

**REPORT**

**of the**

**AUDITOR-GENERAL**

**ON THE ACCOUNTS**

**FOR THE FINANCIAL YEAR ENDED**

**31<sup>st</sup> DECEMBER 2010**



## Executive Summary

During the year 2011, the Office carried out a number of audit assignments for the financial year ended 31<sup>st</sup>December 2010. The findings of the audits were communicated to the relevant Controlling Officers for corrective action and confirmation of facts.

This report contains 75 paragraphs on issues that could not be resolved through the various Audit Inspection Reports (Management Letters) and Draft Annual Report Paragraphs.

The introduction in this report highlights the responsibilities of the Minister of Finance and National Planning, Secretary to the Treasury, Controlling Officers and the Auditor General. It further outlines the audit scope, methodology and limitation of scope.

The major irregularities that have been revealed in the report are as shown in the table below:

<b>Findings</b>	<b>2010 K</b>	<b>2009 K</b>	<b>2008 K</b>
Misappropriation of Funds	1,096,257,658	3,918,288,485	70,036,000
Unaccounted for Revenue	1,761,709,547	1,388,790,328	1,056,685,439
Delayed Banking	13,511,603,892	9,126,634,591	1,945,956,268
Unaccounted for Funds	3,823,553,675	1,126,821,656	792,546,311
Misapplication of Funds	220,628,818,731	95,238,162,121	7,865,627,697
Unretired Imprest	77,161,637,221	25,789,847,602	21,456,008,511
Unvouched Expenditure	74,793,881,735	89,325,590,024	28,337,559,092
Unaccounted for Stores	43,921,118,882	32,676,447,022	20,805,216,887
Irregular Payments	10,289,923,002	3,908,756,274	27,119,540,802
Non recoveries of Salary Advance and Loans	10,098,900,307	14,777,712,130	5,326,899,909
Failure to Follow Tender Procedures	2,540,559,305	1,189,103,954	2,627,420,322
Undelivered Materials	649,210,800	345,542,984	894,335,504
Non Submission of Expenditure Returns	3,090,848,292	11,938,931,973	35,181,100,829
Unauthorised Expenditure	4,808,969,418	13,684,411,726	4,916,418,128
Wasteful Expenditure	7,362,829,990	10,042,083,206	569,523,537
Overpayments	131,561,606	125,228,272	1,635,102,213
Excess Expenditure	814,219,094,814	87,272,446,830	249,973,998,666

The irregularities highlighted above are mostly due to failure to adhere to regulations. In addition, there were weaknesses in internal control systems, wastage in the use of resources, poor management of contracts, failure to follow tender procedures, abuse of imprests, delays in completion of projects, poor workmanship and non adherence to contract terms among others.

At the end of the report is an appendix of recommendations of Public Accounts Committee which are still outstanding.

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### **Introduction**

1. This Report on the audit of the accounts of the Government of the Republic of Zambia for the financial year ended 31<sup>st</sup> December 2010 is submitted to the President for tabling in the National Assembly in accordance with the provisions of Article 121(4) of the Constitution of the Republic of Zambia.

### **Statement of Responsibility**

2. According to the provisions of the Public Finance Act No. 15 of 2004, the Minister responsible for finance shall, subject to the provision of the Constitution and the Act, have management, supervision, control and direction of all matters relating to the financial, planning and economic management of the Republic. The Minister is the Head of the Treasury established under the Act and shall make policy and other decisions of the Treasury except those designated under section six (6) of the Act to the Secretary to the Treasury who shall exercise the powers of the Treasury. In exercising these powers, the Secretary to the Treasury designates in respect of each head of revenue or expenditure provided for in the financial year, an officer who shall be a Controlling Officer. The responsibility of the Controlling Officers are outlined in section 7(3) to (9) of the Act and include the preparation and submission of financial statements to the Auditor General for audit and certification before inclusion in the Financial Report. The audited financial statements are then submitted to the Secretary to the Treasury to enable him prepare the Annual Financial Report for tabling in the National Assembly by the Minister responsible for finance in accordance with the provision of Article 118 (1) of the Constitution of Zambia.

### **Audit Scope and Methodology**

3. This Report is as a result of reviews, programmes of test checks, inspections and examination of accounting, stores, projects and other records maintained by public officers and others entrusted with the handling of public resources. The audit programmes were designed to give reasonable assurance of financial management in the Government and to enable me express an opinion on the financial statements for the year. They were also intended to provide information that would assist Parliament in its oversight responsibilities over the application of resources and execution of programmes by the Executive. Accordingly, the programmes were designed to highlight areas of weakness to facilitate formulation of recommendations by Parliament for remedial action by the Executive.

In the course of preparing this report, each Controlling Officer was sent appropriate draft paragraphs 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 draft paragraphs were amended accordingly.

### **Limitation in Scope**

4. Audits were planned so as to obtain all the information and explanations which were considered necessary in order to provide sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud, error or other irregularities.

The execution of the audit programmes was limited by factors outside the control of the Auditor General. In a number of instances, evidence available was limited due to failure by Controlling Officers to give satisfactory responses to audit observations. In certain instances no responses were provided at all. In these instances, I have strived to assure myself that the information so provided gives some level of assurance on the completeness of the financial statements.

### **Outturn and Appropriation Accounts**

5. The Statement of Financial Position for the financial year ended 31<sup>st</sup> December 2010, has not been included in this report since it is not part of the Financial Statements prepared by the Ministry of Finance and National Planning as it is not a requirement of the International Public Sector Accounting Standards (IPSAS). This reporting is under the cash basis accounting since the Government has not yet adopted the accrual basis of accounting.

### **Excess Expenditure**

6. A review of statement öCö of the Financial Report for the year ended 31<sup>st</sup> December 2010 revealed that there was excess expenditure of K814,219,094,814 from thirty five (35) Heads of expenditure contrary to the Appropriation Act of 2010 as shown in the table below:

Report of the Auditor General for the Financial Year Ended 31st December 2010

Head	Ministry/ Department	Total Authorised Provision K	Actual Expenditure K	Excess Expenditure K
o3/01	National Assembly	185,383,910,155	185,542,474,651	(158,564,496)
09/01	Teaching service Commission	2,557,167,367	2,719,201,512	(162,034,145)
17/O1	Ministry of Foreign Affairs-HQ	10,952,678,429	13,938,133,339	(2,985,454,910)
/02	Mission Abroad -Lubumbashi	5,083,843,369	5,608,599,550	(524,756,181)
/03	Mission Abroad-Washington	10,638,157,900	13,015,595,810	(2,377,437,910)
/04	Mission Abroad-Lilongwe	4,643,291,813	5,690,114,409	(1,046,822,596)
/07	Mission Abroad-Cairo	5,155,311,070	6,116,038,696	(960,727,626)
/09	Mission Abroad-Dar es Salaam	7,486,217,972	7,535,288,139	(49,070,167)
/10	Mission Abroad-Kinshasa	6,563,444,984	7,126,076,542	(562,631,558)
/11	Mission Abroad-Moscow	8,435,478,698	9,944,647,528	(1,509,168,830)
/12	Mission Abroad-Addis Ababa	8,503,849,088	8,507,007,002	(3,157,914)
/13	Mission Abroad-Gaborone	4,948,413,282	6,231,815,412	(1,283,402,130)
/15	Mission Abroad-Beijing	11,428,025,876	12,974,711,262	(1,546,685,386)
/20	Mission Abroad-Stockholm	10,894,889,768	12,727,007,104	(1,832,117,336)
/23	Mission Abroad-New Delhi	6,280,220,971	8,513,564,890	(2,233,343,919)
/24	Mission Abroad-Maputo	4,367,423,853	5,131,717,547	(764,293,694)
/27	Mission Abroad-Brussels	11,260,993,020	12,358,475,769	(1,097,482,749)
/28	Mission Abroad-Luanda	6,446,349,383	6,947,048,300	(500,698,917)
/30	Mission Abroad-Harare	5,856,158,287	7,311,792,710	(1,455,634,423)
/31	Mission Abroad-Berlin	10,151,256,506	13,900,874,495	(3,749,617,989)
/32	Mission Abroad-Geneva	11,738,739,985	12,697,092,349	(958,352,364)
/33	Mission Abroad-Pretoria	8,149,062,136	9,887,393,466	(1,738,331,330)
/36	Mission Abroad-Paris	8,401,425,476	8,835,505,132	(434,079,656)
/37	Mission Abroad-Rome	9,886,030,718	11,184,461,258	(1,298,430,540)
/38	Mission Abroad-Tripoli	6,365,821,382	8,864,054,400	(2,498,233,018)
/43	Mission Abroad -Brasilia	6,301,968,384	9,229,282,792	(2,927,314,408)
/45	Mission Abroad- Luena	6,363,314,487	6,593,177,875	(229,863,388)
/47	Mission Abroad- Accra	6,083,467,519	9,296,744,374	(3,213,276,855)
37/01	Ministry of finance-HQs	1,121,145,383,377	1,582,277,188,035	(461,131,804,658)
37/09	Ministry of Finance and National Planning-CSO	148,565,968,135	251,688,247,241	(103,122,279,106)
77/04	Ministry of Defence-ZNS	218,307,105,718	227,321,604,451	(9,014,498,733)
89/01	Ministry of Agriculture and Co-operatives	5,265,903,804	49,875,606,168	(44,609,702,364)
91/55	Office of the President-Copperbelt Lands and Deeds Department	311,212,656	758,147,681	(446,935,025)
98/40	Office of the President-Southern Province-Community Development	4,048,643,245	4,575,778,801	(527,135,556)
99/01	Constitutional and Statutory	230,127,315,885	387,393,070,822	(157,265,754,937)
		<b>2,118,098,444,698</b>	<b>2,932,317,539,512</b>	<b>(814,219,094,814)</b>

The excess expenditure of K814,219,094,814 is unconstitutional and will require approval from Parliament as provided for under Article 117 (5) of the Constitution.

**General Revenue**

<b>Programmes:</b>	<b>1</b>	<b>Income Tax (Other than Mineral Tax)-ZRA</b>
	<b>2</b>	<b>Mineral Revenue</b>
	<b>3</b>	<b>Customs and Excise</b>
	<b>4</b>	<b>Value Added Tax</b>
	<b>5</b>	<b>Exceptional Revenue</b>
<b>Activities:</b>		<b>Various</b>

7. During the financial year ended 31<sup>st</sup> December 2010, an amount of K13,119 billion was collected against a target of K12,503 billion resulting in a surplus of K616 billion as shown in the table below:

Report of the Auditor General for the Financial Year Ended 31st December 2010

Tax Type	GRZ profile K	Net Collections K	Variance K
<b>Income Tax (other than Mineral Tax)</b>			
Company Tax	1,897,942,774,039	2,431,052,042,551	533,109,268,512
Individuals (Self Employed)	50,742,943,438	43,122,402,846	(7,620,540,592)
Back Duty	464,948,029	436,592,616	(28,355,413)
Pay As You Earn	3,726,612,488,267	3,866,688,098,608	140,075,610,341
Employed Individuals	2,804,331,728	3,588,799,150	784,467,422
Withholding Tax (Rent,Interest)	528,640,576,438	461,583,086,109	(67,057,490,329)
Withholding Tax (Dividuals)	13,006,552,455	9,880,771,156	(3,125,781,299)
Withholding Tax (Lump Sum)	119,945,499	2,134,938,930	2,014,993,431
Withholding Tax (Contractors)	5,701,007,287	7,683,763,451	1,982,756,164
Property Transfer Tax	34,020,309,112	37,897,177,864	3,876,868,752
Advance Income Tax	63,159,926,863	60,041,521,545	(3,118,405,318)
<b>Sub Total</b>	<b>6,323,215,803,155</b>	<b>6,924,109,194,826</b>	<b>600,893,391,671</b>
<b>Customs and Excise</b>			
Customs Duty	1,261,168,516,502	1,249,233,063,898	(11,935,452,604)
Excise Duty-Soft Drinks	28,755,329,352	29,754,418,317	999,088,965
Excise Duty-Cigarettes	88,124,232,945	77,611,990,778	(10,512,242,167)
Excise Duty-Opaque Beer	42,675,982,873	39,299,964,662	(3,376,018,211)
Excise Duty-Clear Beer	218,984,245,453	195,799,063,569	(23,185,181,884)
Excise Duty-Hydro carbon oils	273,036,313,391	157,220,926,901	(115,815,386,490)
Excise Duty-Spirits	18,219,390,479	17,452,115,449	(767,275,030)
Rummage Sales	1,025,086,084	2,366,110,150	1,341,024,066
Fines	9,728,469,350	8,881,534,262	(846,935,088)
Estreated Deposits	-	349,243,827	349,243,827
Warehouse Rent	388,549,646	349,243,827	(39,305,819)
Accounting Fees	845,478,599	735,527,711	(109,950,888)
Licence Fees	1,884,938,043	1,442,708,320	(442,229,723)
Other Revenue	354,615,105	328,358,885	(26,256,220)
Excise Duty-Motor Vehicles	149,250,591,543	144,248,119,863	(5,002,471,680)
Excise Duty-Electrical Energy	21,613,375,990	38,984,726,929	17,371,350,939
Excise Duty-Water	10,516,498,078	8,195,245,956	(2,321,252,122)
Excise Duty-Wine	5,410,548,258	5,236,324,041	(174,224,217)
Excise Duty-Airtime	222,655,245,851	219,740,604,752	(2,914,641,099)
Excise Duty-Scrap Metal	1,835,357,609	2,350,768,276	515,410,667
Excise Duty-Cosmetics	10,698,540,513	9,941,554,244	(756,986,269)
Excise Duty-Carbon	10,264,607,583	14,923,302,891	4,658,695,308
Export Levy-Cotton Seed	297,763,022	-	(297,763,022)
Export Levy-Copper Concentrates	4,200,551,988	2,301,321,908	(1,899,230,080)
<b>Sub Total</b>	<b>2,381,934,228,257</b>	<b>2,226,746,239,416</b>	<b>(155,187,988,841)</b>
			-
<b>Mineral Royalty</b>			
Mineral Revenue	345,285,390,845	411,963,672,299	66,678,281,454
<b>Sub Total</b>	<b>345,285,390,845</b>	<b>411,963,672,299</b>	<b>66,678,281,454</b>
			-
<b>Value Added Tax</b>			
Domestic VAT	595,601,630,060	538,257,247,033	(57,344,383,027)
Import VAT	2,549,541,108,404	2,642,442,934,134	92,901,825,730
<b>Sub Total</b>	<b>3,145,142,738,464</b>	<b>3,180,700,181,167</b>	<b>35,557,442,703</b>
			-
<b>Exceptional Revenue</b>			
Fuel Levy	290,596,214,199	358,555,272,925	67,959,058,726
Medical Levy	16,874,013,721	17,559,653,127	685,639,406
<b>Sub Total</b>	<b>307,470,227,920</b>	<b>376,114,926,052</b>	<b>68,644,698,132</b>
<b>GRAND TOTAL</b>	<b>12,503,048,388,641</b>	<b>13,119,634,213,760</b>	<b>616,585,825,119</b>

**Observations on Tax Revenue Collections**

An examination of accounting and other records maintained at ZRA Headquarters and ten (10) stations namely; Nakonde Port office, Kasumbalesa Port office, Ndola Direct

Tax office, Kapiri Mposhi Customs office, Livingstone Direct Tax office, Kazungula Port office, Chipata Direct Tax office, Mwami Port office, Chanida Port office and Chirundu Port office revealed the following:

**a. Revenue Deficits on Twenty Four (24) Tax Types**

Although ZRA recorded an overall surplus of K616 billion during the period under review, it was observed that there was a net deficit of K319 billion in respect of twenty four (24) tax types for which no explanation was provided. Details are in the table below:

Tax Type	GRZ profile K	Net Collections K	Variance K
<b>Income Tax (other than Mineral Tax)</b>			
Individuals (Self Employed)	50,742,943,438	43,122,402,846	(7,620,540,592)
Back Duty	464,948,029	436,592,616	(28,355,413)
Withholding Tax (Rent, Interest)	528,640,576,438	461,583,086,109	(67,057,490,329)
Withholding Tax (Dividuals)	13,006,552,455	9,880,771,156	(3,125,781,299)
Advance Income Tax	63,159,926,863	60,041,521,545	(3,118,405,318)
<b>Sub Total</b>	<b>656,014,947,223</b>	<b>575,064,374,272</b>	<b>(80,950,572,951)</b>
<b>Customs and Excise</b>			
Customs Duty	1,261,168,516,502	1,249,233,063,898	(11,935,452,604)
Excise Duty-Cigarettes	88,124,232,945	77,611,990,778	(10,512,242,167)
Excise Duty-Opaque Beer	42,675,982,873	39,299,964,662	(3,376,018,211)
Excise Duty-Clear Beer	218,984,245,453	195,799,063,569	(23,185,181,884)
Excise Duty-Hydro carbon oils	273,036,313,391	157,220,926,901	(115,815,386,490)
Excise Duty-Spirits	18,219,390,479	17,452,115,449	(767,275,030)
Fines	9,728,469,350	8,881,534,262	(846,935,088)
Warehouse Rent	388,549,646	349,243,827	(39,305,819)
Accounting Fees	845,478,599	735,527,711	(109,950,888)
Licence Fees	1,884,938,043	1,442,708,320	(442,229,723)
Other Revenue	354,615,105	328,358,885	(26,256,220)
Excise Duty-Motor Vehicles	149,250,591,543	144,248,119,863	(5,002,471,680)
Excise Duty-Water	10,516,498,078	8,195,245,956	(2,321,252,122)
Excise Duty-Wine	5,410,548,258	5,236,324,041	(174,224,217)
Excise Duty-Airtime	222,655,245,851	219,740,604,752	(2,914,641,099)
Excise Duty-Cosmetics	10,698,540,513	9,941,554,244	(756,986,269)
Export Levy-Cotton Seed	297,763,022	-	(297,763,022)
Export Levy-Copper Concentrates	4,200,551,988	2,301,321,908	(1,899,230,080)
<b>Sub Total</b>	<b>2,318,440,471,639</b>	<b>2,138,017,669,026</b>	<b>(180,422,802,613)</b>
<b>Value Added Tax</b>			
Domestic VAT	595,601,630,060	538,257,247,033	(57,344,383,027)
<b>Sub Total</b>	<b>595,601,630,060</b>	<b>538,257,247,033</b>	<b>(57,344,383,027)</b>
<b>GRAND TOTAL</b>	<b>3,570,057,048,922</b>	<b>3,251,339,290,331</b>	<b>(318,717,758,591)</b>

**b. System Limitations**

A review was undertaken of ZRA's tax administration systems in place, which are the Integrated Tax Administration System (ITAS) for Domestic Taxes Division and the ASYCUDA for Customs Services Division.

The following weaknesses were observed:

**i. Domestic Taxes Division**

▪ **Tax Payers' Accounts on ITAS not Credited**

A test check of postings to the individual accounts in the ITAS revealed that the system did not credit all payments made by domestic tax payers to their respective accounts. Consequently, there were 65,531 transactions in amounts totalling K615,107,351,211 that were not credited to individual tax payer accounts but were instead credited to the suspense account. As of August 2011, the suspense account had not been reconciled.

▪ **Tax Arrears Omitted from the Debt Stock**

There were six hundred and sixty six (666) PAYE and forty two (42) VAT tax payers at Headquarters with arrears of K10,699,543,546 and K215,870,384,757 respectively in 2009 that were omitted from the debt stock for 2010. There was no evidence that they had settled their accounts in 2010 to warrant their exclusion from the outstanding balances.

In addition, ten (10) institutions which owed a sum of K14,557,952,503 in 2009 and did not make any payments in 2010, were omitted from the reported PAYE arrears at ZRA Livingstone office.

**ii. Customs Services Division**

▪ **Uncollected Duties on Transits**

In paragraph 6 of the Report of the Auditor General for the financial year ended 31<sup>st</sup> December 2009, mention was made of the failure by ZRA to demand payments from banks and insurance companies who had provided guarantees on outstanding transits in amounts totalling K37,150,576,881.

A review carried out in May 2011, revealed that the situation had worsened and the amount had increased to K60,690,187,955. No explanation was given for the failure by ZRA to demand payments from the banks and insurance companies who had provided guarantees.

Further, although the system is centralized and controlled from Headquarters, it did not reflect two hundred and fourteen (214) transactions with guaranteed amounts totalling K8,692,945,045 entered at Nakonde Port Office.

▪ **Transits Clearance Documents not Availed for Audit – Ndola**

There were three (3) transits with guaranteed amounts totalling K24,848,509 which though cleared had no supporting customs clearance documents. Consequently, it was not possible to verify whether duties due were collected.

**c. Other Weaknesses in the Collection of Taxes**

**i. Domestic Taxes**

▪ **Failure to Carry out Debt Enforcement Action – Company Tax**

Contrary to the Income Tax Act of 1996, ZRA failed to carry out debt enforcement action against defaulting company taxpayers. Consequently, company tax arrears increased from K30,025,876,909 in 2009 to K47,650,056, 361 in 2010.

▪ **Windfall Tax Arrears**

In paragraph 8 of the Report of the Auditor General for the financial year ended 31<sup>st</sup> December 2008, mention was made of K795,715,487,508 in respect of windfall tax arrears. A review of the situation in May 2011 revealed that only K167,390,000,000 had been collected leaving a balance of K628,325,487,508 outstanding.

**ii. Customs Services Division**

▪ **Static Customs Debt**

Contrary to the Customs and Excise Act which requires that interest and penalties be charged monthly on amounts outstanding for more than thirty (30) days, no interest and penalties were charged on customs debt stock in amounts totalling K4,768,301,757 despite the amounts being outstanding for more than twelve (12) months.

▪ **Failure to Assess Duty on Imported Goods**

Contrary to the Customs and Excise Act which requires that an assessment to determine the tax payable should be done within five (5) days upon the arrival of the goods at the port of entry, it was observed that ZRA had not assessed 3656, bills of entry (imports) with a value of K25,703,106,753 during the period 2001 to 2010.

▪ **Variance in Reported Cancelled Entries**

A test check of cancelled entries revealed that there were discrepancies between the data captured at Nakonde Port Office and what was reflected at Headquarters. In this regard, whereas records at Headquarters reflected 1,479 cancelled entries after assessment in amounts totalling

K15,254,160,733, Nakonde Port Office reported 196 cancelled entries with taxes payable in amounts totalling K6,526,159,583 resulting in a variance of K8,728,001,150.

**iii. Non Adherence to Time-to-Pay Agreements**

A Time to Pay Agreement (TPA) is an arrangement between ZRA and a tax payer to settle tax arrears in installments. In case a tax payer defaults on the TPA, ZRA is supposed to institute forfeiture proceedings.

A review of TPAs relating to mineral royalty tax, customs and excise duties revealed that TPAs for four (4) companies involving arrears in amounts totalling K5,003,366,258 which were to be liquidated by December 2010 were not adhered to and as of May 2011 only K2,307,532,718 had been paid leaving a balance of K2,695,833,540 as shown in the table below:

Name of Company	Tax Type	Opening Balance K	Payments K	Amounts owing K
Collum coal	Mineral Royalty	948,185,375	29,000,000	919,185,375
Eastern Quarry	Mineral Royalty	47,997,739	7,999,623	39,998,116
Kavino limited	Customs and Excise	1,285,141,489	621,602,200	663,539,289
Yeti motors	Customs and Excise	2,722,041,655	1,648,930,895	1,073,110,760
<b>Total</b>		<b>5,003,366,258</b>	<b>2,307,532,718</b>	<b>2,695,833,540</b>

**iv. Unaccounted for Customs Deposits**

According to the Customs Compendium of Policies and Procedures (CCPP), where an importer or agent is unable to provide adequate import documents, the customs office may call for a monetary deposit and allow the goods to enter the country. An importer who fulfils the obligation for which the deposit was secured within thirty (30) days is entitled to a refund of such a deposit. All deposits which remain outstanding for more than the prescribed period of thirty (30) days are supposed to be converted as Government revenue.

An examination of records in respect of custom deposits at Mwami Border Post revealed that ten (10) importers with deposits in amounts totalling K141,862,000 had defaulted and therefore the deposits were supposed to be converted to Government revenue. However, as of May 2011, the deposits had not been converted.

In addition, an examination of records in respect of the customs deposit bank account revealed that whereas the ten (10) importers had made deposits totalling K141,662,000, the bank balance as of May 2011 was only K30,275,219. The balance of K111,586,781 was not accounted for.

**v. Uncollected Duties on Customs Importation Permits (CIPs)**

Custom Importation Permits (CIPs) are raised for visitors coming into the country with their motor vehicles and intend to go back with them. A CIP covers one entry and one exit. It may be extended within Zambia up to a period

not exceeding twelve (12) months from the first date of issue. In accordance with section (34) (2) (a) of the Customs and Excise Act, when the stated period of temporary importation expires, steps must be taken immediately to trace the motor vehicle and make suitable arrangements to secure the duty.

As of December 2010, there were 11,835 expired CIPs in respect of motor vehicles with a total value for duty purposes of K2,096,100,345,971. Details are in the table below:

Port Office	No. of Outstanding Entries	Value for Duty Purpose (VDP) K
Chirundu	964	300,916,915,081
Kariba	649	53,776,405,530
Kasumbalesa	268	20,400,307,366
Katimamulilo	236	20,019,888,210
Kazungula	7889	1,064,495,936,977
Mwami	27	2,047,065,150
Ndola	10	299,991,170
Nakonde	220	478,159,174,860
Victoria falls	1572	155,984,661,627
<b>Total</b>	<b>11,835</b>	<b>2,096,100,345,971</b>

Further scrutiny of records pertaining to CIPs revealed the following:

▪ **Motor Vehicles with Expired CIPs Registered by RTSA**

A comparison of the expired CIPs for the period under review with the database of motor vehicles registered at Road Transport and Safety Agency (RTSA), revealed that a total of seventy two (72) motor vehicles valued at K5,488,982,620 imported into the country during 2010, whose CIPs had expired were registered by RTSA.

▪ **Non Reconciliation of Expired CIPs – Ndola**

A comparison of records of outstanding CIPs at Headquarters and Ndola Port Office revealed that despite the system being centralised, Headquarters reported two (2) expired CIPs valued at K342,150,000 as of December 2010 while Ndola Port office reported twenty three (23) expired CIPs valued at K1,078,268,170.

**vi. Expired Temporal Importation Permits (TIPs)**

TIPs relate to goods that come into the country and are meant to be re-exported back in an unaltered condition. Permits may be extended within Zambia for a period not exceeding twelve (12) months. An example would be road construction machinery brought into the country that is expected to be returned upon completion of the project. When all conditions are met and the goods return in the same state, no duties and taxes are payable. In the event that these goods are not returned and no request for extension is granted, ZRA is required to seize and later auction the goods.

As of May 2011, there were 942 expired TIPs with a total value of K58,550,655,520 for which no duty was collected nor were the goods seized.

**vii. Motor Vehicle Red Books not Availed For Audit**

Red books are issued to diplomats and returning students who are entitled by law to bring into the country one vehicle duty free.

An examination of vehicle importation records at Kasumbalesa and Nakonde Port Offices revealed that the certificates to support exemption of duty for 124 vehicles that were imported were missing.

**viii. Poor Management of Warehouses**

Goods seized by ZRA for non payment of duties by importers are moved to the state warehouse upon issuance of a seizure notice. The goods are supposed to be recorded in a warehouse register and stored in a secure and orderly manner pending payment of duties by the importer.

A review of receipts of items held, seizure notices, warehouse registers, yard status registers for the period under review and physical inspection at five (5) stations revealed the following:

▪ **Missing Seized Goods**

A stock take of goods seized at five (5) port offices revealed that various goods with Value for Duty Purposes (VDP) of K518,754,324 were unaccounted for in that the goods were missing from the warehouses. Details are in the table below:

Port Office	Type of Goods	Value K
Livingstone	Various goods	26,836,634
Ndola	Various goods	22,586,315
Ndola	Seven (7) Motor vehicles	370,872,000
Nakonde	Various goods	8,140,000
Kasumbalesa	Two (2) Motor vehicles	90,319,375
<b>Total</b>		<b>518,754,324</b>

▪ **Damaged Goods in the State Warehouse – Ndola Port Office**

Goods with Value for Duty Purposes in amounts totalling K45,357,481 seized between 1999 and 2009 were damaged and could not be auctioned. Inquiries revealed that the delay in the disposal is mainly due to the offer price being less than the reserve price offered.

▪ **Clearance Documents not Availed for Audit – Ndola Port Office**

There were no acquittal documents such as customs clearance certificates and release orders for twelve (12) motor vehicles seized during the period

under review valued at K889,262,651 that were indicated to have been cleared by the importers according to details in the Yard Status Registers.

▪ **Goods not Gazetted for Auction**

Goods placed on seizure notice are supposed to be gazetted and auctioned after expiry of forty five (45) days seizure notice period. It was however observed that various goods and motor vehicles in amounts totalling K148,076,860 that were seized in 2009 and 2010 had not been gazetted as of May 2011 and were still being held at Ndola and Kasumbalesa Port Offices.

