<b>Misappropriation</b>	Use of public funds for personal purposes or crediting public funds to a private bank account.
<b>Outstanding Issues</b>	These are audit queries that remain unresolved in the Treasury Minutes (Action Taken Report) prepared by the Ministry of Finance on the Reports of the Auditor General
<b>Overpayments</b>	Payments made above the correct price or rate.
<b>Parliament</b>	Legislative organ of Government

<b>Public Accounts Committee (PAC)</b>	A sessional committee of the National Assembly established in terms of the standing orders. PAC examines the Auditor General's Report, as part of their mandate of examining the accounts showing the appropriation of the sums approved by the National Assembly.
<b>Unaccounted for Revenue</b>	Revenue collected but neither banked nor cash found on hand.
<b>Unvouched Expenditure</b>	Payment vouchers not availed for audit because they are either missing or inadequately supported.
<b>Unretired Imprest</b>	Imprest not accounted for.
<b>Unauthorised Expenditure</b>	Funds spent without approval by a responsible officer.
<b>Unacquitted Payments</b>	Payments made without evidence of having been received by the intended beneficiaries.
<b>Unaccounted for Stores</b>	Missing stores items without evidence of how they were received and utilised.
<b>Undelivered Materials</b>	Goods paid for but not received.
<b>Non-Submission of Expenditure Returns</b>	Failure to provide details of how funds disbursed were utilised.
<b>Unaccounted for Funds</b>	Missing funds without expenditure records.
<b>Wasteful Expenditure</b>	Expenditure incurred without benefits derived.
<b>Reconciliation</b>	The process of ensuring that two (2) or more sets of records agree