▪ **Failure to Auction Gazetted Goods**

Contrary to the provisions of the Customs and Excise Act, various goods with reserve price of K189,089,517 seized at Ndola and Nakonde Port Offices as far back as 2006 and gazetted were still kept in the warehouse without being auctioned.

**Programme: 08 Fees and Fines- Ministry of Lands**

**Activities: Various**

8. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K22,741,443,509 was made for ground rent, document fees and registration fees, survey fees, rent of Government premises and interest on late payment against which amounts totalling K33,393,361,053 were collected, resulting in an over collection of K10,657,587,544, as shown in the table below:

Programme	Budget K	Actual K	Variance K
Ground Rent	10,134,240,216	15,194,010,689	5,059,770,473
Document fees & Registration Fees	5,619,812,987	7,400,638,622	1,780,825,635
Survey & Miscellaneous Fees	3,873,649,006	5,372,121,078	1,498,472,072
Rent of Govt. Premises	5,670,000	-	-
Consent Fees	479,220,000	479,457,300	237,300
Interest on Late Payments	133,970	176,794	42,824
Consideration Fees	2,520,961,770	4,798,834,690	2,277,872,920
Preparation Fees	107,755,560	148,121,880	40,366,320
<b>Total</b>	<b>22,741,443,509</b>	<b>33,393,361,053</b>	<b>10,657,587,544</b>

However, it was not clear why the budget provision for 2010 was set at K22,741,443,509 when in 2009 the Ministry collected K24,087,864,047.

**Accounting and Other Irregularities**

An examination of accounting and other records carried out in May 2011 revealed the following:

**a. Unaccounted For Revenue**

Contrary to Financial Regulation No. 129, amounts totalling K89,480,013 collected from three (3) stations during the period under review were not accounted for in that there was neither evidence to show that the money was banked nor was there cash on hand. Details are in the table below:

<b>Station</b>	<b>Unaccounted for Revenue K</b>
Kabwe	5,204,445
Mongu	38,706,568
Chipata	45,569,000
<b>Total</b>	<b>89,480,013</b>

**b. Delayed Banking**

Contrary to Financial Regulation No. 121, there were delays of periods ranging from 2 to 29 days in banking revenue collected during the period under review by three (3) stations as shown in the table below:

<b>Station</b>	<b>Amount K</b>	<b>Range of days</b>
Headquarters	3,017,969,470	2-24
Ndola	1,675,735,495	3-22
Kabwe	257,018,153	3-29

**c. Non Remittance of Revenue**

Amounts totalling K110,128,471 collected by Kabwe and Mongu Lands Offices during the period under review were not remitted to the Ministry Headquarters for onward transmission to Control 99. As of August 2011, the amounts had been outstanding for more than twelve (12) months.

**d. Missing Accountable Documents**

Contrary to Financial Regulation No. 10 (n), there were eight (8) general receipt books (Accounts Form 40) and five (5) field cash books (Accounts Form 47) that were not produced for audit. Details are in the table below:

<b>Receipt Book Serial No.</b>	<b>Cash Book Serial No.</b>
314201-314250	9237001-9237100
644251-644300	9237101-9237200
644301-644350	9237201-9237300
644351-644400	9237301-9237400
644401-644450	9237401-9237500
644451-644500	
644501-644550	
644551-644600	

**e. Dishonoured Cheques**

Eighteen (18) cheques in amounts totalling K117,955,000 were dishonoured by Bank of Zambia during the period under review and had not been replaced as of August 2011, contrary to Financial Regulation No. 143.

**Programme: 8 Fees and Fines- Zambia Police**

**Activity: 051 Police Collections**

9. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K8,970,513,646 was made for the collection of fees and fines against which collections of K22,560,535,695 were made resulting in an over collection of K13,590,022,049 as shown in the table below:

	<b>2009 K</b>	<b>2010 K</b>
Approved Revenue Estimate	8,740,000,000	8,970,513,646
Actual Collections	17,411,306,403	22,560,535,695
<b>Variance</b>	<b>8,671,306,403</b>	<b>13,590,022,049</b>

However, it was not clear why the budget provision for 2010 was set at K8,970,513,646 when in 2009 the Ministry collected K17,411,306,403.

**Accounting and Other Irregularities**

An examination of accounting and other records carried out in May 2011 revealed the following:

**a. Non Submission of Revenue Returns**

Contrary to Financial Regulation No. 8, there were no monthly revenue returns submitted to Headquarters by the Police divisions from all the provinces for onward submission to the Secretary to the Treasury.

**b. Delayed Banking**

Contrary to Financial Regulation No.121(1), there were delays of periods ranging from 1 to 270 days in banking revenue collected during the period under review as shown in the table below:

Station	Amount K	Delay in Days
Force Headquarters - Interpol	1,519,900,000	2-8
Force Headquarters- Finger prints	397,242,579	2-19
Force Headquarters - Traffic offences	305,510,000	2-30
Force Headquarters - Fire arms	88,000,000	2-67
Lusaka Division Traffic	496,141,000	2-27
Longacres	158,001,000	1-28
Woodlands	33,775,500	8-61
Kabwata	21,389,300	2-10
Kabangwe	379,097,500	5-9
Chilenje	13,773,000	1-10
Central	101,610,800	1-82
Chongwe	4,105,000	3-45
Livingstone - Administration	20,997,000	4-270
Ndola Central - Traffic	65,915,800	1-9
Mindolo Police	28,324,400	2-62
Kapri Mposhi - Administration	19,302,500	4-59
Kapri Mposhi - Traffic	113,662,500	1-12
Kabwe Administration	14,984,500	1-28
Kasanda	3,855,000	3-170
Mansa - Administration	111,746,500	1-2
Mbala	19,016,500	8-44
Mpika - Administration	25,372,500	1-14
Nakonde - Traffic	98,795,000	5-103
Nakonde - Administration	15,255,000	17-121
Kasama - Administration	27,155,000	6-18
Kasama - Traffic	99,037,000	1-2
Mpulungu - Traffic	31,594,500	1-38
Chowa Kabwe - Administration	9,682,000	1-28
<b>Total</b>	<b>4,223,241,379</b>	

**c. Unaccounted for Revenue**

Contrary to Financial Regulation No. 129, amounts totalling K62,859,000 collected from three (3) stations during the period under review were not accounted for in that there was no evidence that the money was banked and there was no cash on hand.

Station	Amount K
Manda Hill Police Post	61,312,500
Livingstone Central Police	1,217,500
Dambwa Central Police Post	329,000
<b>Total</b>	<b>62,859,000</b>

**d. Receipt Books not Presented for Audit**

Contrary to Financial Regulation No. 10 (n), there were forty two (42) general receipt books that were not produced for audit, making it not possible to ascertain the revenue collected.

Station	No. of Receipt books
Manda Hill	24
Mazabuka	10
Livingstone	2
Mpulungu	6
<b>Total</b>	<b>42</b>

**e. Refer to Drawer Cheques**

During the period under review, eleven (11) cheques amounting to K7,279,994 paid to the Police were dishonoured and had not been replaced as of May 2011, contrary to Financial Regulation No. 143.

**f. Lack of General Revenue Cash Book**

It was observed that Dambwa Central Police Post did not maintain a general revenue cash book from January 2010 to June 2011, contrary to Financial Regulation No. 128 (1) which states that collectors of revenue must maintain an updated cash book.

**g. Lack of Standard Rates**

An analysis of charges for police reports revealed that there was no standard rate for fees charged under administration. For instance, some police stations had different rates ranging from K10,000 to K50,000 per police report issued as shown in the table below:

Station	Charge K
Ndola Central	10,000
Kasanda	50,000
Kapiri	25,000
Kasama	10,000
Nakonde	50,000

**Programme: 8 Fees and Fines- Road Transport and Safety Agency**

**Activity: 184 Road Traffic Collections**

10. During the period under review, the Road Transport and Safety Agency collected revenue amounting to K203,254,589,864 against the budget figure of K201,524,000,000 resulting into a collection of K1,730,589,864 above the budget as shown below:

Detail	Amount K
Budget	201,524,000,000
Actual	203,254,589,864
<b>Variance</b>	<b>1,730,589,864</b>

**Weaknesses in Accounting for Revenue**

An examination of records relating to the collection and receipting of revenue at Headquarters, Lumumba, Ridgeway, Kitwe, Nakonde, Chingola, Livingstone, Chipata, Kabwe and Mwami offices for the year under review revealed the following:

**a. Unaccounted for Revenue**

Contrary to Financial Regulation No. 129, amounts totalling K102,225,560 collected during the period from January 2010 to 31<sup>st</sup> December 2010 could not be accounted for in that there was no evidence of banking and cash was not found on hand. Details are as shown below:

Station	Amount (K)	Source
Livingstone	29,385,000	Toll Fees
Ridgeway	72,840,560	Cross border permit collections
<b>Total</b>	<b>102,225,560</b>	

**b. Missing Accountable Documents**

A physical verification of accountable documents carried out revealed that various accountable documents totalling 48,930 were not availed for audit contrary to Financial Regulation No. 10 (n). Details are as shown below:

Station	No.	Details
Headquarters	25,868	Sheets of security paper
Kitwe	18,089	Various accountable documents
Livingstone	4,973	Sheets of security paper
<b>Total</b>	<b>48,930</b>	

**c. Unexplained Source of Excess Usage of Security Paper – Lumumba**

It was observed that Lumumba office received a total of 194,000 sheets of security paper from Ministry of Finance and National Planning. A scrutiny of the transaction summary report from the ZAMTIS system revealed that a total of 195,217 sheets of security paper was used resulting into an excess of 1,217. Management was unable to explain the source of the excess of 1,217 sheets of security paper.

**d. Issuance of Manual Road Licenses discs without application letters – Headquarters**

RTSA issues road licenses to Government vehicles which have private numbers at no cost. The requisitioning Government department submits a letter with details of the vehicles they wish to be licensed.

A scrutiny of records maintained and letters submitted for issuance of manual road licenses to Government departments revealed that out of 803 manual road licenses discs issued to seven (7) government departments, only 332 licenses were supported by application letters from the respective Government Departments while the balance of 471 licenses was not supported. In this regard, it was not possible to verify whether all the licenses were issued to government vehicles.

**e. Non Monitoring of Road Tax Arrears – Lumumba**

There are certain instances when vehicles face breakdowns for long periods of time. This usually results in non payment of road tax until the vehicles are repaired and ready for road use. In such cases, RTSA is supposed to be notified by way of a written letter and taxes are then suspended. If RTSA is not informed by the tax payer, road taxes accumulate over each quarter.

An inquiry of Road Tax arrears as at 31<sup>st</sup> December 2010 revealed that the system is not able to produce a report of the total amount due to the Agency, only a report tabulating the number of unlicensed vehicles is produced. In this regard, out of 88,706 vehicles on the system, 37,584 were licensed leaving a total of 51,122 vehicles unlicensed.

It was also observed that while a vehicle on the ZAMTIS accumulates arrears for each quarter that the owner of a vehicle does not pay the road tax; it was not the case for manually issued road licenses. As such, it was not possible to ascertain the arrears and payment of arrears for all such vehicles for which were not registered under ZAMTIS.

**Programme: 8 Fees and Fines- Judiciary**

- Activity: 084 Court and other fees**  
**085 Library Services**  
**086 Fines of Court**

11. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a total provision of K5,046,803,152 was made for the collection of revenue comprising Fines of Court, Court Fees and Library Services against which the actual collections totalled K5,803,502,484 resulting in an over collection of K756,699,332 above the budget, as shown below.

		<b>Estimates</b>	<b>Actual</b>	<b>Variance</b>
		<b>K</b>	<b>K</b>	<b>K</b>
84	Court and Other Fees	3,934,408,135	4,904,693,203	970,285,068
85	Library Services	699,913,305	123,265,000	(576,648,305)
86	Fines of Court	412,481,712	775,544,281	363,062,569
<b>Total</b>		<b>5,046,803,152</b>	<b>5,803,502,484</b>	<b>756,699,332</b>

**Accounting and Other Irregularities**

An examination of revenue accounts and other related records for the financial year ended 31<sup>st</sup> December 2010, maintained at Judiciary headquarters, Lusaka Magistrates Complex, Sheriff's Office and selected Courts in Lusaka, Chipata, Petauke, Lundazi, Solwezi, Mufumbwe, Ndola, Luanshya, Chingola, Kasama, Mpika and Nakonde, carried out between 7<sup>th</sup> July and 30<sup>th</sup> September 2011 revealed the following:

**a. Unaccounted For Revenue**

Contrary to Financial Regulations No.129, revenue collections totalling K706,454,306 collected at various courts during the year 2010 could not be accounted for in that there were no deposit slips to show proof of banking and there was no cash on hand. Details are shown in the table below.

Station	Amount
	K
Headquarters - High court	
- Commercial List Registry	1,120,000
- Criminal Registry	1,300,000
- Commercial List Client Account	300,000
- High Court client Account	64,569,393
- High Court - Estates Account	115,539,700
- High Court - Principal Registry	1,140,000
Small Claims Court - Lusaka	2,149,000
Matero Local Court I	6,615,530
Matero Local Court II	16,386,325
Chelston Local Court	18,004,900
Chelston Local Court	7,653,900
Boma Local Court - Court Fees	3,045,450
Boma Local Court - Fines of Court	1,645,100
Boma Local Court - Court Fees	31,887,290
Boma Local Court - Divorce Certificate	7,050,000
Ndola High Court - Deposit Slips	119,990,000
Ndola High Court - Fraudulent payment	130,000,000
Chipata High Court	8,500,000
Nakonde Local Court - Fines	225,000
Mpika Local Court I - Fees	4,741,186
Mpika Local Court II - Fines	500,000
Chipata Subordinate Court - Fees	1,734,500
Lundazi Subordinate Court (Sheriffs) - Fees	120,750
Lundazi Subordinate Court - Fines	2,880,000
Lundazi Local Court - Fees	315,700
Lundazi Local Court - Fines	150,000
Petauke Boma Local Court - fees	550,580
Ndola High Court (Sheriffs) - fees	6,610,000
Ndola High Court - Fines	28,800,000
Ndola High Court - Client Funds	119,990,002
Ndola Subordinate Court - Client Funds	2,940,000
<b>Total</b>	<b>706,454,306</b>

**b. Delayed Banking of Revenue**

Contrary to Financial Regulation No. 121, there were delays of periods ranging from 3 to 549 days in banking of revenue collected by various courts during the year under review, despite the proximity to banking facilities. The table below gives details.

Station	Amount K	Days Delayed Range
High Court - Criminal Registry	65,100,000	4-52
High Court - Criminal list Client Account	214,093,700	3-30
High Court Client Account	651,503,749	3-33
High Court - Council of Law	8,380,000	5-3
Small claims court - Lusaka	13,200,000	3-12
Matero Local Court - Court fees	5,709,100	6-95
Boma Local Court - Court fees	129,373,380	2-549
Solwezi Subordinate Court - Fines	39,760,000	3-60
Solwezi Local Court - Fees	21,581,200	2-100
Chingola Subordinate Court - Fines	14,785,000	3-15
Kasama Subordinate Court - Fees	15,009,300	3-6
Kasama Subordinate Court - Fines	2,606,000	6-164
Kasama Local Court I - Fees	15,664,600	2-20
Nakonde Local Court - Fines	825,000	6-43
Chipata Subordinate Court - Fines	6,130,000	4-24
Chipata Subordinate Court - Client Fund	37,068,000	5-22
Chipata Local Court II - Fees	2,102,700	2-117
Petauke Subordinate Court - Fines	3,000,000	26-30
Ndola High Court - fees	54,460,000	3-50
Ndola High Court - Client Fund	56,000,000	3-49
Ndola Subordinate Court - Fines	1,390,000	3-8
Luanshya Subordinate Court - Client Fund	738,676,626	3-24

**c. Missing Accountable Documents**

Contrary to Financial Regulation No. 10 (n), there were forty one (41) general receipts books that were not presented for audit verification. Details are as in the table below:

Name of Court	No.	Receipt Range No.
Matero Local Court I	01	1024901-950
Matero Local Court I	02	2942651-700
Matero Local Court I	03	2942701-750
Matero Local Court I	04	2122501-550
Matero Local Court I	05	2122551-600
Matero Local Court I	06	2122601-650
Matero Local Court I	07	2122651-700
Matero Local Court I	08	2122701-750
Matero Local Court I	09	2122751-800
Matero Local Court I	10	2122801-850
Matero Local Court I	11	2122851-900
Matero Local Court I	12	2122901-950
Matero Local Court I	13	2122951-2123000
Matero Local Court I	14	2123001-050
Matero Local Court I	15	2123051-100
Matero Local Court I	16	2123101-150
Matero Local Court I	17	2123151-200
Matero Local Court I	18	2123201-250
Matero Local Court I	19	2890751-800
Matero Local Court I	20	2890801-850
Matero Local Court I	21	2890851-900
Matero Local Court I	22	2890901-950
Matero Local Court I	23	2890951-2891000
Matero Local Court II	24	0224251-0224300
Matero Local Court II	25	0224301 . 0224350
Matero Local Court II	26	0224351 . 0224400
Matero Local Court II	27	0224401 . 0224450
Matero Local Court II	28	0224451 . 0224500
Boma Local Court	29	3368450 . 3368500
Boma Local Court	30	2095501 . 2095550
Boma Local Court	31	2095551 . 2095600
Boma Local Court	32	2095601 . 2095650
Boma Local Court	33	2095651 . 2095700
Boma Local Court	34	2095701 . 2095750
Boma Local Court	35	2095751 . 2095800
Boma Local Court	36	2095801 . 2095850
Boma Local Court	37	2095851 . 2095900
Boma Local Court	38	2095901 . 2095950
Boma Local Court	39	2095951 . 2096000
Lundazi Surbordinate court	40	1360601 - 1360650
Lundazi Local Court	41	2385251 - 2385300

**d. Nakonde Subordinate Court - Revenue not transferred to the Judiciary Fees Account**

An examination of the bank statements for the Judiciary Fees Transit Account held at Finance Bank in Nakonde, revealed that fees deposited into the account were not being transferred by the bank to the Judiciary Headquarters Fees

Account in Lusaka and had accumulated to K40,514,263 as at 9<sup>th</sup> September, 2011.

**Programme: 8 Fees and Fines, Ministry of Home Affairs**

**Activity: 020 Passports**

12. During the period under review, Passports and Citizenship Office collected revenues amounting to K27,764,704,000 against the budgeted figure of K21,789,471,000 resulting in a surplus collection totalling K5,975,233,000.

**Irregularities in Accounting for Revenue Collections**

An examination of records relating to collection of revenue at Passport and Citizenship Headquarters, Ndola, Kabwe and Livingstone provincial offices carried out in November 2011 revealed the following:

**a. Unaccounted for Revenue**

Reconciliations of expected collections from issued National Travel Documents and Zambian Citizenship certificates against actual collections were not being done. In this regard, a verification of amounts collectable against actual collections from January to December 2010 revealed that a total amount of K415,448,468 was not accounted for as shown in the table below:

	PASSPORTS:		TRAVEL DOCS	CERTIFICATE OF CITIZENSHIP	CERTIFICATE OF CONFIRMATION
	32 PAGES	48 PAGES			
Jan-Dec 2010					
Qty issued to public	45,000	800	14,200	64	50
Fee payable (ZMK)	320,000	520,000	70,000	10,000,000	5,000,000
Total Receivable (ZMK)	14,400,000,000	416,000,000	994,000,000	640,000,000	250,000,000
Total (ZMK)	16,700,000,000				
Revenue Accounted for by Headquarters (ZMK)	15,708,146,000	(As per Cashbooks and Deposits)			
Revenue Accounted for by missions (ZMK)	576,405,532	(As per Ministry of Foreign Affairs consolidated return)			
Un Accounted for amount (ZMK)	415,448,468				

**b. Unaccounted for Passports**

A reconciliation of 32 paged Passports received and issued during the year under review revealed unaccounted for Passports totalling 29,974 valued at K9,591,680,000 as tabulated in the table below:

	Quantity
Opening balance 2010	166,000
<b>add-</b> Qty received 2010	200,000
Total number of passports	<b>366,000</b>
<b>less-</b> Qty issued at HQ	45,000
Qty issued to L/stone and Ndola production centres	27,000
Cancelled passports	26
Closing Balance	264,000
Number of passports accounted for	<b>336,026</b>
<b>Un-Accounted for Passports</b>	<b>29,974</b>
Cost of 29,974 passport @ K320,000 each	
<b>Value of Passports not Accounted for</b>	<b>K9,591,680,000</b>

**c. Deposits not Reflected on the Bank Statements**

Revenue in amounts totalling K135,767,000 collected at Headquarters and Livingstone offices between February and December 2010 was not accounted for. Though the deposit slips indicated that the funds were banked, the funds were not reflected on the bank statements.

**d. Receipt Books not Produced for Audit**

Contrary to Financial Regulation No.10 (n), there were twenty six (26) general receipt books that were used to receipt revenue that were not availed for audit as shown below:

| Serial No.  |
|-------------|-------------|-------------|-------------|-------------|
| 0334701-50  | 0334951-50  | 0335201-50  | 0335451-500 | 0335701-50  |
| 0334751-800 | 0335001-50  | 0335251-300 | 0335501-550 | 0335751-800 |
| 0334801-50  | 0335051-100 | 0335301-50  | 0335551-600 | 0335801-50  |
| 0334851-900 | 0335101-50  | 0335351-400 | 0335601-50  | 0335851-900 |
| 0334901-50  | 0335151-200 | 0335401-50  | 0335651-700 | 0335901-50  |
| 0335951-600 |             |             |             |             |

**e. Delayed banking of Revenue**

Contrary to Financial Regulation No.121, there were delays of periods ranging from three (3) to fourteen (14) days in banking revenue collected by three stations as tabulated below:

<b>Station</b>	<b>Amount Delayed K</b>	<b>Period</b>
Ndola	2,176,590,000	3 to 14 days
Kabwe	14,060,000	3 days
L/stone	47,200,000	4 to 5 days

**f. Unsupported deposits**

Deposits totalling K38,539,100 appearing on the Zambia National Commercial Bank statement Livingstone branch were not supported by deposit slips and cashbook entries and as such, the completeness and source of these transactions could not be ascertained.

### Expenditure

<b>Head:</b>	<b>14/</b>	<b>Ministry of Mines and Minerals Development</b>
	<b>01</b>	<b>Headquarters</b>
	<b>02</b>	<b>Geological Survey</b>
	<b>03</b>	<b>Mines Safety Department</b>
	<b>04</b>	<b>Mines Department</b>
<b>Units:</b>		<b>Various</b>
<b>Programmes:</b>		<b>Various</b>
<b>Activities:</b>		<b>Various</b>

13. In the Estimates of Revenue and Expenditure for the Financial year ended 31<sup>st</sup> December 2010 a provision of K24,484,817,871 was made to cater for various activities against which a total of K17,804,679,378 was released resulting in under funding of K6,680,138,500.

#### Accounting and Other Irregularities

An examination of accounting and other records carried out in June 2011, at the Ministry Headquarters and Mines Safety Department in Kitwe and a visit to some selected mining bureaux revealed the following:

##### a. Unvouched Expenditure

###### i. Missing Payment Vouchers

Contrary to Financial Regulation No.65, eleven (11) payment vouchers in amounts totalling K37,768,140 were not produced for audit.

###### ii. Unsupported Payments

Contrary to Financial Regulation No.45, there were twenty nine (29) payments in amounts totalling K389,763,000 which were unsupported in that the payments vouchers were not supported by invoices, local purchase orders, quotations and acquittal sheets.

##### b. Unretired Imprest

Contrary to Financial Regulation No.96, imprest in amounts totalling K144,083,873 issued to various officers during the period under review had not been retired as of October 2011.

**c. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of various stores items costing K35,210,000 procured during the period under review.

**d. Unsupported Refund of Hotel Bills**

In October 2010, the Minister was refunded a total amount of K12, 285,500 in respect of expenses incurred at Parliament motel. However, the basis of the refund could not be established as there were no bills and invoices attached to support the claim.

**e. Unauthorised Payments**

An examination of payment vouchers revealed that a total of K416,953,500 (K287,458,500 out of pocket and K129,515,000 sitting allowances) was irregularly paid out to various officers as allowances for participating in various activities such as reconciling statement Cø and imprest, preparation of salaries, pre audits and verifications of financial statements, updating payroll and reconciling accounts. It was however, observed that the allowances were paid without authority from the Secretary to the Cabinet contrary to Cabinet Office Circulars No. 02 of 2000 and No. 01 of 2010.

**f. Irregular Payment**

In December 2010, a registry clerk at Geological Survey Department was paid K8,500,000 to facilitate for the payment of wages to casual workers in Sinazeze. However, the payment was irregular in that it was not approved by the Controlling Officer or any other appropriate authorizing Officer.

**g. Misapplication of Funds**

The Ministry had five (5) Mining Bureaux in rural mining areas which coordinate mining activities. The Ministry disburses grants as support to the institutions. During the period under review, the Ministry was funded an amount of K1,200,000,000 for grants to support institutions, out which K546,733,332 was disbursed to the five (5) mining bureaux while the balance of K 653,266,667 was utilized at the Ministry headquarters.

**h. Closure of Mkushi Mining Bureau**

In June 2010, the Ministry decided to close the Mkushi Regional Mining Bureau due to logistical problems. However, no disposal details relating to the assets owned by the bureau was availed for audit.

**Head:** 15 / **Ministry of Home Affairs**  
**01 Headquarters**  
**05 Immigration**  
**07 Drug Enforcement Commission**  
**Units:** **Various**  
**Programmes:** **Various**  
**Activities:** **Various**

14. During the financial year ended 31<sup>st</sup> December 2010, a total provision of K112,336,101,654 was made to cater for various activities under Ministry of Home Affairs Headquarters, Immigration Department and Drug Enforcement Commission against which a total of K80,706,647,006 was released resulting in an under funding of K31,629,454,648 as shown in the table below:

Departments	Total Authorized Provision K	Releases K	Over/(Under) Funding K
Headquarters	60,008,847,007	34,080,850,837	(25,927,996,170)
Immigration	24,764,670,493	17,569,355,044	(7,195,315,449)
Drug Enforcement Commission	27,562,584,154	29,056,441,125	1,493,856,971
	<b>112,336,101,654</b>	<b>80,706,647,006</b>	<b>(31,629,454,648)</b>

**Irregularities in Accounting and Contract Management.**

An examination of accounting and other records maintained at the Ministry Headquarters Immigration, Passport and Citizenship, National Registration and Drug Enforcement Commission Headquarters carried out in March 2011 revealed the following:

**a. Inadequately Supported Payment Vouchers**

Contrary to Financial Regulation No.52, there were thirty two (32) payment vouchers in amounts totalling K254,894,743 that were unsupported in that they lacked supporting documents such as receipts, invoices and local purchase orders. Details are shown in the table below:

Departments	No. of Payments	Amount K
Headquarters	11	86,172,676
Immigration	8	103,178,529
Drug Enforcement Commission	13	65,543,538
<b>Total</b>	<b>32</b>	<b>254,894,743</b>

**b. Irregular Payments**

**i. Payment of Salaries to Dismissed officers**

In February and March 2010, eight (8) officers at the Drug Enforcement Commission (DEC) were dismissed from the Public Service. It was however observed that the officers were paid salaries for three months (April, May and June 2010) totalling K55,015,213. As of December 2011, the money had not been recovered.

**ii. Payment of Rural Hardship Allowances**

Terms and Condition of Service for the Public Service No. 166 requires that only officers based in remote areas be paid rural hardship allowance at the appropriate rate.

A scrutiny of records revealed that two (2) officers from Immigration Department based in Mansa and Livingstone were paid a total of K10,083,696, as rural hardship allowance contrary to the Terms and Conditions of Service and no recoveries had been effected as of December 2011.

**iii. Failure to Recover Irregular Housing Allowances in full**

In paragraph 26 (b) of the Auditor General's Report on the accounts for the financial year ended 31st December 2008, mention was made on the irregular payment of rentals for DEC staff while staff continued receiving housing allowances.

In their Report for the Fourth Session of the Tenth National Assembly, the Public Accounts Committee (PAC) recommended that recoveries be effected on all concerned officers.

A review of the situation in December 2011, at the Drug Enforcement Commission (DEC) revealed that although the recoveries were running, the recoveries made from each officer and the period of recoveries of 120 months was not adequate to recover the irregular housing allowances in that, out of the queried amount of K935,798,612 only a total of K478,543,405 will be recovered in the stipulated recovery period leaving a balance of K457,255,207.

In this regard, there is need to either increase the recovery amount or the period of recovery to ensure the whole amount of K935,798,612 is recovered.

**c. Unrecovered Housing Allowances paid to Officers who left the Public Service**

A scrutiny of records at DEC revealed that twenty six (26) officers who had since left the Public Service were paid a total of K87,576,326 as housing allowances through the payroll. The officers were not deleted from the payroll after they had

left the Public Service through dismissals, resignations and deaths. As of December 2011, the amount had not been recovered.

**d. Non Recovery of Loans and Advances**

Recoveries in amounts totalling K61,000,000 in respect of Loans (K50,000,000) and advances (K11,000,000) paid to eight (8) officers during the period under review had not been effected as of December 2011.

**e. Unretired Imprest**

Contrary to Financial Regulation No 96 (1), imprest in amounts totalling K351,779,951 involving forty four (44) transactions issued to thirty two (32) officers during the period under review had not been retired as of December 2011. Details are shown below:

Departments	No. of Transactions	Officers	Amounts K
Ministry Headquarters	12	7	184,913,000
Drug Enforcement Commission	20	16	84,012,863
Immigration	12	9	82,854,088
<b>Total</b>	<b>44</b>	<b>32</b>	<b>351,779,951</b>

Included in the total amount outstanding were subsequent imprest totalling K180,552,500 involving thirteen (13) transactions issued to seven (7) officers at headquarters who still had outstanding unretired imprest contrary to Financial Regulation No.91.

**f. Lack of Inspection Tours Activity Reports**

Imprests in amounts totalling K265,344,632 issued to eleven (11) officers based at Ministry headquarters to enable them carry out monitoring on various activities was not supported with monitoring reports rendering the expenditure incurred wasteful.

**g. Uncompetitive Procurements**

Contrary to procurement guidelines, purchases of goods and services in amounts totalling K210,169,040 (K95,777,000 ó Immigrations Department and K114,392,040 - Headquarters) were made without obtaining three (3) competitive quotations.

**h. Lack of Receipt and Disposal Details**

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of fuel and various stores items costing K352,287,895 (K340,970,095 ó Ministry Headquarters and K11,317,800 ó Drug Enforcement Commission) procured during the period under review.

**i. Failure to Process the Loss Reports**

According to Financial Regulation No.172 (1), (2) and (3), a loss is supposed to be reported immediately it occurs and investigations instituted. Once the investigations are concluded, the controlling officer is supposed to prepare a loss report on accounts form 92, attaching a police report where necessary.

Contrary to the regulation, as of December 2011, the Drug Enforcement Commission (DEC) had failed to prepare loss reports in respect of two motor vehicles (GRZ 304CB and GRZ 903BS) which were involved in road traffic accidents in 2010, while being driven by an Assistant Security Officer and the Chief Investigations Officer.

**j. Incomplete Contractual Works**

**i. Mongu Records Centre**

In September 2010, the Ministry engaged Messrs Perfect Investments Ltd to supply building materials and rehabilitate Mongu records office at a cost of K49,078,880 and the contractor was paid in full. The scope of works involved ceiling and wood partitioning, cracks mending, painting and decorating, floor finishing, joinery and related works.

A physical inspection of the project carried out in November 2011, reviewed the following:

- Painting and decorating the walls had not been done
- Joinery and related works had not been done
- Cracks on the walls had not been fixed

**ii. Kazungula Border Post**

In October 2008, the Ministry entered into a contract with Messrs Up Up Mini Superatte for the rehabilitation of fourteen (14) low cost houses at Kazungula border Post at a contract sum of K176,730,118 and completion period of sixteen (16) weeks starting in February 2009 to April 2009.

An examination of records revealed that the contractor had been paid a total amount of K159,468,400 as tabulated below leaving a balance of K17,261,718.

Date	Cheque No.	Amount K
05.03.09	446	60,067,670
10.02.10	207	99,400,730
<b>Total</b>		<b>159,468,400</b>

A site visit carried out in August 2011, two (2) years and four (4) months after the completion period revealed that although the renovations of the houses had been completed, seven (7) soak away and septic tanks had not been done.

Although in her response dated 29 July 2011 the Controlling Officer stated that the contractor was on site and works were going on, a site visit carried out in August, 2011 revealed that the contractor was not on site and no works were going on.

**k. Irregular Payments**

In September 2010, the Ministry procured conference facilities for the evaluation of tender documents for the construction of Immigration headquarters building. In this regard the Ministry paid amounts totalling K38,631,500 for conference facilities and lodging (K30,744,000) and out of pocket allowances (K7,887,500). Contrary to Cabinet Circular No. 7 of 2006, no authority from the Secretary to the Cabinet was obtained to have the meeting outside the Ministry's own premises to justify the payment of out of pocket allowance.

**l. Provincial Offices**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, provisions of K6,975,940,093 were made to cater for Recurrent Departmental Charges (RDCs) under Immigration and Drug Enforcement Commission Regional Offices against which K6,499,349,210 was released as shown below:

<b>Head</b>	<b>Department</b>	<b>Total Authorized Provision K</b>	<b>Releases K</b>
15/26-34	Immigration	6,022,958,799	6,022,958,799
15/49-57	Drug Enforcement Commission	952,981,294	476,390,411
	<b>Total</b>	<b>6,975,940,093</b>	<b>6,499,349,210</b>

An examination of financial, accounting and other related records carried out in May 2011 in the provinces visited revealed the following:

**i. Unretired Imprest**

Contrary to Financial Regulation No 96 (1), imprest in amounts totalling K30,630,000 issued to seventeen (17) officers at Immigration Regional Office during the period under review had not been retired as of December 2011. Details are in the table below:

<b>Province</b>	<b>No.of Officers</b>	<b>Amount K</b>
Luapula	3	8,010,000
Northern	3	1,975,000
North Western	4	15,700,000
Copperbelt	4	3,025,000
Eastern	3	1,920,000
<b>Total</b>	<b>17</b>	<b>30,630,000</b>

**ii. Unvouched Expenditure**

Contrary to Financial Regulations No.45 and 52, there were thirty (30) payments in amounts totalling K58,753,190 that were unvouched in that the payment vouchers were either missing or inadequately supported with relevant documents such as invoices, receipts and Local purchase orders.

**iii. Lack of Receipt and Disposal Details**

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of fuel and stores items costing K366,903,221 procured during the period under review at the Immigration (K222,586,575), National Registration (K129,848,646) and Drug Enforcement Commission (K14,468,000) Regional Offices.

**Head:** 15/ Ministry of Home Affairs  
02 Prisons and Reformatories, Headquarters  
09-17 Provincial Prisons and Reformatories Offices

**Programmes:** Various

**Activities:** Various

15. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a total authorised provision of K16,013,678,386 was made to cater for Other Emoluments, General Administration and Operations, against which a total amount of K9,511,555,883 was released resulting in an underfunding of K6,502,122,503 as shown in the table below:

Department	Original Budget K	Supplimentary K	Total Budget K	Releases K	Under Funding K
Prisons HQ	9,842,578,088	630,585,000	10,473,163,088	7,294,732,763	3,178,430,325
Lusaka	724,438,985	-	724,438,985	275,218,971	449,220,014
Copperbelt	972,822,676	-	972,822,676	382,085,570	590,737,106
Central	712,509,684	-	712,509,684	296,899,025	415,610,659
Northern	655,910,893	-	655,910,893	273,296,195	382,614,698
Western	440,760,083	-	440,760,083	171,079,223	269,680,860
Eastern	510,860,165	-	510,860,165	212,948,392	297,911,773
Luapula	470,814,490	-	470,814,490	198,802,852	272,011,638
North Western	482,635,252	-	482,635,252	169,091,623	313,543,629
Southern	569,763,070	-	569,763,070	237,401,269	332,361,801
<b>Total</b>	<b>15,383,093,386</b>	<b>630,585,000</b>	<b>16,013,678,386</b>	<b>9,511,555,883</b>	<b>6,502,122,503</b>

### Accounting and Other Irregularities

An examination of accounting and other records maintained at Prisons Headquarters and Regional Offices carried out in April 2011 revealed the following:

#### a. Inadequately Supported Payments

Contrary to Financial Regulation No. 52, there were eleven (11) payments in amounts totalling K11,306,500 which had no supporting documents such as quotations, invoices, Local Purchase Orders and receipts. Details are in the table below:

Station	No. of Payments	Amount K
Lusaka Province	2	3,500,000
North Western Province	9	7,806,500
<b>Total</b>	<b>11</b>	<b>11,306,500</b>

#### b. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K84,913,000 issued to nine (9) officers during the period under review had not been retired as of October 2011.

#### c. Stores and Fuel Without Receipt and Disposal Details

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of fuel costing K107,062,700 procured during the period under review.

<b>Head:</b>	<b>15/02</b>	<b>Ministry of Home Affairs –Prisons and Reformatories</b>
<b>Programmes:</b>	<b>11</b>	<b>Prison Farms and Industries</b>
<b>Activities:</b>	<b>01</b>	<b>Irrigation Equipment</b>
	<b>02</b>	<b>Tractors and Implements</b>
	<b>03</b>	<b>Industrial Workshop Equipment</b>
	<b>04</b>	<b>Animal Husbandry Management</b>

16. The Prisons Industries Revolving Fund (PIRF) was created as a working account in 1969 under the Ministry of Home Affairs. The objectives of the Fund were to finance various enterprises undertaken by the various prisons in the country that included the following:

- Furniture manufacture and sale
- Agricultural farming for feeding prisoners and for sale to staff and the general public
- Poultry farming for consumption and sale to the general public
- Cattle ranching
- Dairy Farming etc.

According to the PIRF guidelines, the Fund was to keep accounts on a normal commercial accounting system and prepare the trading, profit and loss accounts and balance sheet which were to be submitted to the Permanent Secretary, Ministry of Finance and National Planning for incorporation in the financial report of that financial year.

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K362,827,380 was made to cater for the various activities under Prisons Farms and Industries, and the whole amount was released.

#### **Weaknesses in Accounting for Prisons Industries Revolving Fund**

An examination of accounting and other records maintained at Prisons Reformatory Headquarters and Regional Offices carried out in April 2011 revealed the following:

##### **Headquarters**

###### **a. Failure to Prepare Financial Statements**

Contrary to the PIRF guidelines, there were no financial statements produced for the Fund.

**b. Non Maintenance of Assets Register**

Public Stores Regulation No. 99 states 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, during the period under review, the Fund did not maintain the assets register.

**c. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K5,481,120 issued to three (3) officers during the period under review had not been retired as of October 2011.

**Provincial Offices**

**a. Central Region Office**

**i. Unaccounted for Revenue**

Contrary to Financial Regulation No.129, revenue collections totalling K12,818,400 collected at two (2) farms during the period under review could not be accounted for in that there was no evidence of banking and cash was not found on hand.

**ii. Non Maintenance of Accounting Records**

Contrary to PIRF guidelines, Mumbwa and Serenje State Prisons did not maintain accounting records such as receipt books, cash books and deposit slips. In this regard, it was not possible to ascertain the actual collections made from the sale of farm produce and other activities.

**iii. Failure to Follow Tender Procedures**

In September 2010, Prisons Headquarters engaged a transporter to ferry 11,500 bags of maize at a total cost of K60,000,000 from Chitumba Open Prison farms to Food Reserve Agency in Mumbwa without obtaining three (3) competitive quotations, contrary to procurement guidelines.

**iv. Unauthorised Drawing**

In October 2010, Prisons Headquarters authorised Mumbwa Prisons to withdraw K20,000,000 to pay transporters. However, it was observed that Mumbwa State Prison, without authority from Headquarters, drew K35,000,000. It was not possible to ascertain the utilisation of the excess K15,000,000 due to non availability of records.

**b. Lusaka Region Office**

**Unretired Imprest**

Contrary to Financial Regulation No. 96, imprests in amounts totalling K4,500,000 issued to two (2) officers during the period from June to December 2010 had not been retired as of October 2011.

**c. Northern Region Office**

**i. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K10,000,000 issued to seven (7) officers during the period under review had not been retired as of October 2011.

**ii. Unaccounted for Fuel**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect fuel costing K10,334,740 procured for Milima State Prison.

**iii. Use of Funds Before Banking**

Contrary to Financial Regulation No. 129 (1) which requires that collectors of revenue should bring to account daily the whole amount of their collections, a total of K7,898,600 was utilised before being banked.

<b>Head:</b>	<b>17/</b>	<b>Ministry of Foreign Affairs</b>
	<b>01</b>	<b>Headquarters</b>
	<b>39</b>	<b>Zambia Anti-Personnel Mine Action Centre</b>
	<b>40</b>	<b>Development &amp; International Organisations</b>
	<b>41</b>	<b>Protocol</b>
	<b>42</b>	<b>Political Affairs</b>
	<b>49</b>	<b>National Coordinator for the Great Lakes Region</b>
<b>Units:</b>		<b>Various</b>
<b>Programmes:</b>		<b>Various</b>
<b>Activities:</b>		<b>Various</b>

17. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a total authorised provision of K18,191,082,407 was made to cater for various programmes, against which amounts totalling K18,283,821,664 were released resulting in an over funding of K92,739,257.

#### **Accounting and Other Irregularities**

An examination of accounting and other records carried out in March 2011 revealed the following:

##### **a. Unretired Imprest**

Contrary to Financial Regulation No. 96(1), imprest in amounts totalling K27,854,245 issued to six (6) officers during the period under review had not been retired as of December 2011.

Included in the total amount outstanding were subsequent imprests amounting to K116,992,114 issued to ten (10) officers contrary to Financial Regulation No. 91.

##### **b. Stores**

###### **i. Unaccounted for Stores Items**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of assorted stores items costing K895,324,970 procured during the period under review.

###### **ii. Wasteful Expenditure**

Contrary to Public Stores Regulation No. 12(b) which states that public stores shall not be in excess of normal departmental requirements, it was observed that the Ministry procured one hundred and twenty seven (127) mortice locks and seventy (70) night latches costing K34,575,000 in May 2010 which were still in stores as of March 2011.

In her response dated 25<sup>th</sup> July 2011, the Controlling Officer stated that the Ministry was in the process of purchasing doors so that the locks could be fixed.

**c. Non Refund of Housing Rentals**

In July 2010, the Ministry made a payment of K24,000,000 to an individual as three (3) months rentals plus one (1) month security deposit for property No. 17022 Mass Media Lusaka for the Permanent Secretary. It was however observed that the Permanent Secretary did not take up the accommodation. As of December 2011, K10,000,000 had been recovered leaving a balance of K14,000,000.

**Head: 17/03 Ministry of Foreign Affairs- Mission Abroad-Washington DC**

**Unit: 02 Human Resource and Administration**

**Programmes: Various**

**Activities: Various**

18. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2009 and 2010, provisions of K9,333,919,795 and K10,638,157,900 were made respectively, against which amounts totalling K9,880,397,570 for 2009 and K12,660,048,495 for 2010 were released.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in May 2011 revealed the following:

**a. Retention of Year End Bank Balances Without Authority**

According to existing arrangements, all Government Ministries, Provinces and Spending Agencies are required to surrender all unspent funds to the Treasury at the end of the financial year. Authority is supposed to be sought from the Secretary to the Treasury for retention of funds.

It was however, observed that contrary to the above procedures, the Mission retained and carried forward a total of K1,028,165,169 (US\$211,208.95) without authority from the Secretary to the Treasury.

**b. Unretired Imprest**

Amounts totalling K30,288,160 (US\$6,167) involving eleven (11) transactions were issued as imprest to six (6) officers during the period from May 2009 to December 2010. It was however, observed that contrary to Financial Regulation No. 96, the imprest remained unretired as of December 2011.

**c. Outstanding Bills**

Due to insufficient funds, the Mission had outstanding bills which had accumulated to K316,729,152 (US\$65,922.24) as of May 2011. Included in the bills were amounts owing in respect of medical insurance. Consequently, some service providers had issued notices for discontinuance of services.

**d. Property Management**

The Mission owns five (5) properties which comprise the Chancery, and four (4) residential houses. A physical inspection of the properties conducted in May 2011 revealed the following:

**i. 2419, Massachusetts Ave-Chancery**

The Chancery is a historic building whose exterior appearance cannot be changed. However, renovations are needed to be undertaken in most offices. Carpets in most offices were worn out and needed replacement. The ceiling board in the Ambassador's office was damaged due to water seeping through during the rainy season. See pictures below:



*Rotten wooden window frame*

*Damaged ceiling Board*

The basement shown in the picture below needed repairs.



*Dilapidated Basement*

**ii. 2300 Wyoming Ave, North West**

This is the Residence. The property was in a deplorable state and was not occupied at the time of audit.

Although authority was given in May 2009 for the rehabilitation works to be carried out, the project was not funded. As of May 2011, the estimated cost of rehabilitation was K6,480,000,000 (US\$1,350,000).

A physical inspection of the building revealed that the roof needed complete replacement as part of the roof was covered by a plastic. The basement was dump and stuffy while the walls were cracking and paint peeling off. See pictures below:



*Part of the roof covered by plastic*

*Damaged Ceiling*



*Damaged ceiling board due to leakages*

**iii. 1915 Spruce Dr, North West**

Although the house was rehabilitated in 2008, water was seeping through most parts of the basement while the ceiling boards were damaged.

**iv. Property No 5208, Linean Ave, North West**

The house was generally in good condition but needed some minor works which include replacement of rotten wood, parts of the ceiling and the heating and cooling system, among others.

**v. 8355, East Beach Dr, North West**

The house needed minor works as it had been rehabilitated in November 2009 at a total cost of K53,426,300 (US\$10,975).

**Head: 17/04 Ministry of Foreign Affairs - Mission Abroad-New York**

**Unit: 02 Human Resource and Administration**

**Programmes: Various**

**Activities: Various**

19. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2009 and 2010, provisions of K9,905,741,429 and K11,149,545,717 were made respectively, against which amounts totalling K10,321,752,771 and K12,268,557,668 were released for 2009 and 2010 respectively.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in May 2011 revealed the following:

#### **a. Stores without Receipt and Disposal Details**

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of assorted stores items costing K142,845,500 (US\$ 30,400) procured during the period under review.

#### **b. Unmarked Government Property**

Contrary to Public Stores Regulation No.154, furniture and equipment at the residence had no identification marks, making it not possible to differentiate between government and personal property.

#### **c. Property Management**

The Mission owns two (2) properties, namely the Residence situated at 201 Wyndcliff Rd Scarsdale and the Chancery at 237 East 52<sup>nd</sup> Street. A physical inspection of the properties conducted in May 2011 revealed the following:

##### **i. The Residence**

- Some walls were cracked while the ceiling board and the basement needed attention. The outer wooden walls also needed replacement. See picture below:



*Rusting pipe in the basement*

- Carpets in most rooms were worn out and stained and needed replacement
- The heating and cooling system was obsolete and the manufacturer had since stopped making spare parts for that type of equipment.

##### **ii. The Chancery**

- The carpets in most rooms were old and needed replacement.

- The heating and cooling system was obsolete and needed replacement.
- The basement needed attention.

**Head: 17/11 Ministry Of Foreign Affairs - Mission Abroad - Moscow**

**Unit: 02 Human Resource and Administration**

**Programmes: 1 Personal Emoluments**

**2 General Administration**

**8 Political and Economic Relations**

**Activities: Various**

20. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2009 and 2010, provisions of K7,281,110,186 and K8,435,478,698 respectively were made to cater for various activities at the Mission against which amounts totalling K6,273,776,792 in 2009 and K6,267,227,425 in 2010 were released.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry and a visit to the Mission carried out in May 2011 revealed the following:

##### **a. Revenue**

###### **i. Unaccounted for Revenue**

Contrary to Financial Regulation No. 129, amounts totalling K16,039,800 (US\$3,420) collected in respect of issuance of Passports, Travel Documents of Identity and Visas during the period from March 2009 to May 2011 were not accounted for in that there was no evidence that the money was banked and no cash was found on hand.

###### **ii. Irregular Use of Visa Fee Receipt Book**

A single entry/transit visa fee receipt book (serial numbers 6970016697100) with preprinted US\$25 receipts worth US\$2,500 was irregularly used to record gratis (free) visas.

##### **b. Expenditure**

###### **i. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K403,344,527 (US\$81,738.20) issued to nineteen (19) officers during the period under review had not been retired as of May 2011.

**ii. Stores Without Receipt and Disposal Details**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details for stores items costing K138,608,675 (US\$27,228.65) procured during the period under review. Details are in the table below:

Stores Items	Cost	
	US\$	K
Office Equipment	8,617.59	43,718,599
Other Stores Items	7,774.85	37,603,745
Fuel	10,836.21	57,286,331
<b>Total</b>	<b>27,228.65</b>	<b>138,608,675</b>

**iii. Failure to Board Unserviceable Public Stores**

There were various unserviceable stores items that required to be disposed off. However, as of May 2011, the items had not been boarded. See picture below:



*Part of the unserviceable stores*

**iv. Locally Engaged Staff**

According to Schedule M of the Foreign Service Regulations and Conditions of Service, the Mission had an approved establishment of thirteen (13) locally engaged staff. However, it was observed that the Mission had instead engaged sixteen (16) local staff. Consequently, during the period from November 2009 to April 2011, the Mission paid salaries in amounts totalling K175,481,040 (US\$37,416) to the three (3) excess staff.

**v. Irregular Payments**

Contrary to Financial Regulation No. 50 (d), there were thirty nine (39) payments in amounts totalling K181,380,610 (US\$38,120) made during the period from May to December 2010 that were irregular in that the payment vouchers were not approved.

**vi. Unaccounted for Funds**

In November 2010, an imprest of K923,400 (US\$190) was approved for the purpose of changing tyres. However, the Mission Accountant, without seeking further approval drew K9,234,000 (US\$1,900), K8,310,600 (US\$1,710) in excess of the approved amount.

<b>Head:</b>	<b>17/12</b>	<b>Ministry of Foreign Affairs-Mission Abroad-Addis Ababa</b>
<b>Unit:</b>	<b>2</b>	<b>Human Resource and Administration</b>
<b>Programmes:</b>	<b>1</b>	<b>Personal Emoluments</b>
	<b>2</b>	<b>General Administration</b>
	<b>8</b>	<b>Political and Economic Relations</b>
<b>Activities:</b>		<b>Various</b>

21. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2009 and 2010, provisions of K7,561,326,714 and K8,503,849,088 were made to cater for various activities at the Mission, against which amounts totalling K4,952,356,136 and K3,924,408,177 were released in 2009 and 2010 respectively .

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and a visit to the Mission in May 2011 revealed the following:

**a. Revenue- Unaccounted for Revenue**

Contrary to Financial Regulation No.129, revenue in amounts totalling K5,904,000 (US\$1,205) collected in respect of renewal of passports was not accounted for in that there was no evidence that the money was banked and there was no cash at hand.

**b. Expenditure**

**i. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K11,168,767 (US\$2192.53) issued to two (2) officers during the period under review had not been retired as of December 2011.

**ii. Unaccounted for Stores Items**

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of various stores items costing K29,248,982 (US\$5,456.81) purchased during the period under review.

**iii. Failure to Follow Procurement Procedures**

During the financial year ended 31<sup>st</sup> December 2010, the Mission engaged two (2) freight companies to transport personal effects for the former Counselor (Political) and the former Defence Attaché who had been recalled to Zambia at a total cost of K340,880,750 (US\$69,567.50) without following tender procedures in that only two (2) quotations were obtained.

**c. Mission Property**

**i. Poor Maintenance of the Chancery**

Despite the Mission having spent amounts totalling K42,325,000 (US\$8,638) on the repair of the roof at the Chancery, a physical inspection in May 2011 revealed that the roof had leakages. See picture below:



*Damaged ceiling as a result of the leaking roof at the Chancery*

It was also observed that the annex building to the Chancery which had been built in 2008 by Yalik contractors had developed wide cracks forcing the officers to vacate the structure. The documents relating to the construction of the annex were not availed for audit and it was therefore not possible to determine the cost and the exact date of completion.



*Cracks in some of the offices at the annex to the Chancery*

**ii. The Residence**

▪ **Unverified Inventory**

It was not possible to physically inspect the Residence and to take inventory of the Government property as the Ambassador who was on vacation leave had locked the Government house and carried the keys with him to Zambia.

▪ **Unutilised Funds**

It was also observed that an amount of K73,500,000 (US\$15,000) had been released in July 2010 for the replacement of kitchen fittings at the Residence. However, enquiries made with Mission revealed that the funds had not been utilised as of May 2011.

**iii. New Embassy Plot - Construction of the Wall Fence**

A physical inspection of the wall fence carried out in May 2011 revealed that the wall fence had developed various cracks as shown in the pictures below:



*Cracks on the wall fence*

However, as of May 2011, the Mission had not requested the contractor to rectify the defects.

<b>Head:</b>	<b>17/15</b>	<b>Ministry of Foreign Affairs-Mission Abroad-Beijing</b>
<b>Units:</b>	<b>02</b>	<b>Human Resources and Administration</b>
<b>Programmes:</b>	<b>01</b>	<b>Personal Emoluments</b>
	<b>02</b>	<b>General Administration</b>
	<b>06</b>	<b>Utilities</b>
	<b>07</b>	<b>Political and Economic Cooperation</b>
<b>Activities:</b>		<b>Various</b>

22. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2009 and 2010, provisions of K10,189,678,228 and K11,428,025,876 were made to cater for various activities at the Mission, against which amounts totalling K9,831,110,067 and K12,551,932,057 were released resulting in underfunding of K358,568,161 and overfunding of K1,123,906,181 in 2009 and 2010 respectively.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and a visit to the Mission in May 2011 revealed the following:

##### **a. Unaccounted for Fuel**

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of fuel costing K117,215,766 (US\$23,443.15) procured during the period under review.

##### **b. Questionable Refunds**

During the period from February to October 2009, three (3) officers claimed refunds from the Mission on account that they incurred expenditure on items that should have been paid for using Government funds. Although, a total of K61,777,524 (US\$12,355.50) involving fifteen (15) transactions was claimed and refunded to the three (3) officers, there was no authority to spend their private funds on Government activities.

##### **c. Payment of Medical Expenses**

According to Foreign Service Regulation No.102, an officer shall contribute towards medical expenses for himself or herself and members of his/her family at the rate of forty (40) percent of medical insurance cover or medical bills. In both cases Government shall contribute 60%.

It was however, observed that during the period from May to September 2009, medical bills totalling K22,987,530 (US\$4,597.51) had been paid to the service providers in full by the Mission on behalf of officers. As of May 2011, the 40% contribution by staff amounting to K9,195,012 (US\$1,839) had not been recovered.

**d. Installation of Security Systems**

In September 2009, the Mission engaged Eagle Business Services Company Limited to install a security system at the rented Chancery at a contract price of K153,077,136 (US\$30,615.43). The scope of works included Access Control System, CCTV system and Intercom System. The works were to be executed within a period of three (3) weeks.

The works were completed in October 2009 and the contractor had been paid amounts totalling K153,077,136 (US\$30,615.43).

However, the following were observed:

- i. Procurement guidelines were not followed in that there was no tender authority from the Ministerial Tender Committee.
- ii. No legal practitioner was engaged, contrary to the Foreign Service Regulation No. 113 (ii), which states that no contract shall be signed without the written advice of a qualified legal practitioner of the country in which the contract is concluded.

**e. Storage Charges**

In February 2010, the Mission's First Secretary for political and Administration was transferred to Abuja Mission as Deputy High Commissioner. In accordance with Foreign Service Regulation No. 77(ii), the Mission engaged Four Winds International Movers to transport two by forty-foot containers of personal effects to Zambia and Abuja at a total cost of K159,612,998 (US\$28,411).

However, although the officer had relocated to Abuja, as of May 2011, fifteen (15) months after the transfer, his personal effects were still with the shipping company in Beijing. This was because the Chinese Authorities declined to issue an export permit due to failure by the officer to pay duty on a vehicle he had bought duty free using his diplomatic status and later sold to a Chinese national.

Consequently, as of February 2011, the shipping bills invoiced to the Mission had escalated from K159,612,998 (US\$28,411) to K266,119,042 (US\$47,369) arising from the storage, insurance and packing charges.

**f. Poor Record Keeping**

During the period from 1993 to 2007, the Mission rented apartments at the Qijiayuan Diplomatic Residence Compound. In this regard, the Mission had accumulated bills totalling K1,160,796,778 (US\$206,621.27) in respect of rentals and electricity charges.

However, due to failure by the Mission to provide the lease agreement, it was not possible to verify the authenticity of the bills charged by the Landlord.

**g. Furniture not Inscribed with GRZ Numbers**

Contrary to Public Stores Regulation No.154, which states that all items of furniture belonging to the Government must be clearly marked with distinguishing letters "GRZ" on an inconspicuous part of the object to identify it as Government property, various Mission furniture and equipment at the Chancery and Residence had no identification marks.

<b>Head:</b>	<b>17/18</b>	<b>Ministry of Foreign Affairs – Mission Abroad – Abuja</b>
<b>Unit:</b>	<b>2</b>	<b>Human Resources and Administration</b>
<b>Programme:</b>	<b>1</b>	<b>Personal Emolument</b>
	<b>3</b>	<b>General Administration</b>
	<b>6</b>	<b>Utilities</b>
	<b>7</b>	<b>Political and Economic Relations</b>
	<b>8</b>	<b>Dismantling of Areas</b>
<b>Activities:</b>		<b>Various</b>

23. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2009 and 2010, provisions of K5,731,352,826 and K7,112,309,778 were made respectively to cater for various activities at the Mission against which amounts totalling K5,980,664,164 in 2009 and K6,755,450,926 in 2010 were released.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and a visit to the Mission in May 2011 revealed the following:

**a. Revenue**

**i. Unauthorised Utilisation of Revenue**

In June 2009, the Mission utilised revenue in amounts totalling K15,701,616 (US\$2,947) without authority from the Secretary to the Treasury.

**ii. Revenue Collected from Sale of Boarded Items and Tender Documents**

During the period under review, the Mission collected revenue in amounts totalling K10,446,645 (N316,565) from sale of boarded items and tender documents. It was however observed that the revenue collected was wrongly deposited in the Mission's operations account instead of revenue account.

**b. Expenditure**

**i. Unspent Balances at the End of the Year**

According to section 19 of the Public Finance Act No.15 of 2004, all unspent balances standing to the credit of Government bank accounts at the end of

every financial year shall be deemed to be public monies and shall be transferred to Control 99 unless prior authority has been obtained from the Secretary to the Treasury for the retention of such funds.

However, contrary to the Act, the Mission retained K38,683,078 (US\$8,109.66) in 2009 and K166,315,326 (US\$35,461.69 ) in 2010 without authority from the Secretary to Treasury.

## **ii. Irregularities in the Rehabilitation of Mission Properties**

In 2009, an amount of K521,846,696 was disbursed to the Mission for the rehabilitation of Mission properties.

According to instructions from the Permanent Secretary issued in a letter dated 9<sup>th</sup> February 2009, the Mission was required to do the following:

- Find a consultant to help the Mission prepare the tender documents/bills of quantities (BOQ).
- Tender the works through selective tender or advertise in the national papers
- Submit minutes of the tender opening together with the bids /quotations to the Ministry.
  
- Submit a completion certificate at the end of the rehabilitation to the Ministry.

A review of the expenditure records and physical inspection of the rehabilitation works carried in May 2011 revealed the following:

### **▪ Wasteful Expenditure on the Preparation of Tender Documents**

In April 2009, a consultant was engaged to prepare tender documents at the contract sum of K15,573,236 (N400,000). However, the documents were rejected by ZPPA rendering the expenditure wasteful.

### **▪ Failure to Follow Tender Procedures and Instructions**

The Mission spent amounts totalling K309,236,264 on the rehabilitation works. However contrary to the instructions given, the following were observed:

- Various contractors were single sourced for the works.
- No contracts were signed between the Mission and the contractors engaged for rehabilitations.
- Completion certificates were not submitted to the Ministry to support the completion of the works.

▪ **Physical Inspection of the Works**

A physical inspection of the properties revealed that the outside of the Chancery building was not painted while the electrical wiring was faulty in that there was poor insulation of cables and the sockets were burnt.

Further the apartments were in a poor state forcing the Mission to acquire rented accommodation for the two officers. As of May 2011, the Mission had spent amounts totalling K441,600,000 (US\$92,000) in rentals.

**iii. Unaccounted for stores items**

Contrary to Public Stores Regulation No. 16, various stores items costing K26,218,052 (N728,290) procured during the period under review had no receipt and disposal details.

In addition, fuel costing K99,994,787 was not accounted for in that it was not recorded in the fuel register and vehicle log books.

**iv. Outstanding Advance**

On 15<sup>th</sup> September 2009, the Deputy High Commissioner was paid an advance of K73,080,334.60 (US\$15,699). However, at the time of his recall in December 2009, the Mission had recovered amounts totalling K60,910,675 (\$13,085) leaving a balance of K12,169,659.60 (\$2,614.32). As of August 2011, the balance had not been recovered.

**v. Travelling outside Station without Authority**

During the period from December 2009 to September 2010, the Head of Mission undertook three (3) trips outside his station at the total cost of K18,764,567 without obtaining authority from the Permanent Secretary, contrary to Foreign Service Regulations and Conditions of Service No. 24.

**Head: 17/23 Ministry of Foreign Affairs - Mission Abroad-New Delhi**  
**Units: 02 Human Resources and Administration**  
**Programmes: 01 Personal Emoluments**  
**02 General Administration**  
**07 Political and Administration**  
**Activities: Various**

24. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2009 and 2010, provisions of K6,404,005,020 and K6,280,220,971 were made to cater for various activities at the Mission, against which amounts totalling

K8,640,090,407 and K9,961,774,064 were released resulting in overfunding of K2,236,085,387 and K3,681,553,093 in 2009 and 2010 respectively.

### Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry headquarters and a visit to the Mission in May 2011 revealed the following:

#### a. Circumvention of Tender Procedures

According to Public Procurement Regulations, the sub procurement committee at the Mission is authorised to approve up to K50,000,000 (US\$10,000). Any procurement above K50,000,000 should be referred to the Ministerial Tender Committee.

In February 2009, the Mission paid a total of K110,679,302 (US\$23,702) to Alisha Systems for procurement of various furniture. However, it was observed that the Mission circumvented the tender procedures by splitting the payments to the supplier as shown in the table below:

Date	Chq No.	Payee	Amount US\$	Amount K
17.2.2009	45/022976	ALISHA SYS	1,827	8,571,913
17.2.2009	46/022977	ALISHA SYS	673	3,158,058
17.2.2009	47/022978	ALISHA SYS	519	2,436,220
17.2.2009	48/022979	ALISHA SYS	1,539	7,218,472
17.2.2009	49/022980	ALISHA SYS	1,539	7,218,472
17.2.2009	50/022981	ALISHA SYS	1,635	7,218,472
17.2.2009	51/022982	ALISHA SYS	1,639	7,669,603
17.2.2009	52/022983	ALISHA SYS	1,082	5,075,471
17.2.2009	53/022989	ALISHA SYS	2,116	9,925,400
17.2.2009	54/022985	ALISHA SYS	913	4,285,956
17.2.2009	55/022986	ALISHA SYS	1,274	5,977,780
17.2.2009	56/022987	ALISHA SYS	1,274	5,977,780
17.2.2009	57/022988	ALISHA SYS	1,529	7,173,311
17.2.2009	58/022989	ALISHA SYS	1,539	7,218,472
17.2.2009	59/022990	ALISHA SYS	1,507	7,071,863
17.2.2009	60/022991	ALISHA SYS	1,784	8,368,929
17.2.2009	61/022998	ALISHA SYS	1,313	6,113,130
<b>Total</b>			<b>23,702</b>	<b>110,679,302</b>

#### b. Irregular Engagement of a Security Company

In October 2009, the Mission entered into a contract with Fires on Securitas for the supply of security services. According to the contract, the supplier was to provide security services and safety on persons and properties at Plot F.26 Radhey Mohan Drive, the rented official residence of the High Commission at the rate of K1,600,000 (US\$320) per guard, per day. As of December 2010, a total of K25,575,728 (US\$5,115.15) had been paid to the security company.

The following were however, observed:

- i. The Mission flouted tender procedures in that Fire On Securitas was single sourced and further, the contract was signed without the authority from the Permanent Secretary, contrary to Foreign Service Regulation No.112.
- ii. No legal practitioner was engaged, contrary to the Foreign Service Regulation No. 113 (ii) of 2007, which states that no contract shall be signed without the written advice of a qualified legal practitioner of the country in which the contract is concluded.

**Head: 17/28 Ministry of Foreign Affairs - Mission Abroad Luanda**

**Units: 2 Human Resources and Administration**

**Programmes: 3 General Administration**

**6 Utilities**

**7 Political & Economic Relations**

**8 Dismantling of Arrears**

**Activities: Various**

25. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2009 and 2010, total authorised provisions of K6,400,690,177 and K6,083,467,519 respectively were made to cater for various activities, against which amounts totalling K6,978,764,565 in 2009 and K4,117,168,525 in 2010 were released.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and a visit to the Mission in May 2011 revealed the following:

##### **a. Unspent Balances at the End of the Year**

According to section 19 of the Public Finance Act No.15 of 2004, all unspent balances standing to the credit of Government bank accounts at the end of every financial year shall be deemed to be public monies and shall be transferred to Control 99 unless prior authority has been obtained from the Secretary to the Treasury for the retention of such funds.

However, contrary to the Act, the Mission retained K132,234,539 (US\$29,385) in 2009 and K334,588,735 (US\$69,705) in 2010 without authority from the Secretary to Treasury.

##### **b. Non Recovery of Paid Personal Bills**

Foreign Service Regulation No. 53 states that Government will pay eighty (80) percent of electricity and water bills for Heads of Mission/Station and fifty (50) percent for other officers below the rank of Head of Mission/Station, while telephone allowance is paid only to Head of Mission, Deputy and Counselor to

enable them settle residential and mobile phone bills. In addition, the Foreign Service Regulation No. 102 states that Government will pay sixty (60) percent of all officers' medical bills.

It was observed that during the period under review, the Mission settled in full various personal bills on behalf of eight (8) officers. The arrangement was that the officers' contributions which amounted to K166,913,722 were to be recovered from the officers' monthly allowances. However, as of May 2011, only an amount of K37,139,963 had been recovered, leaving a balance of K129,773,759.

**c. Outstanding Advances**

During the period under review, a total amount of K1,176,097,500 was paid as advances to eight (8) diplomatic staff. It was however observed that as of May 2011, K1,055,905,500 had been recovered, leaving a balance of K120,192,000 outstanding and recoveries had been discontinued.

**d. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K208,883,525 and fuel costing K25,530,760 procured during the period under review had no receipt and disposal details.

**e. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K25,059,250 issued to five (5) officers during the period under review had not been retired as of August 2011.

**f. Excess Rental Payments**

During the period under review, the Mission paid rentals in amounts totalling K1,293,210,000 (US\$276,600) on behalf of three (3) officers. It was however observed that the amount paid was K86,963,307 (US\$18,600) in excess of their entitlements.

As of August 2011, the excess amount had not been recovered from the affected officers.

**g. Unsupported Payments**

Contrary to Financial Regulation No. 52, seventeen (17) payments in amounts totalling K145,259,389 made during the period under review had no supporting documents such as invoices and receipts.

**Head:** 17/35 **Ministry of Foreign Affairs-Mission Abroad-Ottawa**  
**Unit:** 2 **Human Resource and Administration**  
**Programmes:** 1 **Personal Emoluments**  
2 **General Administration**  
9 **Political and Economic Relations**  
**Activities:** **Various**

26. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2009 and 2010, provisions of K10,532,694,064 and K11,409,635,917 were made to cater for the operations of the Mission against which amounts totalling K5,989,290,957 and K10,936,836,411 were released respectively. This resulted in under funding of K4,543,721,268 in 2009 and K472,799,506 in 2010.

#### **Accounting and Other Irregularities**

An examination of the accounting and other records maintained at the Ministry and a visit to the Mission in May 2011 revealed the following:

##### **a. Unauthorised Use of Revenue**

During the period under review, the Mission transferred amounts totalling K403,900,000 (US\$80,780) from the revenue account to operational account without authority from the Secretary to the Treasury.

##### **b. Expenditure**

###### **i. Stores Without Receipt and Disposal Details**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items costing K50,863,769 (US\$10,193) procured in 2009 and K107,682,312 (US\$22,881.74) procured in 2010.

###### **ii. Failure to Report an Accident**

In June 2010, a representational vehicle, Mercedes Benz 240 CDJ, was involved in an accident. The accident was not reported to the police. Consequently, despite the vehicle being comprehensively insured, no insurance was claimed. However, it was observed that the Mission paid an amount of K26,119,134 (US\$5,389) in repairs.

###### **iii. Misapplication of Funds**

Out of K898,069,689 (US\$254,619.91) released for the rehabilitation of the Residence, only K365,373,348 (US\$88,776.62) was spent on renovation works, while K193,308,975 (US\$40,585.55) was in the bank. The balance of

K339,387,366 (US\$125,257.74) was applied on unrelated activities such as settling of utility bills and payment of subsistence allowances.

Consequently, as of May 2011, renovation works at the Residence had not been completed.

**iv. Failure to Complete Works**

In June 2010, the Mission engaged Rest Con Services to undertake electrical works at the Residence, No. 9 Mission Inn Grove, at a contract price of K49,838,408 (US\$9,950).

The works involved removing existing track lights, supplying and installation of new light fixtures in the bedrooms, second floor television area, the upstairs hallway, second floor office, living room, kitchen, family room, exhaust fans, intercom and exterior.

An amount of K24,919,204 (US\$4,975), being 50% of the contract price, was paid to the contractor in July 2010. It was however observed that as of May 2011, the contractor had not completed the works and had since abandoned the site.

<b>Head:</b>	<b>17/47</b>	<b>Ministry of Foreign Affairs- Mission Abroad- Accra</b>
<b>Units:</b>	<b>2</b>	<b>Human Resources and Administration</b>
<b>Programmes:</b>	<b>2</b>	<b>General Administration</b>
	<b>6</b>	<b>Utilities</b>
	<b>7</b>	<b>Political &amp; Economic Relations</b>
<b>Activities:</b>		<b>Various</b>

27. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2008, 2009 and 2010, total authorised provisions of K2,965,685,061, K5,375,634,719 and K6,083,467,519 respectively were made to cater for various activities, against which amounts totalling K2,412,621,200 in 2008, K6,043,278,735 in 2009 and K6,504,430,368 in 2010 were released.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in May 2011 revealed the following;

**a. Revenue**

**i. Delayed Banking**

Contrary to Financial Regulation No.121, there were delays of upto forty nine (49) days in banking revenue at the Mission as shown in the table below:

Receipt No.	Date Collected	Date Banked	Amount (US\$)	Amount (K)	Delay in Days
26070	28.04.09	29.06.09	400	1,872,800	49
26074	05.05.09	29.06.09	320	1,498,240	34
<b>Total</b>			<b>720</b>	<b>3,371,040</b>	

**ii. Use of Revenue without Treasury Authority**

In March 2010, the Mission paid an officer K15,380,370 (US\$3,285) as subsistence allowance from the revenue account. However, it was observed the Mission used revenue without obtaining authority from the Secretary to the Treasury.

**b. Expenditure**

**i. Non Submission of Expenditure Returns**

Contrary to Financial Regulation No. 10 (k) which states that it is the responsibility of the Accounting Officer to prepare and submit returns, the Mission did not submit expenditure returns to the Ministry Headquarters for the period under review.

**ii. Unvouched Expenditure**

Contrary to Financial Regulations No. 45 (1) and 65 (1), there were seven (7) payments in amounts totalling K14,558,002 made during the period under review that were unvouched in that the payment vouchers were either missing or unsupported.

**iii. Failure to Obtain a Refund**

In December 2008, a lease agreement was signed between the Mission and the land lord for the lease of a house ( House No. F909/1, First Ringway Close) at the monthly rent of K9,400,000 (US\$2,000) and payable two years in advance. In this regard, a total amount of K225,600,000 (US\$48,000) was paid. Among others, the conditions of the lease were that the land lord was to keep the house in normal habitable standard.

It was noted however, that in December 2009 the Mission terminated the lease agreement because of failure by the Landlord to keep the house in a normal habitable manner. Consequently, the Landlord was requested to refund K62,400,000 (US\$13,000). It was noted however that a total of K50,400,000 (US\$10,500) was refunded leaving a balance of K12,000,000 (US\$2,500). As of May 2011, the balance had not been refunded.

**iv. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, stores items costing K41,261,373 (US\$8,680) procured during the period from February 2009 to November 2009 had no receipt and disposal details.

**v. Non Maintenance of Asset Register**

The Mission did not maintain an assets register during the period under review. Consequently, the Mission's assets such as furniture and computers with an estimated cost of K259,685,783 (US\$54,441) were not recorded.

**Head: 21/01 Loans and Investment- Ministry of Finance and National Planning**

**Units: Various**

**Programme: Various**

**Activities: Various**

28. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K1,792,905,623,699 was made to cater for various programmes under Head 21. In addition, a supplementary provision of K449,992,559,175 was made bringing the total authorized provision to K2,242,898,182,874 against which amounts totalling K1,715,242,423,245 were released resulting in underfunding of K527,655,759,629.

**Accounting and other Irregularities**

An examination of the accounting and other records maintained at the Ministry carried out in August 2011 revealed the following:

**a. External Debt**

The External Debt unit is charged with the responsibility of managing external public debt. Its responsibilities are aligned according to debt categories of external debt, multilateral and bilateral debts.

A scrutiny of the outstanding debt between the year 2009 and 2010 revealed that the external debt increased from K4,329,389,394,600 to K5,820,730,611,650 representing an increase of 34% as shown in the table below:

	2009	2010	INCREASE/ (DECREASE)	PERCENTAGE INCREASE/ (DECREASE)
	K	K	K	%
Multilaterals	3,155,278,363,640	3,998,433,533,226	843,155,169,586	27
Bilateral	1,174,111,030,960	2,474,333,841,641	1,300,222,810,681	111
Commercial Non Banks	-	240,219,000,000	240,219,000,000	100
Commercial Banks	-	1,144,942,418,795	1,144,942,418,795	100
<b>SUB TOTAL</b>	<b>4,329,389,394,600</b>	<b>5,820,730,611,650</b>	<b>1,491,341,217,050</b>	<b>34</b>

**b. On Lending to Companies**

The Government embarked on obtaining loans from external sources for on lending to State Owned Enterprises with the view of re-sustaining and improving the operations of the companies.

Enquiries made with Ministry of Finance and National Planning revealed that companies that benefited from the facility were failing to meet their repayment obligations. Consequently, most of the companies were requesting for either a debt swap or conversion into equity. Details are in the table below.

Institution	Purpose	On Lent Amount	Contract Date	Effective Date of Service Principal & Interest	Comments
Zambia Electricity Supply Corporation (ZESCO)	Increased Access to electricity	USD 16,000,000	June. 2009	06.11.2010	No payments
Zambia Electricity Supply Corporation (ZESCO)	Mapepe Substation Upgrade	EURO 820,000	07.03.2006	May 2006	No repayments
Lusaka water and Sewerage Company	Water improvement	USD 21,900,000	22.12.2006	February 2017	non repayment of interest
National Pensions Scheme Authority	Fiscal sustainability	USD 5,000,000	17.10.2000	November 2000	No repayments
Zambia Forestry and Forestry Industries Company	Recapitalisation	SDR 11,900,000	17.04.1984	June 1987	No repayments
Zambia Railways Ltd	Restructuring Project	US 20,700,000	15.12.2000	June 2006	No repayments

**c. Non Payment of Dividends**

A review of records revealed that there were forty one (41) companies where Government had shares as shown below:

Type	Interest Holding	Number
Wholly owned entities	100%	26
Majority Share holding	> 50%	3
Associated Investments	50%	3
Joint Ventures	> 20 but < 50%	7
Minority owned entities	< 20%	2
		<b>41</b>

It was however observed that, during the year under review, Government received dividends totalling K12,433,978,364 from only eight (8) out of the forty one (41) companies where Government had shares. See table below.

	Institution	GRZ % Share holding	Dividend Received K
1	PTA- Reinsurance Company Kenya		104,369,918
2	Nanga Farms Plc	14.27	626,526,106
3	Indo- Zambia Bank Ltd	40	3,000,000,000
4	Zambia National Building Society	100	1,254,276,900
5	Mpongwe Development Co	0.48	57,328,911
6	MoFED London Ltd	100	6,063,750,399
7	AFROX Zambia Ltd	30	810,000,000
8	Engineering Services Corporation	100	517,726,130
			<b>12,433,978,364</b>

**d. Projects**

An examination of the financial, accounting records and other relevant documents pertaining to Loans and Investments on Projects at the Ministry of Finance and National Planning and Zesco Ltd revealed the following:

**i. Misapplication of funds on the ZESCO Power Rehabilitation Project**

In 2008, the Government pledged support for the Power Rehabilitation Project under ZESCO Ltd in the sum of US\$44 million. The funds were to be used for the rehabilitation and upgrading works at the Victoria Falls, Kafue Gorge and Kariba North Power Stations.

The Ministry of Finance and National Planning allocated a total of K209,000,000,000 in the Estimates of Revenue and Expenditure for the year January to December 2010 to the Zesco power rehabilitation project.

On 20<sup>th</sup> May 2010, the Treasury released amounts totalling K209,305,814,937 to the Zesco power rehabilitation project. However, a scrutiny of records at Zesco revealed that the company did not receive any funds during the period under review.

Enquiries at the Ministry of Finance and National Planning revealed that an amount of K209,305,814,937 was paid to the Zambia Revenue Authority (ZRA) on behalf of Zesco Ltd in relation to the debt swap agreement signed between the Government and Zesco Ltd dated 27<sup>th</sup> August 2003.

It was not clear as to why the funds which had been allocated for such critical activities like rehabilitating and upgrading works at the Victoria Falls, Kafue Gorge and Kariba North Power Stations were applied on a debt swap which was signed seven (7) years earlier.

**ii. Millennium Challenge Account Compact**

In the Estimates of Revenue and Expenditure for 2010, a total provision of K5,300,000,000 was made to cater for project preparation for the Millennium Challenge Account Compact against which K5,000,000,000 was released. A review of accounts and other related documents revealed the following:

▪ **Inadequately Supported Payments**

Contrary to Financial Regulation No.52 (1), thirty five (35) payments in amounts totalling K936,135,886 were not supported by receipts, work schedules and proof of recovery of salary advances.

▪ **Unretired Imprest**

Contrary to Financial Regulation No. 96(1), imprest in amounts totalling K416,872,496 issued to nine (9) officers during the period under review, had not been retired as of December 2011.

▪ **Unacquitted Payments**

Contrary to Financial Regulation No.45, fifteen (15) payments in amounts totalling K286,137,032 had no acquittal details.

<b>Head:</b>	<b>26/ Ministry of Information and Broadcasting Services</b>
	<b>01 Headquarters</b>
	<b>02 Zambia News and Information Services (ZANIS)</b>
	<b>03 Press and Planning</b>
<b>Units:</b>	<b>Various</b>
<b>Programmes:</b>	<b>Various</b>
<b>Activities:</b>	<b>Various</b>

29. In the Estimates of Revenue and Expenditure for the Financial year ended 31<sup>st</sup> December 2010, a total provision of K31,717,087,749 was made to cater for various activities against which an amount of K22,993,112,290 was released.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and visits to provinces in September 2011, revealed the following:

**a. Unretired Imprest**

Contrary to Financial Regulation No.96, imprests in amounts totalling K707,302,750 issued to forty seven (47) officers during the period under review had not been retired as of December 2011.

**b. Inadequately Supported Payments**

Contrary to Financial Regulation No. 52, there were seven (7) payments in amounts totalling K73,394,028 made during the period under review which were inadequately supported in that they did not have invoices, receipts or local purchase orders.

**c. Non Recovery of Loans and Advances**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of loans (K760,500,000), tuition advances( K25,000,000) and salary advances (K56,922,000) paid to one hundred and three (103) officers during the period under review had not been effected as of November, 2011.

**d. Irregular procurement of goods and services**

Contrary to Financial Regulation No.50 (b) which requires payments for goods and services to be made only after delivery has been made, it was observed that the Ministry paid a total of K387,030,448 in advance to various suppliers. As of November, 2011 the goods had not been supplied.

**e. Grants - Zambia National Broadcasting Corporation (ZNBC)**

During the period under review the Ministry of Information and Broadcasting Services through its programme on Electronic Media Promotion disbursed K2,496,000,000 to the Zambia National Broadcasting Corporation (ZNBC) for the purchase of TV and FM Transmitters in order to improve TV and radio reception in the districts. The breakdown of the disbursed funds to ZNBC by the Ministry is shown below.

Activity	Amount Disbursed K
Purchase of TV Transmitters	880,000,000
Procurement of 5 FM Transmitters for Districts	616,000,000
Second TV Channel (Camera Chain)	500,000,000
Tuner for Short Wave	500,000,000
<b>Total</b>	<b>2,496,000,000</b>

A follow up with ZNBC in September 2011 revealed that the whole amount of K2,496,000,000 was spent. The transmitters bought were distributed as shown below.

DISTRICT	PROVINCE	EQUIPMENT
Lundazi	Eastern	FM Transmitter
Kawambwa	Luapula	FM Transmitter
Mwinilunga	N/Western	FM Transmitter
Kaoma	Western	FM Transmitter
Mpika	Northern	FM Transmitter

The following were observed:

**i. Installation of Five (5) FM Transmitters**

A physical verification of the projects of the FM Transmitters in Lundazi, Kawambwa, Mpika, Mwinilunga and Kaoma revealed that only three (3) out of five (5) were installed in Kaoma, Lundazi and Mpika while the two (2) for Kawambwa and Mwinilunga had not been installed as of November, 2011. However, the FM transmitter that was installed in Lundazi developed a fault after a month and was returned to the repair centre at Mass Media in Lusaka. As of December 2011, the faulty transmitter had not been replaced by the supplier.

**ii. Wasteful Expenditure on Printing Press Inputs**

In 2006 the Chinese government donated the printing press equipment to the Zambia News and Information Services (ZANIS) through the Zambian government. A review of records revealed that although the machine had been mounted and made ready for operations, it was not in use due to lack of trained staff. Below is the picture of the printing press



*Printing press equipment*

However, despite the machine not being used, in 2010 the ministry went ahead and procured in bulk printing press inputs such as negative plates and realms of A1 paper costing K224,800,000. The procurement of materials for a machine that was not in use was wasteful. See picture below for the unused materials.



*Part of the procured inputs for the Printing Press Machines at ZANIS in Lusaka*

**Head: 27/05 Public Service Management Division-Technical Services**  
**Unit: 4 Research and Industrial Relations**  
**Programme: 8 Industrial Relations**  
**Activity: 05 Employer's Share of Voluntary Medical Scheme**

30. In the Estimates and Expenditure for the financial years ended 31<sup>st</sup> December 2006 to 2010, provisions totalling K23,084,118,127 were made to cater for the employer's share of voluntary medical scheme, against which a total of K14,497,461,514 was released. Details are in the table below:

Year	Authorised Provision K	Releases K	Variance K
2006	287,618,127	311,321,706	(23,703,579)
2007	8,500,000,000	6,775,666,668	1,724,333,332
2008	5,296,500,000	2,535,473,140	2,761,026,860
2009	4,500,000,000	3,000,000,000	1,500,000,000
2010	4,500,000,000	1,875,000,000	2,625,000,000
<b>Total</b>	<b>23,084,118,127</b>	<b>14,497,461,514</b>	

In January 2007, Government through Public Service Management Division (PSMD) entered into a two year contract with Premier Medical Aid Society (PSMAS) to administer and manage the Civil Service Contributory Medical Insurance Scheme. The contract was effective 1<sup>st</sup> January 2007 to 31st December 2008 and was extended by one year to 31<sup>st</sup> December 2009. On 18<sup>th</sup> November 2010, PSMD entered into a second contract for a period of one year, effective 1<sup>st</sup> January 2010.

According to the arrangement, funds for the employer's share were released by the Ministry of Finance and National Planning to PSMD which in turn disbursed the funds to PSMAS while funds for the employee's share were deducted from the members' salaries by PMEC and remitted directly to PSMAS.

#### **Weaknesses in the Administration of the Scheme**

An examination of accounting and other records carried out in March 2011 revealed the following:

##### **a. Irregular Payments**

- i. Although there was no contract prior to January 2007, PSMD, in November and December 2006, remitted a total amount of K122,013,000 to PSMAS. It is not clear under what circumstances PSMD remitted the funds to PSMAS in the absence of the contract. In this regard, the remittance of the funds to PSMAS was irregular.

- ii. Although the contract had no provision for payment of administration fees, during the period from 2007 to 2010 PSMAS claimed and was paid a total amount of K5,683,269,136 from the scheme funds as administration and general expenses fees.

Year	Administration and General Expenses
2007	1,121,083,055
2008	479,397,710
2009	2,044,855,194
2010	2,037,933,177
<b>Total</b>	<b>5,683,269,136</b>

In the absence of a provision for the payment of administration fees, the payment of K5,683,269,136 as administration fees was irregular.

**b. Failure to Produce Quarterly Reports**

Contrary to clause (n) of the contract which stated that the Medical Scheme Administrator was to provide quarterly reports to the Government on the performance of the scheme, no quarterly reports had been produced since inception of the scheme.

**c. Unretired Imprest**

It was observed that during the period from November 2006 to November 2010, four (4) officers were issued imprest totalling K82,160,000 to pay other officers who were processing payments related to Voluntary Medical Scheme. However, contrary to Financial Regulation No. 96, the imprest had not been retired as of September 2011.

**d. Unvouched Expenditure**

During the period from 2007 to 2010, PSMD remitted amounts totalling K6,633,718,835 to PSMAS as employee's contribution as detailed below. However, it was not possible to ascertain the authenticity of the remittances in the absence of supporting schedules.

Year	Amount K
2007	788,225,812
2008	2,347,787,885
2009	2,627,505,006
2010	870,200,132
<b>Total</b>	<b>6,633,718,835</b>

**Head: 29/ Ministry Of Local Government and Housing**  
**05 Local Government Administration Department**  
**06 Infrastructure and Support Services**  
**Programme: 3 Support To Institutions (Local Council)**  
**Activity: Various**

31. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, provisions totalling K135,347,611,120 were made to cater for support to the Local Authorities throughout the country in form of Grants in Lieu of Rates, Recurrent Grants and Restructuring grants against which a total amount of K121,523,242,623 was released as shown in the table below:

Type of Grant	Budget K	Releases K	Variance K
Grant in lieu of rates	22,000,000,000	18,871,111,111	3,128,888,889
Recurrent grants	69,347,611,120	61,781,020,401	7,566,590,719
Restructuring grants	22,000,000,000	18,871,111,111	3,128,888,889
Capital grants - Drainages	22,000,000,000	22,000,000,000	-
<b>Total</b>	<b>135,347,611,120</b>	<b>121,523,242,623.0</b>	<b>13,824,368,497</b>

#### **Weaknesses in Accounting of Government Grants**

An examination of accounting and other records maintained at the Ministry headquarters and a physical inspection carried out in some selected councils in March 2011 revealed the following:

##### **a. Unretired Imprest**

Contrary to Financial Regulation No.96, imprest in amounts totalling K428,241,376 issued to ninety six (96) officers during the period under review had not been retired as of October 2011 as shown in table below:

Local Authority	No. of Officers	Amount not Retired K
Chadiza District	11	54,408,200
Chama District	2	83,078,700
Itezhi-tezhi	10	13,479,000
Zambezi District	3	12,520,000
Kabompo District	7	21,000,000
Mpulungu District	8	9,834,270
Chinsali District	6	27,932,000
Chongwe District	8	32,100,000
Mwense District	8	73,712,000
Mansa Municipal	20	54,793,002
Samfya District	6	37,360,000
Sesheke District	7	35,956,204
<b>Total</b>	<b>96</b>	<b>428,241,376</b>

**b. Unaccounted for Funds**

Out of the K61,781,020,401 received by the Ministry in respect of recurrent grants to Local Authorities, K60,090,750,300 was disbursed to the Local Authorities while a balance of K1,690,270,101 was retained at headquarters. However, the amount retained at headquarters was not accounted for as no expenditure details were availed for audit.

Further, amounts totalling K1,040,326,131 received by five (5) councils were not accounted for due to lack of records. Details are in the table below:

Name of council	Type of Grants	No. of Transactions	Amount K
Chadiza District	Various	11	7,231,000
Livingstone City	Restructuring	13	266,943,259
Itezhi-tezhi District	Various	3	255,494,770
Zambezi District	Restructuring	29	158,942,851
Chongwe District	Recurrent	3	351,714,251
<b>Total</b>		<b>59</b>	<b>1,040,326,131</b>

**c. Stores Items Without Receipt and Disposal Details**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of various stores items costing K5,087,173,475 purchased by various councils during the period under review, as shown in the table below:

<b>Name of council</b>	<b>No. of payment Vouchers</b>	<b>Amount K</b>
Chadiza District	92	385,038,754
Mambwe District	6	20,710,500
Nyimba District	3	4,559,920
Nyimba District	14	177,705,000
Livingstone City	14	168,785,486.30
Monze District	51	380,455,810
Kabompo District	38	50,885,000
Mbala Municipal	51	51,418,345
Mpulungu District	35	43,258,249
Chinsali District	31	102,378,750
Lusaka City	10	386,081,149
Lusaka City	1	100,000,000
Chongwe District	3	18,000,000
Chongwe District	6	12,340,000
Chongwe District	10	111,103,341
Chongwe District	30	389,753,572
Mwense District	45	1,113,152,778
Mansa Municipal	82	182,611,250
Samfya District	17	26,612,220
Sesheke District	51	83,153,700
Ndola City	124	1,118,126,651
Kitwe City	4	118,682,500
Kabwe Municipal	6	31,168,500
Kabwe Municipal	3	11,192,000
<b>Total</b>	<b>727</b>	<b>5,087,173,475</b>

**d. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, one hundred and thirty nine (139) payment vouchers in amounts totalling K1,065,199,870 were not availed for audit. Details are in the table below:

Name of council	No. of Payment Vouchers	Amount K
Chadiza District	63	170,608,626
Zambezi District	35	659,067,870
Mpungu District	2	2,115,700
Chinsali District	16	75,695,000
Chongwe District	8	38,852,805
Mwense District	13	134,554,869
Samfya District	2	60,000,000
<b>Total</b>	<b>139</b>	<b>1,065,199,870</b>

**e. Unsupported Payment Vouchers**

Contrary to Financial Regulation No.45, there were six hundred and two (602) payment vouchers in amounts totalling K3,585,184,797 that were not supported by relevant documents such as cash sales, receipts and LPOs. Details are in the table below:

Name of council	No of Payments	Amount K
Chadiza District	63	373,530,700
Mambwe District	1	98,700,000
Livingstone City	23	420,324,121
Itezhi-tezhi District	10	100,661,000
Monze District	66	508,872,758
Zambezi District	76	254,892,684
Kabompo District	25	123,279,841
Mbala Municipal	81	437,580,000
Mpungu District	18	110,361,000
Chinsali District	84	368,306,248
Chongwe District	4	21,432,819
Mwense District	36	198,667,887
Mansa Municipal	19	32,760,000
Samfya District	18	147,180,988
Sesheke District	7	18,400,021
Ndola City	48	530,880,978
Lusaka - Cholera Prevention	23	207,660,000
<b>Total</b>	<b>602</b>	<b>3,585,184,797</b>

**f. Poor Record Maintenance**

Contrary Financial Regulation No. 40, which states that commitment and expenditure ledgers should be maintained, eleven (11) districts which received amounts totalling K13,939,492,156 did not maintain commitment and expenditure ledgers. Details are in the table below:

Name of council	Amount K
Petauke District	1,955,857,043
Chadiza District	109,000,000
Chama District	1,994,741,664
Livingstone City	1,497,378,277
Itezhi-tezhi District	1,669,083,588
Monze District	1,902,452,957
Kazungula District	1,152,083,041
Choma District	996,698,647
Lufwanyama District	1,019,434,944
Kalulushi District	540,657,965
Sesheke District	1,102,104,030
<b>Total</b>	<b>13,939,492,156.00</b>

**g. Unapproved Payments Vouchers**

Financial Regulation No.48 (1) requires that a Controlling Officer, Warrant Holder or any other authorized Officer, should sign the original payment voucher before payments are effected. Contrary to the regulation, there were serious weaknesses in the accounting procedures in three councils. In this regard, twenty six (26) payment vouchers made during the period under review in amounts totalling K251,802,302 were not approved. Details are in the table below:

Name of council	No. of Transactions	Amount K
Livingstone City	6	63,767,884.29
Itezhi-tezhi District	6	97,251,115
Monze District	14	90,783,303
<b>Total</b>	<b>26</b>	<b>251,802,302.29</b>

**h. Failure to Remit Statutory Contributions and Taxes**

During the period under review amounts totalling K1,883,866,642 deducted from employees' emoluments during the period under review in respect of LASF contributions, PAYE, NAPSA and Workers Compensation had not been remitted to the respective institutions as of October, 2011. Details are in the table below:

Name of council	NAPSA K	LASF K	Workers Compensation K	ZRA K	Total Amount K
Nyimba District	41,848,057	-	-	175,187,266	217,035,323
Mbala Municipal	113,378,648	7,335,265	156,304,884	314,562,734	591,581,531
Mpulungu District	26,105,143	-	113,967,478	393,904,484	533,977,105
Chongwe District	19,115,211	9,028,972		118,435,183	146,579,366
Sesheke District	-	-	-	158,989,217	158,989,217
				235,704,100	235,704,100
<b>Total</b>	<b>200,447,059</b>	<b>16,364,237</b>	<b>270,272,362</b>	<b>1,396,782,984</b>	<b>1,883,866,642</b>

**i. Management of Projects**

**i. Eastern Province**

**▪ Un delivered Building Materials -Chadiza District Council**

In June 2010, the Council paid J.M. Trucking K12,800,000 for the supply of 200 x 50kg pockets of cement. However, as of March 2011 only 60 x 50kg pockets of cement costing K3,840,000 had been delivered. The balance of 140 x 50kg pockets costing K8,960,000 were still outstanding.

**▪ Un delivered Building Materials -Nyimba District Council**

In September and October 2010, the Council paid Nyimba Filling Station amounts totalling K36,900,000 for the supply of 600 x 50kg pockets of cement. However, as of November 2011, 508 x 50kg pockets of cement had been delivered. The balance of 92 x 50kg pockets costing K5,658,000 were still outstanding.

**ii. Central Province**

**Kabwe Municipal Council**

**▪ Non Delivery of Motor Vehicles**

In November 2010, the Council paid Chevere Auto Trade an amount of K55,107,000 (US\$ 11,700) for the supply of a motor vehicle. However, as of November 2011, the vehicle had not been delivered.

**▪ Computer Networking and Procurement of Anti-virus**

In October 2010, the Council paid an amount of K23,700,000 to Worknet Solutions for the installation of a Local Area Network (LAN) at the Council. However, as November 2011, the LAN had not been installed.

iii. **Luapula Province**

**Samfya District Council**

▪ **Irregular payments**

Payments in amounts totalling K231,154,376 made to various council employees were irregular in that the payment vouchers were not approved by the responsible officer (K170,454,773) and in some cases payments were made without raising payment vouchers (K60,699,603).

**Head: 33 Ministry of Commerce, Trade and Industry**

**Units: Various**

**Programmes: Various**

**Activities: Various**

32. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a total authorised provision of K41,590,710,579 was made to cater for the implementation of various activities, against which amounts totalling K37,927,528,657 were released.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters carried out in September 2011, revealed the following:

**a. Unretired Imprest**

Contrary to Financial Regulation No.96, imprest in amounts totalling K103,987,450 issued to ten (10) officers during the period from February to November 2010 had not been retired as of December, 2011.

**b. Non Recovery of Loans and Salary Advances**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of a loan amounting to K90,000,000 and an advance of K1,200,000 paid to two officers respectively during the period under review had not been effected as of December, 2011.

**c. Irregularities in the Management of Fuel**

**i. Fuel Drawn from General Pool Account**

During the period under review 1,614.7 litres of diesel in amounts totalling K11,213,028 were drawn by a Toyota Prado Registration No.GRZ 812BX

personal to holder motor vehicle for the Deputy Minister, despite the user of the motor vehicle having received a monthly fuel allowance of K5,352,000.

**ii. Fuel Drawn by Motor Vehicles not on the Ministry's Fleet List**

Fuel in amounts totalling K7,606,626 was irregularly drawn by vehicles that do not belong to the Ministry .

**Head: 37 Ministry of Finance and National Planning**

**Departments: Various**

**Units: Various**

**Programmes: Various**

**Activities: Various**

33. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2010 a total authorised budget provision of K1,517,972,420,138 was made to cater for various activities under Head 37- Ministry of Finance and National Planning excluding self accounting units of Central Statistical Office and Government Stores. Against this provision, amounts totalling K1,172,163,092,724 were released by the Treasury (K1,083,473,482,414) and Cooperating partners (K88,689,610,310 ).

**Accounting and Other Irregularities**

An examination of accounting and other related records for the Ministry Headquarters and departments revealed the following :

**a. Implementation of the Integrated Financial Management Information Systems (IFMIS) Project.**

In paragraph 37 of the report of the Auditor General on the accounts for 2009, mention was made of the weaknesses in the implementation of the IFMIS project during the period January 2006 and April 2010. In particular, the following were highlighted:

- Lack of an IT Strategic Plan in the Ministry of Finance and National Planning;
- Failure to complete on time Interfaces by the Accounting Application Work Group;
- Non initiation of the transition from cash basis to partial accrual accounting;
- Inadequate Institutional arrangements in Centralised Computer Services Department (CCSD) for sustainability of the IFMIS;

- Delays in incorporating the Change Management concept which was responsible for the development and implementation of all IFMIS communication sensitization strategies as well as the development, maintenance and distribution of IFMIS communication materials and change management, training of users and sensitization. The delay resulted in the change management issues being the factors which adversely affected the project implementation process such as lack of ownership by the stakeholder, including users.

Enquiries and other tests carried out with a view of ascertaining the effective application of the IFMIS by the Ministry during the year under review revealed, among other things, the following weaknesses:

**i. Lack of Quality Assurance in the Development of IFMIS-SAP**

There was no documentary evidence to show that quality assurance of the project was done as the Quality Assurance Reports were not availed for audit scrutiny.

**ii. Lack of Adequate User Appreciation of the System**

A number of IFMIS-SAP users interviewed to ascertain their understanding and application of the system revealed that in the majority of cases their appreciation was not very thorough in creating accounting documents or printing reports resulting in the system not being fully appreciated and applied as evidenced by the following observations:

**▪ Cash Books (Cash Journal)**

The system could not generate a cashbook showing receipts, payments and balances. In addition most payments made through bank transfers and EFTAs were not captured. In this regard, it was not possible to ascertain the correctness of payments in amounts totalling K9,534,772,150 involving 44 transactions made through cheques ,bank transfers and EFTAs as shown in the table below.

<b>Programme/ Accounting Area</b>	<b>Type</b>	<b>No. of Transactions</b>	<b>Amount K</b>
Revolving Fund	<b>Cheques</b>	10	58,480,000
Inducement Allowance and Contract Gratuity	<b>Cheques</b>	16	386,145,615
Outstanding Bills	<b>Bank Transfers</b>	9	4,035,291,910
Outstanding Bills	<b>Cheques</b>	5	8,521,705
Outstanding Bills	<b>EFTAs</b>	4	5,046,332,920
<b>Total</b>		<b>44</b>	<b>9,534,772,150</b>

▪ **Accountable documents**

The inventory for accountable documents was not maintained in the system and that the receipt and issuance of the documents was done manually.

▪ **Loan Management**

Data on loans and advances such as type of loan, contract duration, monthly deductions and balance of the loan were incomplete.

▪ **Materials Management**

- **Inventory data not maintained in the system**

The users for the Materials Management Module of the SAP were not able to maintain up to date records on the movement of stores as the system only captured receipts while the issuances were not captured. This resulted in the Ministry maintaining the stores records manually, thereby defeating the purpose for which the IFMIS-SAP was introduced.

- **Suppliers not among approved Vendors**

The SAP system is supposed to have all the suppliers approved by Zambia Public Procurement Authority (ZPPA) inputted into the Vendors Master data against which procurements and payments should be made by the user Ministry concerned. The system should reject transactions with suppliers who are not appearing on the Vendor Master Data. However, an examination of data on the SAP revealed that out of a sample of twenty seven (27) vendors used to procure various goods and services, thirteen (13) vendors were not appearing on the approved Vendors Master Data list while no subsidiary approval of the vendors was availed for audit.

This created a risk that the Ministry may have been dealing with unauthorized suppliers irregularly created to defraud the Ministry.

**iii. Lack of Financial Statements and other Accounting Reports**

Whereas in the business processes for accounting for government funds using the Legacy system, there are monthly expenditure and other accounting reports called Subhead and Warrant-holder Analysis which give details of the transactions for each activity for management use, there were no such reports from the IFMIS availed to the auditor compounding the difficulties in the audit trail of the accounts in the system.

It was further observed that the client Accounting officers were unable to view or print the Financial Statements of Government - Statement -Cø and -A1ø and others, as they were not conversant with the procedures of accessing such reports.

**iv. Audit Information System (AIS)**

The SAP has integrated in the system, a software programme called Audit Information System (AIS). The tool is used to audit the various Accounting and Management Modules of the SAP. To this effect, user manuals were developed by the IFMIS Project Team to provide user menu paths on how to access the desired data and reports on the SAP.

It was however observed that the applicability of the manuals by the auditors on the assignment proved difficult on the live data in that the menu paths provided in the AIS manual were, in some cases not responding and as a result the intended audit tests could not be executed. This was despite the team undergoing a thirteen (13) days training session on the use of the manuals on the quality assurance training module. Efforts to apply the manuals on the live data with the help of the trainers equally proved futile.

**v. Review of an Internal Audit Report on the Roles and Profiles in the IFMIS-SAP**

A review of the Internal Audit Report No.IAR2 of 2011 dated 3<sup>rd</sup> May, 2011 revealed the following:

- Unauthorised creation and changing of vendors Master Data in the Materials Management Module by some accounting staff who had roles and profiles to create vendors and make changes to the Vendor Master Data. This indicated the lack of segregation of duties as the accounting officers could create and effect payments to vendors single handed rendering the SAP prone to frauds and other misstatements which could lead to loss of public funds;
- Whereas vendors created on the SAP should have been subjected to the tendering processes, the Chief Procurement Officer who is responsible for creating vendors on the system did not know whether the vendors created for the Ministry went through tender procedures. This could have rendered the system prone to creation of vendors who were not screened through the tender procedures;
- Access to PLMD\_Audit Management Module is restricted to Internal Audit and Office of the Auditor General. However, it was observed that the module was irregularly accessed by sixteen (16) unauthorised users.

**b. Unvouched Expenditure**

**i. Missing Payment Vouchers and Letters of Bank Transfers**

Contrary to Financial Regulation No. 65, twenty one (21) payment vouchers and three (3) letters of bank transfers in amounts totalling K2,888,436,631 were not produced for audit.

**ii. Inadequately Supported payments**

Contrary to Financial Regulation No.52, ninety-one (91) payments in amounts totalling K2,660,893,678 made during the period under review were inadequately supported in that there were no invoices, receipts and local purchase orders.

**iii. Unacquitted payments**

Contrary to Financial Regulation No. 45, forty (40) payments in amounts totalling K3,389,134,250 were not acquitted to provide evidence that the bonafide payees received the funds.

**iv. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K803,158,597 involving thirty eight (38) transactions issued to various officers during the period under review had not been retired as of October, 2011. Further, contrary to Financial Regulation No.91, imprests in amounts totalling K374,216,805 were issued to officers who had outstanding imprest .

**c. Revolving Fund (Loans And Advances)**

During the year under review, the Ministry received amounts totalling K1,715,246,957 for loans and advances.

A review of the records pertaining to the Revolving Fund Account revealed the following:

**i. Unauthorised Loan Payments**

During the period under review the Ministry paid loans in amounts totalling K4,935,300,000. However, only loans totalling K1,313,000,000 were approved by the loans committee while the balance of loans totalling K3,622,300,000 were paid without the Committee's approval. Although the loans were later taken to the Committee for ratification, the payment of loans before they are approved by the Controlling Officer or Ministerial loan Committee is irregular.

**ii. Payment of Loans to Employees whose Salaries were below 40%**

Contrary to a Public Service Management Division Circular No. B.19 of 2007 that stipulates that the net pay of an employee, after deductions, should not be less than 40% of the basic salary, a review of the employees' payslips revealed that seventy-six (76) employees who were paid loans earlier had obtained additional loans from the Ministry resulting in their net pay being below the 40%.

**d. Irregular Double Payments**

A total of five (5) transactions in amounts totalling K 131,561,606 made on the IFMIS-SAP were paid twice resulting in over payments of K 131,561,606. The double payment resulted in loss of public funds and over expenditure on the programme. As of December 2011 the funds had not been recovered.

**e. Weaknesses in Accounting for Procurement of Goods and Services.**

Amounts totalling K 4,522,367,971 were budgeted for under the departments of Human Resources and Administration, Centralised Computer Services, Investment and Debt Management and National Planning in respect of a sample of programmes and activities for procurement of goods and services. According to the Statement of Accounts, amounts totalling K2,418,505,064 were spent on the programmes and activities resulting in under expenditure of K2,103,862,907 on the programme.

An examination of the accounting and other related records in respect of these programmes and activities revealed the following:

**i. Misapplication of Funds**

A review of the documents in the SAP system revealed that amounts totalling K860,724,516 appropriated for maintenance of buildings, insurance and procurement of computer peripherals were applied on unrelated activities such as payment of allowances and overtime.

**ii. Goods paid for before delivery and inspection**

Contrary to the procurement guidelines and the IFMIS ó SAP system which require that payment for goods and services should only be made after the delivery of the goods or service, it was observed that the Ministry was making entries on to the SAP system purporting that goods were received, when in actual fact not. This was done simply to facilitate the payment processes as illustrated by the payments detailed in the table below:

Payee	Cheque No.	Amount K	Date of	Date of Delivery	Details
Afritrade	30681	30,000,000	06.10.10	28.10.10	Supply of 4 Laptops
Technet	028529	50,977,538	11.02.2010	04.05.2010	Printers (Laptops were delivered on 08.02.2010)
<b>Total</b>		<b>80,977,538</b>			

**f. Weaknesses in the Administration of Outstanding Bills**

A budget provision of K142,553,762,042 was made in the Estimates of Revenue and Expenditure for the year under review under Department 37/07 ó Financial Management and Accounting, Unit 01- Administration, Programme 07- Dismantling of Arrears, (inclusive of a supplementary budget of K25,456,655,428). According to the Statement -Cø amounts totalling K22,371,745,454 were spent against the programme resulting in under expenditure in amounts totalling K120,182,016,588.

An examination of the accounting and other related records pertaining to the programme and activities revealed the following:

**i. Questionable Outstanding Bills**

In paragraphs 39 of the report of the Auditor General on the accounts for 2005, mention was made of the non construction of the Mbesuma bridge by a contractor awarded a contract for the works but for which the contractor was making a claim purporting that he carried some works. In their report of the First Session of the Tenth National Assembly, the Public Accounts Committee (PAC) confirmed that no construction of any part of the bridge had been done.

In a subsequent audit review of the issue and other related outstanding bills for the accounts for 2009 as covered in paragraph 36 of the report of the Auditor General on the Accounts for that year, mention was made as to why this claim and two (2) others all amounting to K143,801,192, 296 in respect of contracts for which works had not been carried out by the contractors were still indicated as outstanding bills by the Ministry.

In their report for Fifth Session of the Tenth National Assembly the Public Accounts Committee expressed concern as to why the Government failed to file a defence in a matter with JJ Lowe Ltd resulting in a default judgement in favour of the contractor. The committee urged the Government to explain why the Attorney General did not file for defence in the matter. They further, requested for a progress report on the payment said to be due to JJ Lowe Ltd regarding Mbesuma bridge.

Contrary to the observations and concerns raised by the Auditor General and PAC cited above, in its memorandum to the Public Accounts Committee on the report of the Auditor General on the Accounts for 2009, the Ministry

submitted that the status of the cases which were before the Courts of Law were as follows:

Contractor	Contract	Contract Sum US\$	Contract Sum K	Date Claimed	Status as per CO's Memorandum to PAC
NCC Phoenix Contractors	Kashikishi-Lunchinda Road	17,134,757	72,095,637,323	December, 2005	Attorney General Advised MoFNP to pay the Contractor
JJ Lowe Limited	Kashikishi-Lunchinda Road		70,258,336,658	December, 2005	Court of Arbitration ruled in favour of Contractor and Debt Transferred to MoJ for Compensation Payment in amounts totaling K91,347,278,180.
JJ Lowe Limited	Mbesuma Bridge(Chambeshi)		1,447,218,315	December, 2005	Unresolved
<b>Total</b>			<b>143,801,192,296</b>		

A scrutiny of the information provided by the Ministry on the status of the debts as detailed in the table above revealed the following:

**ii. JJ Lowe Ltd - Kashikishi-Lunchinda Road**

Whereas the original claim in question as per MoFNP records was K70,258,336,658, corroborative evidence obtained from the Ministry of Justice (MoJ) to which it had been transferred revealed that the claim was appearing on the Ministry's Compensation and Awards data base as K91,347,278,180 comprising K90,298,433,513 in principal claim and K1,048,844,667 in costs. This resulted in the over statement of the claim by an amount of K20,040,096,855 for which no proper explanation was provided for audit.

**iii. JJ Lowe Ltd (Mbesuma Bridge) and NCC Phoenix (Kashikishi-Lunchinda Road)**

As of July, 2011, the cases for the disputed contract in respect of Mbesuma Bridge (JJLowe Ltd) in amounts totalling K1,4437,218,315 had remained unresolved and was together with the debt for NCC Phoenix in amounts totalling K72,095,637,323 for Kashikishi-Lunchinda Road still on the Outstanding Bills data base for the Ministry.

**iv. Questionable Payments**

▪ **Payment to Kafubu Water & Sewerage Ltd**

An examination of bank statements for the Outstanding Bills Account held at Zanaco Bank revealed that an amount of K1,790,000,000 was paid to the utility company on 20<sup>th</sup> January 2010. However, the payment was not supported by any relevant

documentation such as bills, invoices and receipts. Further, the amount was not appearing on the outstanding bills data base.

▪ **Unidentified Payment**

A scrutiny of bank statements for the outstanding bills account revealed that an amount of K114,442,111 was paid on 14<sup>th</sup> May 2010. However, it was not possible to identify the payee and the purpose of the payment as no details were provided.

v. **Weaknesses in Control over the Bank Account**

There were weaknesses in the control of the outstanding bills bank account in that there were seventy three (73) stale cheques in amounts totalling K336,633,680 issued in 2010 which were not written back and were carried as unrepresented cheques on the bank reconciliation statements for the month of December 2010.

g. **Delays by Standing Accidents Board in Disposing of Cases of Damages to Government Vehicles.**

A total number of fourteen (14) Government motor vehicles were involved in accidents in 2010. However, as of October 2011, none of these cases had been deliberated upon by the Standing Accidents Board in line with the Financial Regulations Nos. 171 - 182.

<b>Head:</b>	<b>37/</b>	<b>Ministry of Finance and National Planning</b>
<b>Department:</b>	<b>9</b>	<b>Central Statistical Office (CSO)</b>
<b>Unit:</b>		<b>Various</b>
<b>Programme:</b>		<b>Various</b>
<b>Activities:</b>		<b>Various</b>

34. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2010, a total authorised provision of K148,565,968,135 was made to cater for various activities against which amounts totalling K262,760,501,312 were released by the Treasury resulting into an overfunding of K114,194,533,177.

The actual expenditure totalled K251,688,247,241 resulting into an over expenditure of K103,122,279,106 above the budget for which no supplementary estimates were provided.

**Recurrent Departmental Charges (RDCs) - General**

During the period under review, CSO Headquarters disbursed amounts totalling K9,557,949,830 to all the provinces to cater for Recurrent Departmental Charges (RDCs). Details are in the table below.

<b>RDCs Funding to Provinces for the year 2010</b>	
<b>Province</b>	<b>RDCs</b>
	<b>K</b>
Luapula	802,359,040
Copperbelt	1,188,470,540
Southern	1,334,987,040
North Western	773,304,040
Western	1,037,576,540
Eastern	1,217,845,030
Central	879,227,030
Lusaka	961,389,030
Northern	1,362,791,540
<b>Total</b>	<b>9,557,949,830</b>

### **Accounting and Other Irregularities**

An examination of accounting and other related records maintained at CSO Headquarters and Provincial offices carried out in November 2011 revealed the following:

#### **a. Missing Payment Vouchers**

Contrary to Financial Regulation No.65, Seven (7) payment vouchers in amounts totalling K146,106,578 were not produced for audit.

#### **b. Inadequately Supported payments**

Contrary to Financial Regulation No.52, twenty-four (24) payments in amounts totalling K222,104,385 were inadequately supported in that they lacked supporting documents such as invoices, receipts and other documents. Details are in the table below.

<b>Province</b>	<b>No. Of Transactions</b>	<b>Amount K</b>
Headquarters	22	191,804,385
North Western	2	30,300,000
<b>Total</b>	<b>24</b>	<b>222,104,385</b>

#### **c. Weaknesses in accounting for Imprest**

##### **i. Failure to provide Imprest Registers ó Headquarters**

Contrary to Financial Regulation No. 93, there were no imprest registers availed for audit at CSO headquarters as none were maintained, resulting in poor audit trail for the imprests issued, retired and the balances thereof.

**ii. Questionable Retirement of Imprest – Headquarters**

A scrutiny of a sample of imprest retirements in amounts totalling K9,852,759,680 involving one hundred and ninety four (194) transactions issued to various officers revealed that the imprests were not properly retired in that:

- Accounts form 44 used to retire the imprest by the imprest holders were not signed by the supervising officers, Heads of Department or the Director.
- The number of days, rates and activities were not reflected on the pay sheets, instead only lump sum amounts for each officer were indicated.

This made it not possible to ascertain the validity of the retirements of the imprests in question.

**iii. Unretired Imprest**

Contrary to Financial Regulation No.96, imprest in amounts totalling K3,599,552,326 involving one hundred and fifty one ( 151) transactions issued to various officers had not been retired as of December, 2011 as indicated in the table below:

Province	No of Transactions	Amount
Headqaurters	133	3,018,644,326
North-Western	9	152,210,000
Eastern	9	428,698,000
<b>Total</b>	<b>151</b>	<b>3,599,552,326</b>

**d. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of various stores items costing K294,137,386 procured during the period under review. Details are in the table below.

Province	Amount K
Luapula	9,756,486
Southern	88,490,000
North-Western	69,949,900
Eastern	29,550,000
Central	2,500,000
Northern	22,266,000
Northern	71,625,000
<b>Total</b>	<b>294,137,386</b>

**e. Weakness in Fuel Management - Headquarters**

During the period under review, the department held two fuel accounts with two filling stations. The fuel was meant to cater for administrative and Census activities respectively and amounts totalling K400,000,000 were paid to the filling stations.

It was however, observed that the department could not provide log books for the vehicles used during the period under review, making it not possible to verify the usage of the fuel procured.

**f. Mansa Regional Statistical Office**

**i. Fraudulent Retirement of Imprest.**

A scrutiny of retirement documents provided revealed that a receipt No. 2043 dated 9<sup>th</sup> February, 2010 for an amount of K19,200,000 obtained from Murundu Guest House in respect of board and lodging for officers involved in the pilot census was questionable in that the receipt quoted a room rate of K200,000 for all the sixteen (16) participants said to have been accommodated at the Guest House for six (6) days. However, enquiries made from the Guest House management revealed that the room rates ranged from K80,000 to K120,000. It was therefore, evident that the room rate of K200,000 was an inflation, resulting in an irregular payment of K7,680,000 if all the rooms were pegged at a rate of K120,000.

**ii. Double Payment of Allowances**

A scrutiny of acquittal sheets and retirement details for imprest issued in respect of Consumer Price Index (CPI) activities revealed that an amount of K3,200,000 in allowances was over-paid to two (2) officers.

**g. Failure to Follow Procurement Guidelines - Ndola Regional Statistical Office**

Contrary to procurement guidelines, an amount of K26,456,500 was paid by cash on 4<sup>th</sup> February, 2010 to Zanzi Lodge without obtaining three competitive quotations.

**h. Kabwe Regional Statistical Office**

**i. Misappropriation of Funds**

During the period May to June an amount of K80,000,000 meant for mapping exercise in Kabwe was misappropriated by a Statistical Clerk and Accounts Assistant at Kabwe Regional Statistical Office. However, it was observed that although the two officers were convicted by the courts of law, there was no

loss report processed for the duly purpose of writing ó off the loss, contrary to Financial Regulations No. 172.

**ii. Failure to Reconcile Bank Account**

Contrary to Financial Regulation No. 145 (3), no bank reconciliation statements for the Regional Statistical Office RDCs bank account were prepared for the period under review.

**i. Fuel Drawn Without Raising Drawing Slips - Kasama Regional Statistical Office**

A scrutiny of the stores records revealed that fuel worth K11,514,154 was drawn from Odro Filling Station without raising drawing slips, creating doubts as to whether there was approval from the Regional Statistician and the fuel used on official programmes. In addition, fuel drawings were not recorded in the log books and the account was not reconciled during the period under review.

**j. 2010 National Census Of Housing and Population**

During the year under review, the Central Statistical Office carried out the 2010 National Census of Housing and Population. In this regard, amounts totalling K113,327,772,742 were sent to the provinces for the activity as detailed in the table below:

Funding to Provinces for the year 2010 Census of Population a	
Province	2010 Census of Pupolation
	K
Luapula	9,363,738,946
Copperbelt	13,007,343,566
Southern	12,704,512,735
North Western	6,308,353,956
Western	8,484,196,479
Eastern	22,254,912,242
Central	11,451,088,609
Lusaka	12,740,499,033
Northern	17,013,127,176
<b>Total</b>	<b>113,327,772,742</b>

An examination of the financial and other related records maintained at CSO Headquarters, Regional Statistics Offices and the Districts census centres, carried out in June 2011, revealed weaknesses in accounting for the census funds. In particular, the following observations were made:

**i. Questionable Retirement of Imprest**

A scrutiny of a sample of imprest retirements in amounts totalling K3,383,974,940 involving eighty seven (87) transactions issued to various officers revealed that the imprests were not properly retired in that:

- Accounts form 44 used to retire the imprest by the imprest holders were not signed by the supervising officers, Heads of Department or the Director.
- The number of days, rates and activities were not reflected on the pay sheets, instead only lump sum amounts for each officer were indicated.

This made it not possible to ascertain the validity of the retirements of the imprests in question.

**ii. Un retired Imprest**

Contrary to Financial Regulation No.96, imprest in amounts totalling K37,150,210,151 involving two hundred and ninety seven (297) transactions issued during the period under review in respect of the census of housing and population had not been retired as of December, 2011 as detailed in the table below:

Province / Stations	No. of Transactions	Amount K
Headquarters	225	33,787,425,200
Luapula	2	7,520,000
Kalulushi	1	6,100,000
North-Western	3	31,300,000
Eastern	37	1,808,191,451
Lusaka	21	1,433,528,500
Northern	4	45,935,000
Kasama	1	9,200,000
Mbala	1	15,800,000
Luwingu	1	2,940,000
Mungwi	1	2,270,000
<b>Total</b>	<b>297</b>	<b>37,150,210,151</b>

**iii. Inadequately Supported Payments**

Contrary to Financial Regulation No.52, twenty five (25) payment vouchers in amounts totalling K1,167,699,858, in respect of census activities at headquarters, regional offices and the districts census centres were inadequately supported in that there were no invoices, receipts or other relevant documents. Details are in the table below.

Province / Station	No. of Payment Vouchers	Amount K
Headquarters	5	33,992,652
Southern	14	36,587,456
Central	3	898,900,000
Lusaka	2	179,319,750
Serenje	1	18,900,000
<b>Total</b>	<b>25</b>	<b>1,167,699,858</b>

**iv. Missing Payment Vouchers**

Contrary to Financial Regulation No.65, thirty eight (38) payment vouchers in amounts totalling K3,640,340,508 used on census activities at headquarters and Chipata Regional Statistical Office were not produced for audit. Details are in the table below.

Province / Stations	No. of Payment Vouchers	Amount K
Headquarters	31	2,186,834,756
Eastern	7	1,453,505,752
<b>Total</b>	<b>38</b>	<b>3,640,340,508</b>

**v. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, there were no disposal details in respect of various items costing K681,472,225 at regional offices and the districts census centres procured during the period under review, as shown in the table below.

Province/ Station	Amount K
Mansa	25,382,500
Mwense	9,445,500
Namwala	55,304,000
Lusaka	175,192,394
Northern	259,214,100
Kasama	28,041,498
Mbala	90,220,955
Mungwi	23,982,900
Mporokoso	30,529,946
Mpulungu	9,401,786
Luwingu	9,584,646
<b>Total</b>	<b>681,472,225</b>

**k. Failure to Open Bank Accounts**

Contrary to the Financial Guidelines for the 2010 Census of Population and Housing provision No. 1(v), it was observed that the provincial offices failed to open designated bank accounts for the payment of allowances.

**l. Southern Province**

**Irregular use of Retired Cash**

Contrary to Financial Regulation No. 129 (3), amounts totalling K86,209,600 in cash retirements at the Livingstone Regional Statistical Office were used without authority from the Controlling Officer before banking.

**m. Eastern Province**

**i. Misappropriation of Funds**

During the period under review a cashier misappropriated an amount of K24,000,000 purported to have been paid to a guest house for accommodation and meals during the census training exercise. However, as of December 2011 the money had not been recovered and no action had been taken against the officer.

**ii. Fraudulent Retirement**

Out of an imprest of K345,930,000 paid to Malisten Banda on cheque No. 00015 dated 28<sup>th</sup> September 2010 for training of Enumerators in Chipata District, K254,218,000 was retired fraudulently. The retirement was fraudulent in that although the procurement was supported by receipts, there was no evidence to show that the soft drinks from two (2) suppliers namely, Hotline Liquor Suppliers (K154,378,000) and Madaliso General Dealers (K99,840,000) were received. Further, enquiries made with the proprietor of Hotline Liquor Suppliers revealed that they did not have any business dealings with Central Statistical Office during the period in question while efforts to locate the premises of Madaliso General Dealers proved futile.

**iii. Double Payment of Allowances**

It was observed that the Assistant Master Trainer for Chadiza and the Accounting Officer from Mambwe were irregularly paid amounts totalling K7,450,000 in that they claimed double fixed allowances.

**iv. Unacquitted Payments**

Contrary to Financial Regulation No. 45, out of imprests in amounts totalling K2,599,250,000 paid to an officer to facilitate payment for food for training of supervisors and for their allowances during the period under review,

allowances in amounts totalling K15,070,000 for various officers had not been acquitted for as of December 2011.

**n. Central Province**

**Kabwe Regional Statistical Office**

**i. Non Maintenance of Imprest Register**

There was no imprest register maintained during the period under review, contrary to Financial Regulation No. 93.

**ii. Lack of Expenditure Returns**

Although the Financial Guidelines required accounting officers to prepare and submit expenditure returns and retirement details seven days after the end of an activity, no activity returns or the overall 2010 return for the Province was prepared by accounting staff as of November 2011. In this regard, the utilisation of funds on each activity and the census project as a whole could not be evaluated.

**o. Northern Province**

**Kasama Regional Statistical Office**

**i. Unaccounted for Funds**

A scrutiny of financial records maintained at the Regional Office revealed that a total of K4,766,680,000 was received for Supervisors Training, Enumerators Training and Committee allowances. However, only a total amount of K3,796,808,100 was spent on the intended activities both at the Province and in the Districts leaving a balance of K969,871,900 unaccounted for.

**ii. Weaknesses in Accounting for Fuel for Operations**

A scrutiny of the stores records and vehicle log books revealed that fuel worth K152,120,632 drawn from the office's fuel account with a local Filling Station was not entered in the log books and further, the fuel account had not been reconciled during the period under review.

**Mungwi District**

**i. Double Payment of Allowances**

A scrutiny of acquittal sheets for the period under review revealed that a total amount of K16,810,000 was paid as allowances to twenty three (23) officers whilst they were being paid fixed allowances. In addition, there were no details to show the purpose of the payments in question. Details are in the table below.

<b>Activity</b>	<b>Amount K</b>
Training of Enumerator allowances	14,205,000
Supervisor and numerator allowances (Chq No. 0000040)	2,605,000
<b>Total</b>	<b>16,810,000</b>

Although in his response, dated 20<sup>th</sup> October 2011 the Controlling Officer stated that the allowances were paid for activities done after the Census, to the contrary, it was observed that the payments were made during the Census exercise.

**ii. Fuel Drawings not recorded in the Log Books**

A scrutiny of stores records and vehicle log books revealed that fuel worth K35,341,137 drawn from various local Filling Stations was not entered in the log books during the period under review. Details are in the table below.

<b>Station</b>	<b>Amount K</b>
Mungwi	14,038,165
Luwingu	17,663,482
Mporokoso	3,639,490
	<b>35,341,137</b>

Although in his response, dated 20<sup>th</sup> October 2011 the Controlling Officer stated that the log books were available for verification, the log books were not produced.

**p. Census Materials**

In October, 2010 the Ministry of Finance and National Planning paid amounts totalling K10,154,988,000 to Manal Investments limited (K2,324,988,000) and Luangwa Industries (K7,830,000,000) for the supply and delivery of 15,000 mattresses and 15,000 bicycles.

The following were observed:

**i. Lack of Contract Documents**

There were no contract documents signed between Ministry of Finance and National Planning and the two suppliers Messrs Manal Investments limited and Luangwa Industries respectively.

In his response, the Controlling Officer stated that the Local Purchase Orders used sufficed as contracts. However, the use of Local Purchase Orders for big

procurements was not appropriate as they could not provide adequate contractual obligations.

**ii. Receipt and Disposal Records for the Mattresses and Bicycles**

**CSO Headquarters**

- A scrutiny of the delivery notes and schedules availed by CSO headquarters revealed that all the 15,000 mattresses procured were received from the supplier while out of the 15,000 bicycles procured 14,272 were delivered leaving a balance of 728 bicycles valued at K380,016,000 outstanding as of December 2011.
- Out of the 14,272 bicycles and 15,000 mattresses received from the suppliers, 14,114 bicycles and 14,537 mattresses were distributed to the districts leaving 158 bicycles valued at K82,476,000 and 463 mattresses valued at K71,765,000 unaccounted for .

**Districts**

Out of the 14,114 bicycles and 14,537 mattresses received by the districts, a total of 1,637 bicycles worth K854,514,000 and 2,797 mattresses worth K433,535,000 were unaccounted for as they were either missing or stolen while 2,273 mattresses worth K352,315,000 and 2,210 bicycles worth K1,153,620,000 were disposed of without authority from Cabinet Office.

**i. Poor Storage of Returned Materials**

An inspection of storage conditions of materials in some districts revealed that the bicycles were poorly kept resulting into breakages as shown in the picture below:



*Bicycles piled one on top of the other*

**ii. Irregular Disposal of Census Materials - Luapula Province**

Contrary to Financial Regulation No. 153(2), a total of 1,491 bicycles worth K778,302,000 and 1,593 mattresses worth K246,915,000 were donated to various beneficiaries after the Census exercise without authority from Cabinet Office.

**q. Construction of Office Building**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K6,000,000,000 was made under the department's Unit 18- Civil Works, Programme 7- Construction of an office Block, Activity 01- Construction of an office Block for the completion of the project against which a total of K5,000,000,000 was released. As of December 2010 the whole amount had been spent.

In paragraphs 67, 52 and 48 of the Auditor General's Report on the accounts for the Government of the Republic of Zambia for the years ended 31<sup>st</sup> December, 2002, 2006 and 2008 respectively, mention was made of the delays in the completion of the CSO six storey office block. In particular, it was mentioned that the contract which started in September 2001 at an initial contract price of K14,743,125,080 for a period of twenty-two (22) months ending in May 2003, had escalated to K23,082,341,389 with the completion period extended by thirteen (13) months ending June, 2004.

It was further observed that, as August 2007, the project cost escalated to K35,969,849,089 and the contract completion date had been extended five (5) times by two hundred and sixty (260) weeks (over five (5) years), to a completion date of May 2008. A review of the project in October 2009 revealed that the contract completion period had been extended by eight-five (85) months to June 2010, an extension of over seven (7) years.

An analysis of the contract price, budget provisions, releases and the works certified and payments for the period of the project up to May 2011, revealed that the main causes of the delays in the completion of the project were under budgeting and under-funding resulting in failure by the Ministry to pay the payment certificates for the works completed by the contractor.

In the report of the Public Accounts Committee on the report of the Auditor General on the accounts for the financial year ended 31<sup>st</sup> December 2009, the Committee urged the Secretary to the Treasury to provide adequate funds in the budget to complete the building on the new completion date of January 2012 to avoid further escalation of costs. To the contrary, it was observed that, whereas the contract completion date had been revised to 4<sup>th</sup> January 2012 and the cost of the contract had been revised to K35,969,849,089 and that total payments towards the project amounted to K21,381,865,835 as of December, 2010 leaving a balance of uncompleted works in amounts totalling K14,587,983,254, only K1,500,000,000 was budgeted for and released during the year 2011.

Other weaknesses in the implementation of the project mentioned in the reports included, among others, the following:

**i. Evidence of Delays in Settling Stage Completion Certificates**

Payment Certificate numbers 42, 43 and 44 were delayed by 463, 89 and 29 days respectively and incurred interest totalling K282,150,673.

The details are tabulated in the table below:

Cert No.	Amt Certified (incl. VAT) K	Date Certified	Payment Due Date	Amt paid (incl. VAT) K	Date of Payment	Number of Days Delayed	Outstanding Amount (incl. VAT) K	Total Interest (Excl. VAT) K
42	2,637,224,860	39,834	39,855	637,224,860	02 Jul. 10	463	-	212,879,608
43	874,153,427	40,198	40,219	874,153,427	40,309	89	-	56,227,431
44	634,790,175	40,471	40,491	634,790,175	40,521	29	-	13,043,634
45	2,559,529,477	40,535	40,557	2,528,252,799	40,543	-	31,276,678	-
								<b>282,150,673</b>

- ii. Although certificate No. 44 was processed as of May 2010, this had not been finalized for payment until 2<sup>nd</sup> December, 2010 when it was paid on EFTA number 29558. This was indicative that the contractor was being delayed in the completion of the project.
- iii. Out of total amounts of K2,559,529,477 payable to the contractor against certificate number 45, only K2,528,252,799 was paid on EFTA number 29559 dated 31<sup>st</sup> December 2010 leaving an outstanding balance of K31,276,678 as of May 2011 yet to be paid.
- iv. **Progress of Project**

A review of the progress report by Buildings Department and a physical inspection carried out in April 2011, revealed that although the structural works to the building had been completed, the following works were either still being carried out or not yet started as detailed below:

- Suspended ceiling works were still in progress;
- Preparatory works on the lift were well underway and works were yet to be completed;
- Grantico Gamma Zenith finishing had not yet been done;
- Porcelain tiles have not yet been fitted and will only be done when the ceiling works are completed;
- External works have not yet commenced as these await the completion of internal works;
- Aluminium Partitioning, windows and door frames are still outstanding.

The pictures below show the stage of the building as of June 2011:



*The unfinished CSO block under construction.*



*Most of the inside works are still under way*

**r. Fleet Management - Headquarters**

Damage to motor vehicles not processed by Standing Accident Board

Road traffic accidents involving a total of six (6) motor vehicles during the year 2010, though reported to the Standing Accidents Board had not been processed as of November 2011 whose status is as shown in the table below:

Reg.Number	Date	Status
ABR 1723	12.03.10	repaired
GRZ 104CF	18.08.10	repaired
GRZ 290CF	06.11.10	being repaired by Adfa motors
GRZ 273CF	21.11.10	being repaired by New motor centre
ABT 370	01.01.11	being repaired by New motor centre
ABL 6390	24.03.10	Yet to be repaired by third party.

**Head: 45/ Ministry of Community Development and Social Services**

- 01 Headquarters**
- 02 Social Welfare**
- 03 Community Development**
- 04 Cultural Services**
- 05 Planning and Information**

**Units: Various**

**Programmes: Various**

**Activities: Various**

- 35.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K116,348,628,580 was made to cater for various activities against which a total of K65,313,618,878 was released resulting in an under funding of K51,035,009,702.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and a visit to the districts in April 2011 revealed the following:

**a. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, twenty eight (28) payment vouchers in amounts totalling K328,669,296 were not availed for audit.

**b. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of stores items costing K232,356,408 procured from various suppliers during the period under review.

**c. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K938,009,496 issued to forty eight (48) officers during the period under review had not been retired as of October 2011.

**d. Irregular Payment of Sitting Allowances**

During the period under review, the Ministry paid amounts totalling K744,883,000 to various officers in respect of sitting allowances for various activities which were not approved by Secretary to the Cabinet.

**e. Non Recovery of Salary Advances and Household Loans**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of household loans (K191,000,000) and salary advances (K26,700,000) paid to twenty officers during the period under review had not commenced as of October 2011.

**f. Unauthorised Workshops**

Contrary to Cabinet Office Circular No.7 of 2006, which requires controlling officers to seek prior authority before holding seminars, workshops and conferences outside government meeting facilities, the Ministry paid amounts totalling K98,312,000 to various lodges for HIV/AIDS awareness workshops, without authority from the Secretary to the Cabinet.

**g. Irregular Payment for Medical Bills**

Although the Ministry had no medical scheme, amounts totalling K129,223,400 were paid to St. Georges Clinic in respect of medical bills incurred by members of staff during the period under review. Further, the payments were not supported by bills or invoices.

**h. Failure to Prepare Case Records – Public Welfare Assistance Scheme**

According to the current procedures, before any form of assistance such as repatriation, payment of school fees, foodstuff amongst others, is rendered to a client, the Ministry is required to build a case record showing a client's eligibility for such assistance. It was however observed that, a total of K129,170,700 was spent in seven (7) districts to assist various clients who had no case records as shown in the table below:

District	Amount K
Livingstone	6,269,000
Kalomo	27,630,000
Monze	27,718,000
Kazungula	10,597,000
Kasama	23,485,000
Kaputa	19,726,700
Nakonde	13,745,000
<b>Total</b>	<b>129,170,700</b>

**i. Women Development Programme**

**i. Payments to Unregistered Clubs**

According to the Ministry's guidelines, women's clubs were funded on presentation of a certificate of registration from the Registrar of Societies or the Local Council, a copy of the club's constitution, a list of members of the club, a project proposal and a valid bank account. Contrary to the guideline, amounts totalling K278,000,000 were disbursed to eighty six (86) clubs which did not meet the criteria above, in that they did not have registration certificates.

**ii. Unaccounted for Equipment**

There was no acknowledgement of receipt from various women's clubs in respect of equipment namely peanut butter making machines, bicycles and a block making machine, all costing K208,110,000 purportedly distributed to the clubs by the Ministry.

**iii. Funding to Clubs - Mpulungu**

During the period under review, sixteen (16) clubs were funded a total amount of K67,200,000 (K4,200,000 each) in October 2010. It was however, not possible to verify the locations of the clubs.

**j. Misapplication of Funds**

**i. Repatriation of Street Children**

During the period under review, the Ministry was funded K1,305,993,131 for the removal of street children. However, only K264,348,168 was disbursed to the districts street children committees who are charged with responsibility of removing street children. The balance of K1,041,644,963 was utilised on activities not related to the programme such as imprest, purchase of air tickets, workshops, repairing of motor vehicle, improvement of water reticulation at Insakwe Probation Hostel in Ndola and other administrative expenses. Consequently, the exercise to remove street children was not fully implemented.

**ii. Social Safety Net Programme**

During the period under review an amount of K1,083,379,401 was released for the Social Safety Net Programme to assist stranded persons and all those who were in need of help. However, out of the total amount of K1,083,379,401 released, only K5,000,000 was utilised on the programme, the balance of K1,078,379,401 was applied on unrelated activities such as purchase of fuel, and outfits for Youth, Labour and Women's Day celebrations, among others.

**iii. Non Formal Skills Training**

During the period under review, amounts totalling K750,000,000 were released for non formal skills training. However, only an amount of K342,003,259 was spent on the activity while the balance of K325,096,741 was utilised on monitoring other unrelated programmes.

**iv. Learning Resource Centre**

During the period under review, amounts totalling K296,296,297 were released for operational costs of running the community skills training centres and sub centres. However, only an amount of K11,696,667 was spent on the activity while the balance of K284,599,630 was utilised on activities not related to the programme such as payment of tuition fees and allowances, monitoring and administrative expenses.

**v. Food Security Pack Programme (FSP)**

During the period under review, amounts totalling K9,208,814,812 were released for the implementation of the FSP. However, out of the amount released, K8,949,953,312 was utilised on the programme while the balance of K258,861,500 was utilised on activities not related to the programme such as purchase of fuel for Headquarters.

**vi. Arts and Cultural Infrastructure**

During the period under review, the Ministry received K2,900,000,000 for Arts and Cultural Infrastructure. However, without obtaining authority from the Secretary to the Treasury, the Ministry utilised amounts totalling K853,218,746 to host the African Dance Festival, an activity that was not related to arts and cultural infrastructure.

Further, amounts totalling K411,451,140 spent on accommodation at various lodges to accommodate the participants was not supported by bills and invoices.

**Head: 46 Ministry of Health**

**Programmes: Various**

**Activities: Various**

36. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December, 2010, a total provision of K1,514,030,617,884 was made to cater for various activities against which amounts totalling K1,630,276,076,105 were released resulting in an over funding of K116,245,458,201 as shown below:

<b>Programme</b>	<b>Total Authorized Provision K</b>	<b>Amount Released K</b>	<b>Over /(Under) funding K</b>
Infrastructure	140,554,862,809	140,317,043,053	(237,819,756)
On call	66,000,000,000	71,500,000,000	5,500,000,000
Drugs and medical supplies	124,106,658,283	120,251,496,395	(3,855,161,888)
RDC and Others	1,183,369,096,812	1,298,207,536,657	114,838,439,845
<b>Total</b>	<b>1,514,030,617,904</b>	<b>1,630,276,076,105</b>	<b>116,245,458,201</b>

#### **Accounting and other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters, provincial and district health offices and physical inspection of selected projects carried out in September 2011 revealed weaknesses in internal controls. This was evidenced by poor record keeping, failure to reconcile bank accounts, poor management of imprest and missing documents. In particular the following were observed:

##### **a. Unvouched Expenditure**

###### **i. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, five hundred and seventeen (517) payment vouchers in amounts totalling K4,702,972,798 were not availed for audit. Details are in the table below:

<b>Health Offices</b>	<b>No of Payments</b>	<b>Amount K</b>
Headquarters-Ministry	14	245,997,000
Livingstone PMO	1	25,600,000
Mazabuka DHO	16	47,801,165
Sinazongwe Dho	6	15,612,250
Livingstone DHO	2	18,850,000
Mbala DHO	31	242,220,213
Mpulungu DHO	2	5,450,000
Kasama Gen Hospital	52	191,987,290
Mbala General Hospital	12	25,121,000
Chilonga Mission	8	25,755,000
Kasama DHO	26	72,775,192
Mungwi DHO	2	3,840,000
Chipata DHO	9	75,610,000
Katete DHO	3	3,813,000
Mongu PMO	6	17,712,883
Sesheke DHO	2	21,630,250
Lukulu DHO	3	10,557,000
Mansa PHO	11	1,817,553,678
Mansa DHO	20	181,279,774
Samfya DHO	9	15,576,631
Nchelenge DHO	8	13,020,000
Mwense DHO	4	23,900,000
Kawambwa DHO	8	18,777,068
Mansa School of Nursing	21	102,553,637
Lusaka PMO	7	20,317,834
Kafue DHO	12	44,427,400
Chongwe DHO	4	8,510,033
Ndola PHO	58	541,132,182
Solwezi DHO	11	13,042,000
Kabompo DHO	13	61,474,298
Zambezi DHO	12	88,845,343
Kabwe PHO	28	166,900,033
Mkushi DHO	25	341,260,465
Mumbwa DHO	26	85,067,120
Mporokoso DHO	19	71,250,000
Luwingu DHO	26	37,753,059
<b>Total</b>	<b>517</b>	<b>4,702,972,798</b>

**ii. Unsupported Payments**

Contrary to Financial Regulations Nos. 45(2) and 52(1), there were three hundred and twenty two (322) payments in amounts totalling K3,014,722,055 that were not supported with relevant documents such as cash sale receipts, invoices, acquittals and Local Purchase Orders (LPOs). Details are in the table below:

Entity	No. of Payments	Amount (K)
Headquarters - Ministry	40	678,657,783
Mazabuka DHO	4	10,716,440
Livingstone DHO	1	4,200,000
Mbala DHO	5	26,165,560
Kasama Gen Hosp	38	143,690,710
Kasama DHO	18	30,444,670
Mungwi DHO	3	8,755,000
Chipata DHO	1	9,210,000
Mambwe DHO	4	9,326,000
Katete DHO	8	38,415,524
Mansa DHO	15	187,684,384
Samfya DHO	19	251,757,945
Mansa School of Nursing	38	142,937,000
Chongwe DHO	11	29,492,200
Ndola PHO	35	553,361,277
Solwezi DHO	8	25,308,000
Solwezi PHO	62	778,771,527
Kabompo DHO	2	2,275,000
Zambezi DHO	3	30,970,000
Kabwe PHO	7	52,583,035
<b>Total</b>	<b>322</b>	<b>3,014,722,055</b>

**b. Unapproved Payments**

Contrary to Financial Regulation No. 48, which stipulates that the original of a payment voucher shall be signed by a controlling officer, a warrant holder or by any other officer authorized to sign on their behalf, there were eight (8) payments in amounts totalling K12,781,179 that were not signed by the Controlling officers or any other authorized person. Details are in the table below:

Health Office	No. of Payments	Amount K
Mambwe	1	766,400
Katete	1	2,719,000
Luwingu	6	9,295,779
<b>Total</b>	<b>8</b>	<b>12,781,179</b>

**c. Un-acquitted Funds**

Contrary to Financial Regulation No. 45(3), allowances in amounts totalling K108,325,000 involving twenty-three (23) transactions were not acquitted as of October 2011 and the money was not found on hand. See details in the table below:

<b>Station</b>	<b>No. of Payments</b>	<b>Amount K</b>
Mpulungu DHO	6	10,412,000
Mungwi DHO	3	8,810,000
Mansa School of Nursing	5	62,640,000
<b>Total</b>	<b>23</b>	<b>108,325,000</b>

**d. Misapplication of Funds**

Contrary to the Appropriation Act of 2010, amounts totalling K3,769,355,549 appropriated for procurement of drugs, maintenance of motor vehicles and payment of utility bills were applied on un related activities such as payment of imprest, personal emoluments and holding of workshops. Details are in the table below:

<b>Station</b>	<b>No. of Payments</b>	<b>Amount K</b>
Headquarters -Ministry	1	430,335,824
Livingstone PHO	87	1,349,178,057
Mazabuka DHO	21	506,780,321
Livingstone DHO	15	125,458,000
Kasama PHO	6	73,995,100
Nchelenge DHO	14	23,395,000
Mansa PHO	42	552,460,100
Mwense DHO	12	109,320,421
Mansa Nursing School	4	117,718,646
Kasama General Hospital	18	48,066,500
Lusaka PHO	4	209,016,635
Nchanga North Hosp	20	65,032,945
Solwezi DHO	17	158,598,000
<b>Total</b>	<b>261</b>	<b>3,769,355,549</b>

**e. Failure to Remit Taxes**

Contrary to the Income Tax Act (CAP 323), amounts totalling K673,934,460 deducted from officers' dues as Pay As You Earn (K670,556,813) and withholding tax (K3,377,647) deducted from rented properties during the period under review, were not remitted to the Zambia Revenue Authority (ZRA) as shown in the table below:

<b>Health Office</b>	<b>PAYE K</b>	<b>Withholding Tax K</b>	<b>Total K</b>
Livingstone PHO	175,724,597	-	175,724,597
Mazabuka DHO	-	3,377,647	3,377,647
Sinazongwe DHO	10,211,939	-	10,211,939
Mufulira DHO	31,113,913	-	31,113,913
Solwezi PHO	13,475,597	-	13,475,597
Kabwe PHO	440,030,767	-	440,030,767
<b>Total</b>	<b>670,556,813</b>	<b>3,377,647</b>	<b>673,934,460</b>

**f. Weaknesses in the Management of Imprest**

**i. Unretired Imprest**

Contrary to Financial Regulation No.96, imprest in amounts totalling K4,726,904,887 issued to one thousand one hundred and seventeen (1,117) officers had not been retired as of November, 2011. Details are in the table below:

Station	No. of Payments	No. of Officers	Amount K
Headquarters	15	15	189,208,603
Livingstone PHO	7	4	9,921,450
Mazabuka DHO	38	30	115,355,831
Sinazongwe DHO	13	10	53,951,920
Mbala Gen Hospital	7	6	25,560,000
Mbala DHO	39	20	124,797,620
Mpulungu DHO	21	12	91,464,475
Kasama Gen Hosp	76	39	139,013,300
Chilonga Mission	15	10	16,381,000
Kasama DHO	93	47	298,406,455
Mungwi DHO	17	14	52,453,930
Chipata DHO	1	1	1,500,000
Mambwe DHO	19	17	54,898,100
Katete DHO	6	6	18,811,300
Sesheke DHO	9	7	32,130,964
Lukulu DHO	13	9	256,087,764
Mansa DHO	165	80	719,767,712
Samfya DHO	34	9	887,737,245
Nchelenge DHO	8	8	10,262,000
Mwense DHO	14	9	42,869,450
Kawambwa DHO	71	41	95,652,200
Mansa School of Nursing	84	16	372,032,740
Lusaka PMO	4	4	18,975,300
Kafue DHO	16	11	108,013,000
Luangwa DHO	3	3	2,215,000
Chongwe DHO	61	57	68,112,700
Ndola PHO	48	21	88,208,852
Chingola DHO	57	35	64,448,122
Solwezi DHO	40	37	90,172,803
Solwezi PHO	17	16	25,377,801
Kabombo DHO	22	15	44,566,000
Zambezi DHO	11	5	224,003,000
Kabwe PHO	8	8	25,031,400
Mkushi DHO	11	9	71,349,350
Mumbwa DHO	0	0	56,743,000
Mporokoso DHO	14	11	35,259,500
Luwingu DHO	40	19	196,165,000
<b>Total</b>	<b>1,117</b>	<b>661</b>	<b>4,726,904,887</b>

Further, contrary to Financial Regulation No. 91(1) and (2), imprest in amounts totalling K1,575,809,468 involving three hundred and three (303) transactions was issued to ninety-eight (98) officers who had not retired previous imprest. Details are in the table below:

Unit	No. of Transactions	No. of officers	Amount K
Headquarters	8	7	176,127,319
Mazabuka DHO	19	4	120,426,240
Sinazongwe DHO	40	5	361,654,089
Livingstone DHO	4	1	8,021,400
Kasama Gen Hosp	69	17	138,313,592
Kasama DHO	59	12	263,171,021
Mbala Gen Hospital	5	1	7,930,500
Chilonga Mission	10	2	12,055,000
Mungwi DHO	35	15	96,269,167
Kawambwa DHO	26	14	36,943,000
Solwezi PHO	5	5	10,795,000
Kabombo DHO	5	5	11,146,000
Zambezi DHO	6	2	160,582,000
Kabwe PHO	12	8	172,375,140
<b>Total</b>	<b>303</b>	<b>98</b>	<b>1,575,809,468</b>

**ii. Irregular Use of Accountable Imprest**

Financial Regulation No. 86(c) stipulates that, "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".

It was however observed that imprest in amounts totalling K334,767,464 issued to thirty-three (33) officers involving sixty (60) transactions, as indicated in the table below, was used to procure goods and services instead of paying directly to suppliers. Further, the procurements were not subjected to tender procedures in that no competitive quotations were obtained.

Station	No. of Transactions	No. of Officers	Amount K
Livingstone PHO	11	7	78,326,250
Kasama DHO	2	1	10,945,000
Mbala Gen. Hosp	7	5	29,657,200
Chilonga Mission	14	3	44,082,000
Sesheke DHO	17	10	139,893,114
Kabwe PHO	2	1	9,542,000
Mkushi DHO	7	6	22,321,900
<b>Total</b>	<b>60</b>	<b>33</b>	<b>334,767,464</b>

**g. Irregular Payments**

**i. Double Payment of Housing Allowance**

In May 2008, the Government introduced housing allowances for all civil servants including medical personnel. However, it was observed that rentals in amounts totalling K3,474,600,000 were paid on behalf of eighty-four (84) doctors at the Ministry's headquarters (K1,761,599,976) and sixty-six (66) doctors at UTH (K1,331,100,000) who had been paid housing allowances in amounts totalling K1,386,000,000 during the same period.

It was also observed that twenty-nine (29) doctors on the Copperbelt province who occupied institutional houses also received housing allowances in amounts totalling K35,815,000.

**ii. Subsistence Allowance**

According to Section 155(a) of the Terms and Conditions of Service for the Public, when on transfer between stations, an officer may claim subsistence allowance at the appropriate single or married rate for the last two (2) nights and the first two (2) nights spent at the old and new stations, respectively.

Contrary to this requirement, amounts totalling K47,163,960 were irregularly paid to forty-five (45) officers as loading and offloading allowances on first appointment. Details are in the table below:

<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>
Sinazongwe DHO	1	1,140,000
Livingstone DHO	24	27,180,000
Chipata DHO	8	9,140,000
Mambwe DHO	8	5,563,960
Lukulu DHO	4	4,140,000
<b>Total</b>	<b>45</b>	<b>47,163,960</b>

**iii. Payments to Lodges and Hotels**

Contrary to Cabinet Office Circular No.7 of 2006, amounts totalling K2,781,037,489 involving one hundred and sixty-four (164) transactions were paid to hotels and lodges to hold training workshops and meetings without obtaining authority from the Secretary to the Cabinet.

<b>Health Office</b>	<b>No. of Payments</b>	<b>Amount K</b>
Livingstone PHO	15	495,653,106
Ndola PHO	60	1,420,337,400
Chingola DHO	8	36,221,431
Chipata DHO	13	95,749,250
Katete DHO	7	80,303,000
Kabwe PHO	22	376,495,302
Mkushi DHO	4	29,709,000
Mumbwa DHO	35	246,569,000
<b>Total</b>	<b>164</b>	<b>2,781,037,489</b>

**iv. Staff Recruited Without Authority**

Payments in amounts totalling K208,529,289 involving forty (40) transactions were made in respect of salaries for staff recruited by the district health offices without Public Service Management Division (PSMD) and Treasury Authorities. See table below:

<b>Station</b>	<b>No. of transactions</b>	<b>Amount K</b>
Sinazongwe DHO	11	60,810,518
Kafue DHO	17	38,398,349
Mwense DHO	12	109,320,422
<b>Total</b>	<b>40</b>	<b>208,529,289</b>

**v. Officers on Studies Without Leave**

Contrary to section 121(6) of the Terms and Conditions of Service for Public Service, five (5) public service workers at Mkushi DHO went for studies without the approval of the PSMD. It was also observed that the officers received salaries in amounts totalling K219,643,093.

**vi. Payment of Settling in Allowance**

Contrary to Section 163(a) of the Terms and Conditions of Service for the Public Service Mongu PHO paid settling in allowances in amounts totalling K140,704,714 to thirty-nine (39) officers who were not appointed to the Public Service.

**vii. Payment for Training**

Contrary to Section 121 of the Terms and Conditions of Service for the Public Service, the Kabwe PHO sponsored an officer at Cavendish University at a total cost of K10,800,000 although she had not been appointed to the Public Service.

**viii. Wasteful Expenditure**

In 2009, Mkushi DHO procured an engine for motor vehicle registration No. ABA 1312 at a cost of K27,000,000 from an individual. Although the engine was fitted by the supplier, the vehicle did not run. In this regard, in January 2010 the DHO contracted the supplier to repair the engine at a cost of K7,000,000 and the vehicle still did not run. The expenditure of K34,000,000 on the procurement and repair of the engine was wasteful.

**h. Drugs and Medical Supplies**

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

Contrary to Public Stores Regulation No. 16, drugs and medical supplies costing K4,750,916,029 involving nine hundred and forty (940) transactions purchased during the period under review had no receipt and disposal details. As a result, it was not possible to ascertain whether the drugs and medical supplies were received and used for the intended purpose. Details are in the table below:

<b>Unit</b>	<b>No. of Payments</b>	<b>Amount K</b>
Headquarters	240	2,647,099,119
Katete DHO	6	101,142,041
Sesheke DHO	5	15,909,202
Mansa DHO	5	31,569,580
Samfya DHO	8	65,302,300
Nchelenge DHO	3	5,995,000
Kafue DHO	161	462,072,575
Kasama Gen Hosp	12	25,354,000
Chongwe DHO	308	745,163,305
Mumbwa DHO	47	383,276,934
Mporokoso DHO	143	260,047,273
Luwingu DHO	2	7,984,700
<b>Total</b>	<b>940</b>	<b>4,750,916,029</b>

**ii. Expired Drugs**

A scrutiny of stock records and drug labels maintained at the Medical Stores Ltd and pharmacies at three (3) district health offices revealed that drugs costing K480,858,719 had expired from as far back as 2008 and no action had been taken by management to dispose the drugs. Details are in the table below:

Station	Types of Drugs / Medical supplies	Amount K
Medical Stores	Various	380,314,061
Samfya DHO	Various	26,366,651
Nchelenge DHO	Various	63,895,017
Kawambwa DHO	Various	10,282,990
<b>Total</b>		<b>480,858,719</b>

**i. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16 various stores items costing K3,390,002,377 purchased during the period under review had no receipt and disposal details. As a result, it was not possible to ascertain whether the goods paid for were actually received and used for the intended purpose. Details are in the table below:

Unit	No. of Payments	Amount K
Headquarters	51	901,510,341
Livingstone PMO	41	261,329,850
Mazabuka DHO	14	3,397,570
Sinazongwe DHO	4	8,337,260
Livingstone DHO	12	66,778,900
Chilonga Mission	19	29,474,500
Mbala DHO	23	68,121,285
Mpulungu DHO	29	196,779,770
Kasama DHO	31	129,141,480
Mungwi DHO	26	95,414,410
Chipata DHO	25	154,791,500
Mambwe DHO	7	13,871,811
Katete DHO	1	11,021,200
Mongu PMO	10	47,299,200
Sesheke DHO	9	19,138,000
Lukulu DHO	83	78,631,440
Mansa DHO	28	308,733,810
Samfya DHO	33	217,517,795
Nchelenge DHO	13	27,495,080
Mwense DHO	2	11,150,800
Kawambwa DHO	7	18,357,000
Mansa School of Nursing	49	142,440,650
Lusaka PMO	3	41,605,000
Chongwe DHO	4	6,507,600
Chingola DHO	3	17,500,000
Solwezi DHO	51	107,399,235
Kabwe PHO	32	219,394,081
Mumbwa DHO	4	8,184,600
Mporokoso DHO	31	110,692,060
Luwingu DHO	17	67,986,149
<b>Total</b>	<b>662</b>	<b>3,390,002,377</b>

**j. Irregular Drawings of Fuel – Kasama DHO**

Fuel costing K14,915,585 was drawn by motor vehicles which were not part of the fleet owned by the DHO and there were no fuel coupons authorizing the drawings.

**k. Renovation of Anti Retroviral Treatment (ART) Centres – Mazabuka DHO**

In December 2010, amounts totalling K221,776,289 were disbursed to Mazabuka DHO for the renovations of the new ART centres at Nasenga rural health post, Mazabuka hospital and Kaonga urban health post. However, despite the availability of funds, as of August 2011 the works had not commenced.

**l. Failure to Recover Loans and Salary Advances**

Contrary to Terms and Conditions of Service for the Public Service, it was observed that recoveries for loans and salary advances in amounts totalling K1,723,650,745 involving three hundred and eighteen (318) transactions paid to two hundred and sixty eight (268) officers during the period under review had not been effected as of October 2011. See table below:

<b>Unit</b>	<b>No. of Officers</b>	<b>Amount K</b>
Headquarters	135	1,274,838,445
Mazabuka DHO	1	2,000,000
Livingstone DHO	3	4,300,000
Chipata PMO	28	275,350,000
Kafue DHO	52	51,610,000
Luangwa DHO	4	29,160,000
Chongwe DHO	14	20,367,300
Chingola DHO	21	26,100,000
Solwezi PHO	10	39,925,000
<b>Total</b>	<b>268</b>	<b>1,723,650,745</b>

**m. Transport Management - Failure to Repair Motor Cycles**

In February, 2010 Kabompo DHO paid Sundat Motors K11,213,298 for the repair of two (2) motor cycles registration Nos. ACH 2756 and GRZ 09DJ. However, as of November 2011, the motor cycles had not been repaired and were still in the custody of the garage.

**n. Infrastructure Development**

The Ministry received amounts totalling K114,347,863,629 to cater for infrastructure development. In this regard, contracts were awarded for the construction of various infrastructure as shown in the table below:

<b>Project</b>	<b>Activity</b>	<b>No. of Units</b>	<b>No. of Contracts</b>	<b>Value of Contracts Awarded K</b>
Hospitals	construction	10	10	51,000,000,000
Health Posts	Supply of Materials	125	18	12,257,657,725
Staff Houses UTH	Construction of two(2) bedroomed flats	3	1	13,185,046,486
UTH	Construction of nurses, paramedics hostel block	3 Double storey hostel blocks	1	11,826,579,900
<b>Total</b>				<b>88,269,284,111</b>

Physical inspections carried out in October 2011, of selected projects revealed poor workmanship, failure to complete projects on time and works not done as shown in the tables below:

**HOSPITALS/STAFF HOUSES**

Province	District	Project	Contractor	Contract Period	Contract Sum (K)	Amount Paid to Contractor (K)	Scope of Works	Remarks
<b>Headquarters</b>	<b>Lusaka</b>	Construction of 3 blocks flats of 8 x2 bedroomed flat	Datong Construction Limited	Nov. 2009 to Jan. 2011	6,849,304,680	6,008,327,855	Construction of 3 blocks flats of 8 x2 bedroomed flat	Project completed. Handover certificate not availed for audit scrutiny
<b>Southern</b>	Choma	Choma General Hospital	Associated electrical Sales	5 <sup>th</sup> Nov 2009 to 27 <sup>th</sup> Jan 2011	7,879,016,600	4,154,708,029	Admin, OPD and X-Ray blocks, 3 wards, Kitchen, laundry	2 of the wards had stalled at slab level, the rest of the structures had been roofed with the following works outstanding electrical, plumbing, glazing, carpentry, among others. The paid out certificates were not supported with work schedules.

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	Namwala	Namwala District Hospital Phase I	Astro Limited	5 <sup>th</sup> Oct 2010 to 4 <sup>th</sup> July 2011	4,815,420,712	963,084,142	X-ray ,theatre, maternity and Service block	All structures at gable level except Service blocks which was at slab level.
<b>Northern</b>	Mpulungu	District Hospital Phase-2	Earthrow Investment Ltd	Feb 2011 to Nov 2011	6,257,400,797	3,051,445,232	Admin block female and childrens ward, OPD/ lab, incinerator	All structures at above ring beam level and incinerator at excavation
<b>Eastern</b>	Chama	District hospital phase - 2	Mango tree construction	Mar to Dec 2010	6,103,040,372	3,112,107,142	Admin, OPD, 2 wards, mortuary and incinerator	complete but had the following defects; cracks had manifested on all the structures except for the kitchen, cold room fitted with ceiling board instead concrete roof
<b>Luapula</b>	Mwense	District Hospital Phase - 1	Mwasika Buiding Contractors	Oct 2010 to Sept 2011	4,135,607,872	827,121,574	Maternity, x 6 ray, Service blocks	Stalled at Gable, slab and lintel levels respectively
<b>Lusaka</b>	Lusaka	School of anesthesia	Daltong Construction Limited	Dec 2009 to May 2010	1,731,505,204	800,000,000	single storey hostel block	Project completed had the following defects; cracks on the walls, peeling off of the paint in the ladies ablution

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								and loose taps
	Chongwe	District hospital phase - 2	Wah Kong Limited	Jan 06 Sept 2010	4,861,969,341	5,757,621,106	Female and male wards and admin block	Completed though cracks had developed in all the structures
<b>Western</b>	Mongu	District Hospital Phase I	Earthrow Investments	Sept 2010 - Aug 2011	4,553,415,506	1,422,442,990	Maternity, Service X-ray and Theatre blocks	X-ray and Theatre blocks are at Lintel level, Service block Ring beam level and maternity block at Slab level.
<b>North-Western</b>	Solwezi	Double storey Hostel block	Gabmans	Nov 2009 - July 2010	3,289,669,477	866,296,276	Double storey hostel block	76 weeks beyond the expected completion date, the structure not completed, cracks had developed on the walls and only the foreman was on site.
		Lumwana General Hospital	Jizzan Construction Limited		11,894,605,316	9,207,888,362		Works in progress, outstanding works electrical, roofing, flooring and painting.

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<b>Copperbelt</b>	Ndola	Lubuto Urban clinic	Clinker Construction Limited	Sept 2009 - April 2010	743,527,873	553,565,069	Completion of theatre block,	Construction in progress. Outstanding works; installation of sluice, Air conditioners, alarm and electricity.
	Masaiti	Masaiti Dist Hosp Phase I	New Era Construction (Z) Ltd	10 <sup>th</sup> Sept to 17 <sup>th</sup> Mar 2010	4,454,105,025	834,601,780	X-ray, Theatre, Maternity and service blocks.	Hospital roofed with the following works outstanding; flooring, fitting of window panes and doors and painting.
	Lufwanyama	Lufwanyama Dist Hospital Phase II	Zamchin	27 <sup>th</sup> Sept to 26 <sup>th</sup> Jun 2011	5,230,767,158	2,944,831,316	Male and Children wards, OPD, Administration block, mortuary and incinerator	The hospital was completed. Ramp was not constructed in mortuary.

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<b>Central Province</b>	Mkushi	Mkushi District Hospital Phase 1	African Brothers	Aug 2010 June 2011	4,076,523,968	1,429,168,284	Service, X- ray and Maternity blocks	The structures roofed. Glazing, electrical wiring and painting were outstanding (4) four months after the expected date of completion.
	Mumbwa	Mumbwa District Hospital Phase 3	Associated Electrical Services		6,113,049,769	6,117,223,523	3 x 3 bedroomed (medium), 6 x 3 bedroomed low cost houses, female and childrens wards	The project had been completed. No hand wash basins, 6 hard panel doors and door frames were fitted in the maternity ward, drainage and plumbing works not executed.

<b>Head:</b>	<b>51/</b>	<b>Ministry of Communications and Transport</b>
	<b>01</b>	<b>Headquarters</b>
	<b>02</b>	<b>Civil Aviation Department</b>
	<b>03</b>	<b>Meteorological Department</b>
	<b>04</b>	<b>Maritime and Inland Waterways Department</b>
<b>Units:</b>		<b>Various</b>
<b>Programmes:</b>		<b>Various</b>
<b>Activities:</b>		<b>Various</b>

37. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K159,097,195,896 was made to cater for various activities against which amounts totalling K110,918,772,548 were released resulting in an underfunding of K48,178,423,348.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters carried out in May 2011 and visits to the Provincial Offices revealed the following:

##### **a. Procurement of Fire Fighting Vehicles and Trauma Ambulances**

On 30<sup>th</sup> November 2009, the Ministry engaged Albion Export Services Ltd of United Kingdom to supply seventeen (17) Titan Airport Fire Fighting Vehicles and nine (9) Iveco Trauma Ambulances at a total contract sum of K124,739,221,445 (US\$26,700,000).

The terms of the contract, among others, were:

##### **▪ Payment Terms**

The Ministry was to effect full payment of the contract price in one installment on or about the 15<sup>th</sup> day of January 2010. In the event of the Ministry defaulting in making payment to the seller for a period in excess of six (6) months, the seller would be entitled to treat 5% of the amount received from the buyer as forfeited to the seller.

##### **▪ Manufacturing and Delivery of Vehicles**

The manufacturing of the vehicles was to commence immediately upon receipt of full payment. Nine (9) Iveco Trauma Ambulances were to be supplied in July/August 2010 whilst seventeen (17) Titan Airport fire fighting vehicles were to be supplied in November/December 2010 and delivery to Lusaka in January/February 2011 provided payment was received before December 2009.

A scrutiny of documents relating to the contract and an inquiry made in May 2011 revealed the following:

▪ **Funds Forfeited**

Contrary to the terms of the contract which required a full payment to have been made on or before 15<sup>th</sup> January 2010, the Ministry only paid K19,800,000,000 on 24<sup>th</sup> November 2010, eleven (11) months after the contractual deadline. The payment made represented only 16% of the contract price. Consequently, should the supplier enforce the terms of the contract, the Ministry will lose K990,000,000, being 5% of the amount paid.

▪ **Lack of Performance Bond**

The contract document did not have a clause requiring the supplier to provide a guarantee such as performance bond as a prerequisite to the contract.

**b. Unretired Imprest**

Contrary to Financial Regulation No.96(1), imprest in amounts totalling K294,117,630 issued to twenty one (21) officers during the period under review had not been retired as of September 2011.

**c. Workshops Held Without Authority from Secretary to the Cabinet**

Contrary to Cabinet Office Circular No.7 of 2006, which requires Controlling Officers to seek prior authority before holding seminars, workshops and conferences outside government meeting facilities, the Ministry held eight (8) workshops at a total cost of K157,391,900 without authority from the Secretary to the Cabinet.

**d. Irregular Refunds**

In September 2010, the Ministry paid amounts totalling K7,120,000 to cashiers as refunds for personal money purportedly used to procure fuel for the motor vehicles in the Department of Civil Aviation. However, the transactions were not authorised by the Controlling Officer.

**e. Misapplication of Funds – Extension of Headquarters**

Although the Ministry of Finance and National Planning released K1,000,000,000 for the extension of the Headquarters Office building during the period under review, the funds were applied on operations. Consequently, the works on the building had not commenced as of September 2011. Further, the Ministry did not obtain authority from the Secretary to the Treasury to vary funds from capital project to RDCs.

**f. Department of Maritime and Inland Waterways**

An amount of K1,000,000,000 was released for the rehabilitation of canals, out of which K840,000,000 was disbursed to five (5) provincial offices as shown in the table below:

<b>Province</b>	<b>Amount K</b>
Northern Province	150,000,000
North Western Province	100,000,000
Central Province	100,000,000
Western Province	290,000,000
Luapula Province	200,000,000
<b>Total</b>	<b>840,000,000</b>

The balance of K160,000,000 was retained at the Ministry headquarters for monitoring and evaluation purposes. The provincial offices were required to submit the expenditure returns on the utilisation of funds to the Ministry headquarters. However, contrary to the requirement, none of the provinces submitted expenditure returns to the Ministry.

- Head:** 64/ **Ministry of Works and Supply**  
 01 **Headquarters**  
 02 **Buildings Department**  
 04 **Government Printing Department**  
 05 **Office Equipment Management Services Department**  
 06 **Planning and Monitoring**
- Units:** **Various**
- Programmes:** **Various**
- Activities:** **Various**

38. In the Estimates of Revenue and Expenditure for the Financial year ended 31<sup>st</sup> December 2010, a total provision of K180,484,534,348 was made to cater for various activities against which amounts totalling K152,837,504,753 were released resulting in an under funding of K27,647,029,595.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and visits to provinces carried out in May 2011 revealed the following:

**a. Weaknesses in Management of Imprest**

**i. Unretired Imprest**

Contrary to Financial Regulation No. 96 (1), imprest in amounts totalling K295,209,849 involving thirty one (31) transactions issued to twenty eight (28) officers during the period under review had not been retired as of September 2011.

Included in the unretired imprest, were amounts totalling K86,468,694 issued to three (3) officers who had not retired previous imprests, contrary to Financial Regulation No. 91.

**ii. Questionable Retirements**

During the period under review, imprest in amounts totalling K166,796,629 was issued to fourteen (14) officers to carry out various activities. Although the imprest was retired, the retirements were questionable in that receipts for fuel had no dates and vehicle registration numbers, the description of items procured were not listed and some items procured did not relate to the purpose for which the imprest was issued.

**b. Failure to Produce Reports**

Imprest in amounts totalling K311,238,500 was issued to nine (9) officers for short term training, workshops, seminars and inspection of projects. However, there were no reports to indicate that the activities had been undertaken.

**c. Irregular Use of Appropriation-In-Aid**

A budget provision of K151,188,830 was made to cater for activism against gender violence. However, the amount was not released. It was observed however, that the Ministry spent Appropriation-in-Aid amounting to K168,765,000 on activism against gender violence, an activity not related to enhancing revenue collection, contrary to the guideline.

**d. Unvouched Expenditure**

Contrary to Financial Regulations No. 52 and 65, payments in amounts totalling K1,394,430,745 involving fifty (50) transactions were unvouched in that the payment vouchers were either missing or inadequately supported by documentation such as invoices, local purchase orders and acquittal sheets.

**e. Unaccounted for Stores Items**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of assorted stores items costing K1,054,084,784 procured during the period under review.

**f. Irregular Procurement of Motor Vehicles**

According to the Zambia Public Procurement Authority (ZPPA) Circular No. 1 of 2009, all procurements with an estimated value of above K500 million shall be undertaken using the open bidding or open selection method and authorised for contract award by the procuring entity tender committee.

Procurements with an estimated value above threshold of the procuring entity, however, will have to be submitted to the Central Tender Committee for authorisation after consideration by the procuring entity tender committee.

The use of less competitive procurements methods other than open bidding/selection will require authorisation by ZPPA.

However, contrary to the Circular, the Ministry single sourced the procurement of thirty nine (39) motor vehicles at a total cost of K11,718,946,039 without authority from ZPPA.

**g. Failure to Recover Overpaid Salaries**

A review of personnel and payment of salaries records revealed that three (3) officers on the Payroll Management and Establishment Control (PMEC) payroll were erroneously paid salaries in amounts totalling K12,145,444 on the Legacy payroll during the period from January to August 2010. As of May 2011, the amount of K12,145,444 erroneously paid had not been recovered. Details are in the table below:

Name	Months over paid	Total over paid K
Kennedy Malite	June to July 2010	2,007,373
Wilson Sichiyasa	January to August 2010	5,592,705
Tyson Siandike	January to August 2010	4,545,366
<b>Total</b>		<b>12,145,444</b>

**a. Capital Projects**

**i. Misapplication of Funds**

Amounts totalling K3,227,364,093 meant for various capital projects, were applied on activities not related to capital projects such as payment of loans (K970,000,000), wages (K80,422,320), public service day expenses (K257,750,000), allowances (K1,432,112,698), motor vehicle expenses (K80,996,404) and others (K406,082,671). However, due to the Ministry's failure to update the records, it was not possible to ascertain the projects that suffered. As of May 2011, no authority was sought from the Secretary to the Treasury and no reimbursement had been done.

**ii. Failure to Settle Claims for Certified Works**

Although amounts totalling K2,675,572,000 were released towards three (3) projects, a review of records revealed that the contractors were still being owed certified works totalling K2,164,730,251 as of May 2011. Details are in table below:

Project	Contract Price K	Amount Funded K	Amount Paid K	Outstanding Bill K
Construction of 4 low cost houses at Katimamulilo	1,535,252,344	1,090,000,000	500,000,000	1,035,395,990
Construction of Electric wire fence, 3 staff houses and guard house at third President	2,950,330,138	1,500,000,000	1,311,102,534	328,665,265
Construction of the Speaker's house	4,003,344,974	85,572,000	-	800,668,996
	<b>8,488,927,456</b>	<b>2,675,572,000</b>	<b>1,811,102,534</b>	<b>2,164,730,251</b>

**b. Former Presidents' Houses**

**i. Second Republican President's House**

An amount of K1,500,000,000 was released towards the construction of the Second President's house. However, the funds were applied on unrelated activities such as procurement of furniture, stationery, payments of allowances and long service bonuses.

**ii. Fourth Republican President's House**

Although only K100,000,000 was budgeted for and released towards the construction of the fourth President's house, the Ministry entered into two (2) contracts amounting to K6,185,798,379 resulting in an over commitment of K6,085,798,379. As of May 2011, certified works in amounts totalling K1,319,139,568 had not been paid for. The works done were construction of three (3) staff houses and a palisade fence. See pictures below:



*Staff Houses*



*Palisade Fence*

**c. Presidential Guest House – Mongu**

In March 2010, the Ministry engaged Emmaloy Investments to rehabilitate the Guest House at a contract sum of K1,146,610,386. However, the project was not budgeted for. This was contrary to Financial Regulation No. 25 which requires that expenditure be limited to the amounts specified in the approved estimates. As of May 2011, the contractor had been paid K968,456,961 from funds meant for the rehabilitation of the Kabelenga and Kitwe Presidential Guest Houses.

**d. Failure to Execute Works**

In January and November 2010, the Ministry of Finance and National Planning released amounts totalling K2,000,000,000 for the paving of the parking area at the Chirundu One Stop Border Post. A further K530,000,000 was released for the erection of street lights. In this regard, the Ministry engaged Messrs Jizan Construction to pave the parking area at the Chirundu One Stop Border Post at contract sum of K1,452,389,600 with a completion period of thirteen (13) weeks. No contractor was engaged for the erection of street lights.

A scrutiny of records however revealed that the amount of K2,530,000,000 released for the works was applied on unrelated activities such as purchase of fuel for headquarters, payment of imprest and payment for consultancy fees, among others. As of May 2011, the works had not commenced.

**e. Failure to Update Ledgers**

As of December 2010, the Ministry had outstanding bills totalling K24,159,941,538. However, it was not possible to verify the completeness of outstanding bills due to non maintenance of ledgers for individual creditors.

**Head: 65/10 Ministry of Science, Technology and Vocational  
Training- Planning and Development**

**Unit: 6 Projects**

**Programmes: Various**

**Activities: Various**

39. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K37,812,449,682 was made to cater for the rehabilitation of training institutions and construction of TEVET institutions, against which a total amount of K29,381,748,506 was released, resulting in an underfunding of K8,430,701,176.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and a visit to Trades Training Institutions carried out in May 2011 revealed the following:

**a. Unretired Imprest**

During the period under review, imprest in amounts totalling K250,764,600 issued to sixteen (16) officers to carry out monitoring of projects and other activities had not been retired as of September 2011, contrary to Financial Regulation No. 96.

**b. Unvouched Expenditure**

Contrary to Financial Regulations No. 52 and 65, eleven (11) payments in amounts totalling K1,145,337,443 were unvouched in that the payment vouchers were either missing or inadequately supported by documents such as invoices and receipts.

**c. Misapplication of Funds**

Out of K29,381,748,506 released for the rehabilitation of training institutions and construction of TEVET institutions, amounts totalling K416,252,675 were applied on unrelated activities such as labour and women's day celebrations (K150,430,000), administrative expenses (K69,173,008) and service of motor vehicles (K66,257,428), among others.

**d. Rehabilitation of Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) Building**

During the financial year ended 31<sup>st</sup> December 2009, an amount of K1,000,000,000 was released for the rehabilitation of TEVETA building. In this regard, in June 2009 the Ministry entered into a contract with Build Trust Construction for the rehabilitation of TEVETA building at the contract sum of K3,093,487,443. A

further, K2,000,000,000 was released in 2010, bringing the total funds available for the project to K3,000,000,000.

According to the contract, the scope of works included among others, fixing floor tiles, replacing doors, ceiling and painting the whole building. The contract was for a period of thirty four (34) weeks, from 5<sup>th</sup> June 2009 to 5<sup>th</sup> February 2010.

As of May 2011, amounts totalling K2,828,410,227 had been paid to the contractor.

The following were observed:

- i. Although the works were completed in May 2011, and certified by Buildings Department, the building was still in a deplorable state in that the new roof was leaking and the walls were damaged. See pictures below:



*Damaged Walls*

- ii. The contractor carried out electrical works such as fittings and installation of air conditioning units, among others costing K233,490,000 and was paid in full. However, physical inspection of the works revealed the following:
  - Electrical wiring was not properly done in that there was no power supply in Information Education and Communication Specialist's office and the Conference room.
  - Air conditioning units were poorly fitted and were non functional in all the offices except for the Director General's office.
  - Electrical fittings such as switches, fluorescent tubes and hand dryers in the gents toilets were poorly done as shown in the pictures below:



*Poorly installed hand dryer*

- iii. The contractor was paid K233,490,000 for plumbing works such as installation of toilet pans, hand washing basin and cisterns, among others.

A physical inspection however revealed that all flushing systems for toilets were not functional and the pipes were not properly fitted, resulting in leakages.

- iv. The contractor was paid K160,440,000 to replace eighty four (84) semi solid flush doors including mortice locks. A physical inspection however revealed that all the doors were not properly fitted in that the doors were not closing while the mortice locks were not lockable.

#### e. Trades Training Institutes

##### i. Choma Trades Training Institute

In April 2009, the Ministry engaged Nelkan Industrial Company to rehabilitate a classroom, administration block, ablution block, workshops and a kitchen at a contract sum of K10,393,069,996. The works were to commence in May 2009 and end in January 2010.

As of December 2010, the contractor had been paid amounts totalling K3,341,304,423 as shown in the table below:

Date	EFTA No.	Certificates	Amount Paid K
17.08.2009	15443	Certificates 1 & 2	778,074,580
04.11.2009	15357	No certificate	754,741,073
28.06.2010	3957	No certificate	1,808,488,770
<b>Total</b>			<b>3,341,304,423</b>

However, the following were observed:

- Payments in amounts totalling K2,563,229,843 paid to the contractor were not supported with the stage completion

certificates. It was therefore not possible to establish the basis of the payments.

- Plumbing works were not properly done in the hostel block and there were leakages on the first floor resulting in the ceiling on the ground floor cracking. See picture below:



*Cracked ceiling*

- The cisterns were damaged and could not flush and hand wash basins were not properly fitted in that they were loose. See pictures below:



*Non functional cistern*



*Poorly fitted hand wash basins*

## **ii. Mongu Trades Training Institute**

In 2009, the Ministry engaged Woodland Investment Ltd to construct a classroom block, a Library and related external works at Mongu Trades Training Institute at a contract price of K2,752,363,320.

As of May 2011, the contractor had been a paid a total of K2,217,604,336 and the works had been completed. A physical inspection of the works revealed the following:

- The roof in the Library was leaking resulting in damage to the walls as shown in the picture below:



*Damaged walls*

- The concrete on the veranda was cracking. See picture below:



*Crack on the veranda*

### **iii. Kabwe Trades Training Institute**

In 2009, the Ministry engaged Atonement Enterprises Ltd to rehabilitate twelve (12) male students hostels and the attendant's house at a contract sum of K2,669,338,743 with a contract period of 26 weeks, commencing on 12<sup>th</sup> February to 26<sup>th</sup> August 2009.

As of May 2011, the contractor had been paid a total amount of K2,130,845,322. A physical inspection of the works revealed that although the contractor had painted the classroom blocks, the paint was peeling off and tiles in the kitchen had not been fitted. See picture below:



*Kitchen wall where tiles are supposed to fixed*

**iv. Kasiya Secretarial and Business College**

In September 2009, the Ministry paid Ndiwanga Limited an amount of K366,116,700 to carry out construction of the library. However, as of May 2011, construction had not commenced.

<b>Head:</b>	<b>65/</b>	<b>Ministry of Science , Technology and Vocational Training</b>
	<b>01</b>	<b>Headquarters</b>
	<b>02</b>	<b>Human Resource and Administration</b>
	<b>04</b>	<b>Vocational Education and Training</b>
	<b>06</b>	<b>Science and Technology</b>
<b>Units</b>		<b>Various</b>
<b>Programmes:</b>		<b>Various</b>

40. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, provisions totalling K1 11,967,052,504 were made to cater for various activities, against which a total amount of K95,707,887,140 was released, resulting in an underfunding of K16,259,165,364.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry and a visit to selected training institutions carried out in March 2011 revealed the following:

**a. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K184,217,000 issued to nineteen (19) officers during the period under review had not been retired as of September 2011.

**b. Unvouched Expenditure**

Contrary to Financial Regulations No. 52 and 65, eighty two (82) payments in amounts totalling K891,399,949 were unvouched in that the payment vouchers were either missing or inadequately supported by documents such as acquittal sheets, invoices and receipts.

Further, contrary to Financial Regulation No. 45, four (4) payments in amounts totalling K935,956,224 in respect of tuition fees and allowances for students in China and United States of America, were not supported with acquittal sheets and receipts.

**c. Lack of Receipt and Disposal Details**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details for various stores items costing K70,996,000 and fuel costing K467,288,280 purchased during the period under review.

**d. Payments Without Cabinet Authority**

Cabinet Office Circular No. 7 of 2006 requires Controlling Officers to seek prior authority before holding seminars, workshops and conferences outside government meeting facilities. It was observed that during the period from May to September 2010, the Ministry procured accommodation and conference facilities from various lodges at a total cost of K210,516,798 without obtaining authority from the Secretary to the Cabinet, contrary to the Circular.

**e. Grant Aided Institutions**

The Ministry supports thirty (30) institutions by releasing funds in form of grants for their operations. The institutions are in turn expected to submit the expenditure returns showing the utilisation of funds to the Ministry before subsequent grants are made.

During the period under review, a total of K34,772,161,632 was disbursed to twenty six (26) institutions. It was however observed that no expenditure returns on the utilisation of funds were submitted to the Ministry.

**Head: 68/ Ministry of Tourism Environment and Natural Resources**

- 01 Headquarters**
- 02 Forestry Department**
- 03 Zambia Forestry College**
- 04 Planning and Information Department**
- 05 Tourism Development Department**
- 06 Environment and Natural Resources Department**

**Units: Various**

**Programmes: Various**

**Activities: Various**

41. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December, 2010, a provision of K219,921,219,249 was made to cater for activities at the Ministry against which a total of K66,333,902,753 was released.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters carried out in October 2011 and visits to the districts revealed the following:

**a. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K691,523,448 issued to forty four (44) officers during the period under review had not been retired as of December 2011.

**b. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16 there were no receipt and disposal details in respect of stores items costing K639,719,260 procured from various suppliers during the period under review.

**c. Unsupported Payments**

Contrary to Financial Regulations No.52, payments in amounts totalling K87,298,000 in respect of eleven (11) payment vouchers were unvouched in that they were not supported by bills/invoices and receipts.

**d. Fuel without Receipt and Disposal Details**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of fuel costing K183,460,000 procured during the period under review. Further, there were no fuel registers maintained.

**e. Maintenance of Kwacha House**

**i. Misapplication of Funds**

During the period under review, the Ministry received amounts totalling K2,445,157,448 for the rehabilitation of Kwacha House. Out of the amount received, K846,876,846 was used on the maintenance of the building while K1,427,421,301 was applied on unrelated activities such as servicing motor vehicles, purchase of stationery and payment of allowances .

**ii. Unaccounted for Funds**

The balance of K170,859,301 on the rehabilitation of Kwacha House could not be accounted for.

**f. Replacement of elevator- Delayed works and wasteful expenditure**

In September, 2010 the Ministry engaged Astro Works to replace the old lifts at Kwacha house at a contract sum of K1,088,890,231 for a period of twenty nine (29) weeks. The contract was later revised to K1, 200,109,200 with the addition of two more level openings at K89,566,000 and an automatic rescue device at K99,000,000. As of December 2011 the contractor had been paid a total amount of K952,887,360.

A physical inspection of the works carried out in December 2011 revealed that the works on the elevators were still ongoing twenty four (24) weeks beyond completion date.

**g. Irregular Purchase of motor vehicles**

During the period under review, the Ministry procured two motor vehicles at a total cost of K574,800,000 from Southern Cross Motors using recurrent departmental charges (RDCs). This variation of funds from RDCs to capital had no authority from the Secretary to the Treasury.

**h. Non recovery of household loans and advances**

Contrary to the Terms and Conditions for Public Service, recoveries in respect of loans and tuition advances amounting to K40,100,000 and salary advances of K10,200,000 paid to various officers during the period under review had not commenced as of December 2011.

**i. Delays in the Construction of Kazungula District Forestry office**

In October 2010, the Ministry engaged Anita Construction to construct the district office at a contract price K168,235,986. The contract was for the duration of sixteen (16) weeks commencing 14<sup>th</sup> October 2010 to February 2011. As of November 2011, the contractor had been paid amounts totalling K128,550,000.

A physical inspection of the works carried out in December 2011, revealed that the structure had only reached roof level, twenty eight (28) weeks beyond the completion date and the contractor was not on site.

**j. Restocking of Nsumbu National Park**

During the period under review a provision of K950,000,000 was made to cater for the restocking of Nsumbu National Park and the whole amount was released. However, the following were observed:

**i. Misapplication of Funds**

Contrary to the appropriation act of 2010, amounts totalling K845,595,352 were applied on un related activities such as purchase of air tickets (K220,745,352) and a trip to Liuwa National Park to view the wildebeest migration (K624,850,000).

**ii. Unaccounted for Funds**

The balance of K104,404,648 could not be accounted for, in that there were no expenditure details.

**Head: 76 Ministry of Sport, Youth and Child Development**

**Units: various**

**Programmes: Various**

**Activities: various**

42. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010 a total authorized provision of K43,329,925,293 was made for the implementation of various activities against which amounts totalling K36,626,405,295 were released.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and a visit to selected provinces in November 2011, revealed the following:

**a. Inadequately Supported Payments**

Contrary to Financial Regulations No. 45 (2) and 52 (1), forty seven (47) payments in amounts totalling K746,920,303 were not supported by relevant documents such as receipts and LPOs.

**b. Unretired imprest**

Contrary to Financial Regulations No. 96, imprest in amounts totalling K26,862,800 issued to six (6) officers during the period under review had not been retired as of December 2011.

**c. Lack of receipt and disposal details**

Contrary to Public Stores Regulations No.16, there were no receipt and disposal details in respect of various stores items costing K227,469,500 procured during the period under review.

**d. Lack of fuel reconciliations**

During the period under review, the Ministry procured fuel and Lubricants costing K633,179,858 from various filling stations. It was observed however, that although fuel was paid for in advance, no fuel reconciliations were made between the quantities paid for and drawn and the suppliers' statement.

**e. Youth Development Fund**

During the period under review, amounts totalling K5,000,000,000 were released to cater for loans and grants to eligible youths and youth groups. Out of the K5,000,000,000 released, K1,979,233,250 was disbursed as loans, K2,720,766,750 as grants while K300,000,000 was for programme administration costs.

According to the procedures on repayment of loans, successful youth groups from Loan Revolving Funds were supposed to pay back the money through Ministerial Accounts Unit. The loan interest rate was 4% over a two (2) year period with a grace period of three (3) months.

The following were observed:

▪ **Failure to Recover Loans Issued To Youth Groups**

During the period from October 2010 to February 2011, amounts totalling K1,979,233,250 were disbursed to fifty five (55) youth groups. However, contrary to the guidelines only twelve (12) youth groups who had obtained loans in amounts totalling K495,000,000 had started paying back and only K34,625,000 had been recovered.

As of November 2011, the recovery from the 43 youth groups who obtained loans in amounts totalling K1,484,233,250 had not started.

Further, it was observed that the loans were paid out without supporting documents such as duly approved application forms, registration certificates and copies of the National Registration Cards (NRCs) as per Guidelines.

**f. Misapplication of Funds**

During the period under review, the Ministry received amounts totalling K1,866,000,000 as funding to grant Aided Institutions (K1,305,000,000 to various Youth Resource Centres and K561,000,000 Support to Institutions- PRP). It was however, observed that the Ministry only disbursed K722,741,117 leaving a balance of K1,143,258,883 which was applied on rehabilitation and reintegration of street kids contrary to the purpose for which the funds were released.

Further, contrary to Financial Regulation No. 8, a sum of K722,741,883 disbursed as grants to various institutions had no expenditure returns.

<b>Head:</b>	<b>77/01</b>	<b>Ministry of Defence-Headquarters</b>
<b>Units:</b>	<b>1</b>	<b>Human Resources and Administration</b>
	<b>5</b>	<b>Procurement and Supplies</b>
	<b>9</b>	<b>Maina Soko Military Hospital</b>
<b>Programmes:</b>	<b>2</b>	<b>General Administration</b>
	<b>8</b>	<b>Procurement and Supplies</b>
	<b>8</b>	<b>Logistical Supplies to the Hospital</b>
<b>Activities:</b>		<b>Various</b>

43. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, provisions totalling K16,217,226,688 were made to cater for general administration, procurement and supplies and logistical supplies to the Hospital, against which amounts totalling K8,579,627,766 were released resulting in under funding of K7,637,598,922. Details are in the table below:

Unit	Programme	Budget Provision K	Releases K	Variance K
Human Resources and Administration	General Administration	9,034,999,999	4,829,999,990	4,205,000,009
Procurement and Supplies	Procurement and Supplies	3,765,000,000	1,872,916,660	1,892,083,340
Maina Soko Military Hospital	Logistical supplies to the Hospital	3,417,226,689	1,876,711,116	1,540,515,573
<b>Total</b>		<b>16,217,226,688</b>	<b>8,579,627,766</b>	<b>7,637,598,922</b>

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and visits to units carried out in April 2011 revealed the following:

**a. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K654,134,738 issued to twenty five (25) officers during the period under review had not been retired as of December 2011.

**b. Procurement and Stores**

**i. Uncompetitive Procurement of Services**

Contrary to procurement guidelines which require that three (3) quotations should be obtained in order to provide competitiveness, it was observed that air tickets costing K738,537,817 were single sourced.

**ii. Stores Items Without Receipt and Disposal Details**

- Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items costing K582,497,864 (Headquarters-K320,242,422 and Ministry of Defence Units-K262,255,442) purchased during the period under review.
- A scrutiny of the stores ledgers at Headquarters revealed that there were stores items costing K184,011,100 in stock. A physical inspection however revealed that such stores items were not in stock.
- Fuel costing K92,090,680 was not accounted for at Maina Soko Military Hospital in that there were no fuel registers and ledgers to show how fuel was utilised.

<b>Head:</b>	<b>77/ 02</b>	<b>Ministry of Defence - Zambia Army</b>
<b>Units:</b>	<b>06</b>	<b>Administration Branch</b>
	<b>07</b>	<b>Operations &amp; Training Branch</b>
	<b>08</b>	<b>Logistics Branch</b>
<b>Programmes:</b>		<b>Various</b>
<b>Activities:</b>		<b>Various</b>

44. In the Estimates of Revenue and Expenditure for the Financial year ended 31<sup>st</sup> December 2010 a budget provision of K609,830,048,525 was made to cater for General Administration, Personal Emoluments, Capacity Building and Logistics Branch out of which a total amount of K623,974,741,279 was released resulting in excess funding of K14,144,692,754.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry of Defence and Zambia Army carried out in October 2011 revealed the following irregularities:

**a. Unsupported Payment Vouchers**

Contrary to Financial Regulation No. 45 and 52, there were forty two (42) payment vouchers in amounts totalling K1,011,427,964 that were not supported by documents such as quotations, invoices and local purchase orders, though the receipt of the goods and services were recorded in the register as having been received.

**b. Unretired Imprest**

Contrary to Financial Regulation No. 96(1) imprest in amounts totalling K1,307,950,681 issued to various officers during the period under review had not been retired as of December 2011.

**c. Issue of Imprest for Command Requirements**

A total amount of K493,714,000 was issued as imprest for command requirements. However, it was noted that the payments were not adequately supported and therefore it was difficult to establish the purpose for which the imprests were issued. Consequently, the payments remained questionable.

In addition, it was noted that imprests totalling K446,644,500 issued to thirty one (31) officers involving one hundred and forty one (141) transactions was utilised to procure stores items such as air conditioners, laptops and refrigerators. However, the items procured could not be accounted for because they were not availed for physical inspection as of December 2011.

**d. Procurement and Stores Management**

**i. Unaccounted for stores items**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of assorted stores items costing K1,749,130,317.

It was further observed that there were one hundred and twenty five (125) transactions in amounts totalling K322,211,380 where officers obtained cash in the form of imprest to make payments to suppliers of goods and services instead of drawing cheques payable directly to the suppliers involved.

**ii. Unaccounted for Fuel**

Contrary to Public Stores Regulation No. 16, there were no disposal details in respect of fuel costing K5,573,409,402 procured during the period under review.

**iii. Unaccounted for Spare Parts**

A total amount of K665,261,772 was paid for various spare parts for the fleet of motor vehicles and other equipment for Zambia Army. A scrutiny of stores

records revealed that there were no receipt and disposal details in respect of spare parts costing K253,107,671.

**e. Misapplication of Funds**

According to guidelines provided in the Estimates of Revenue and Expenditure, Ministries, Provinces and Spending Agencies may transfer funds between programmes or activities, but no transfer of funds to and from Personal Emoluments and Poverty Reduction Programmes will be allowed except with Parliamentary approval.

However, contrary to the guidelines, the Zambia Army applied amounts totalling K3,607,046,561 meant for personal emoluments on Recurrent Departmental Charges.

**f. Renovations of Army Commander's House**

On 21<sup>st</sup> September 2010, Zambia Army engaged Infinity Zambia Ltd to renovate the Army Commander's house at a contract price of K280,909,880. The scope of works included among others renovations of the bar area, living room, supply and fixing new bathtub in the master bedroom, supply and fix wire gauze to windows, supply and lay new ceramic floor in the stairway among others. As of October 2011 the contractor had been paid in full.

A review of documents and a visit to the house carried out in October 2011 revealed the following:

- i. The contract signed had no start and completion dates.
- ii. The bill of quantity (BOQ) presented had no detailed material costing which made it difficult to verify value of the works done by the contractor.
- iii. The bathtub in the master bedroom was not replaced instead it was just spray painted;
- iv. Tiles were not fixed;
- v. Wire gauzes were not fixed in all the windows.

**g. Supply and Installation of Hospital Equipment**

On 4th May 2010, the Zambia Army engaged B Square Ltd to supply and install hospital equipment at Kohima Camp Hospital at a total cost of K498,901,500.

The scope of works included the installation of a combined sluice sink and a fired medical waste incinerator among others.

A verification carried out on 31<sup>st</sup> August 2011 revealed the following:

- i. Some of the equipment such as the cardiac tables, stretcher cribs, bassinette cribs which was supplied worth K38,139,000 was of low quality and was condemned by the end users.

- ii. Although the incinerator was installed, the door was not properly fitted,

It was also observed that although the hospital was officially opened in July 2010, the maternity ward was not in use and the equipment which had been supplied such as infantry resuscitation unit, baby TPT incubator electrical steam, combined sluice sink, oxygen concentrator had not been installed though delivered to the hospital.

<b>Head:</b>	<b>77/03</b>	<b>Ministry of Defence - Zambia Air Force</b>
<b>Units:</b>	<b>01</b>	<b>Human Resources and Administration</b>
	<b>02</b>	<b>Operations</b>
	<b>03</b>	<b>Technical Services</b>
	<b>04</b>	<b>Supply Services</b>
	<b>05</b>	<b>Training</b>
<b>Programmes:</b>		<b>Various</b>
<b>Activities:</b>		<b>Various</b>

45. In the Estimates of Revenue and Expenditure for the Financial year ended 31<sup>st</sup> December 2010 a total of K400,169,945,739 was made to cater for Human Resources and Administration, Operations, Technical, Supply and Training Services out of which K432,573,001,722 was released resulting in an overfunding of K32,403,055,983.

#### **Accounting and Other Irregularities**

An examination of accounting and other related records maintained at the Zambia Air Force carried out in October 2011 revealed the following:

##### **a. Unsupported Payments**

Contrary to Financial Regulation No.45 and 52, fourteen (14) payments in amounts totalling of K94,251,400 paid to various suppliers of goods and services were not supported by invoices, receipts, delivery notes and contracts.

##### **b. Weaknesses in the Payment and Recovery of Salary Advances**

During the period under review, a total amount of K8,590,160,000 was paid as salary advances to officers. A scrutiny of the salary advances ledger and payslips revealed the following weaknesses:

- i. Contrary to the Terms and Conditions of Service for the Public Service which require that salary advances be repaid within a reasonable time but not exceeding six (6) months, it was noted that recovery of advances amounting to K200,837,994 was recovered in the period ranging from six (6) to forty (40) months without justification for the delay in recovery.

- ii. Salary advances amounting to K502,860,000 paid during the year under review had not been recovered as of December, 2011. This is contrary to Terms and Conditions of Service for Public Service.

**c. Procurement of Stores**

**i. Unaccounted For Goods due Non adherence to Procurement Procedures**

The Supply Services Department of the Zambia Air Force is responsible for the procurement of stores and formulation of policy on procurement in accordance with Public Procurement procedures. All goods procured are supposed to be procured and recorded in the Stores Inwards Book (SIB) and stored at the Central Equipment Depot (CED). The user departments are issued with these goods after requisition for them and such issues are recorded in the Stores Outwards Book (SOB).

However, contrary to the above procurement procedure, it was observed that individual departments were making their own purchases which were not recorded at CED. Consequently, goods costing K1,297,410,707 and fuel costing K489,056,444 could not be accounted for due to lack of receipt and disposal details as tabulated below.

S/N	UNIT	Various Goods K	Fuel K
1	ZAF HQ	993,155,886	329,600,000
2	ZAF Livingstone	194,662,022	42,893,662
3	ZAF Mumbwa	68,885,610	69,332,200
4	ZAF Kabwe	40,707,189	47,230,582
<b>Total</b>		<b>1,297,410,707</b>	<b>489,056,444</b>

**ii. Procurement of Goods without Competitive Quotations**

The procurement regulation stipulates that competitive quotations should be obtained before any orders are placed. It was however observed that goods and equipment amounting to K489,420,000 were single sourced disregarding the requirement for three competitive quotations from different suppliers.

**d. Imprest**

Contrary to Financial Regulation No.96, imprest in amounts totalling K446,903,862 issued to fourteen (14) officers during the period under review had not been retired as of December 2011.

**e. Misapplication of Personal Emoluments Funds**

A scrutiny of Personal Emolument account revealed that funds in amounts of K235,200,000 were transferred to the operations account and were misapplied on the purchase of motor vehicles without authority.

**f. Poor workmanship in the Construction of ZAFA Ablution Block**

During the period under review, the Air Force constructed an ablution block at the Zambia Air Force Academy (ZAFA) in Livingstone to cater for recruits at a total cost of K136,085,515. The project was undertaken by Air Force personnel. A physical visit and inspection of the project carried out in September 2010 revealed that the ablution block had several cracks due to poor workmanship.

<b>Head:</b>	<b>77/04</b>	<b>Ministry of Defence - Zambia National Service</b>
<b>Units:</b>	<b>1</b>	<b>Administration</b>
	<b>2</b>	<b>Production</b>
	<b>3</b>	<b>Logistics</b>
	<b>4</b>	<b>Projects</b>
<b>Programmes:</b>		<b>Various</b>
<b>Activities:</b>		<b>Various</b>

46. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K218,307,105,718 was made to cater for various activities under the Zambia National Service Headquarters and Units, against which K225,751,920,179 was released resulting in excess funding of K9,444,814,461 which not supported by supplementary estimates.

**Accounting and Other Irregularities**

An examination of accounting and other records carried out between June and October 2011 revealed the following:

**a. Inadequately Supported Payment**

Contrary to Financial Regulation No. 52 and 45, sixty five (65) payments in amounts totalling K1,050,251,137 had no supporting documents such as invoices and local purchase orders.

**b. Rental Payments Not Supported by Lease Agreements**

A provision of K2,100,000,000 was made to cater for payment of housing rental arrears against which an amount of K1,875,000,000 was released. A scrutiny of

records revealed that amounts totalling K1,250,800,618 were paid to various landlords as rental payments. However, it was observed that the payments were not supported by lease agreements.

**c. Unretired Imprest**

Contrary to Financial Regulation No 96(1), imprest in amounts totalling K40,815,500 issued to thirteen (13) officers during the period under review had not been retired as of December 2011.

**d. Procurement of Goods and Services Using Imprest**

Contrary to Financial Regulation No. 86 (c), procurements in amounts totalling K449,122,958 were made using imprests instead of making payments by cheque to suppliers.

**e. Stores Management and Control**

**i. Stores items without Receipt and Disposal Details**

Contrary to Public Stores Regulations No. 16, there were no receipt and disposal details in respect of various stores items costing K1,041,603,632 procured during the period under review.

**ii. Unaccounted for farming inputs - ZNS Chanyanya Wheat Project**

A check of records pertaining to production of wheat at ZNS Chanyanya revealed that there were no records for receipt and disposal of seeds, fertilizer, farming chemicals and grain bags amounting to K213,035,800.

**iii. Unaccounted for rations - Makeni Central Stores Depot**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details for food stuffs costing K227,320,000 procured during the period under review.

**iv. Undelivered Food Stuffs**

During the period under review, amounts totalling K291,850,000 were paid to various suppliers for the purchase of food rations. A scrutiny of records revealed that only food stuffs costing K174,420,000 were supplied leaving food stuffs costing K115,430,000 not delivered as of December 2011.

**v. Fuel Payments Without Disposal Details - ZNS Chanyanya**

Contrary to Public Stores Regulation No.16, there were no disposal details for fuel and lubricants costing K129,316,977 procured during the period under review.

**f. Failure to Pay Insurance Premiums.**

The Zambia National Service owes Zambia State Insurance Corporation a total amount of K2,973,904,287 as at 31<sup>st</sup> December 2010 on both comprehensive and third party insurance for their fleet of motor vehicles. It was observed that the insurance company was unable to settle claims in respect of the motor

vehicles involved in Road Traffic Accidents (RTA) due to non payment of premiums by ZNS. Consequently, fifteen (15) motor vehicles which were damaged in road traffic accidents between January and November 2010 remained unrepaired as of December 2011.

**g. Management of Asset Inventory**

Public Stores Regulation No.23 requires that a register of public stores including fixed and moveable assets is maintained by MPSAs and that all assets should be inscribed with GRZ identification numbers.

Contrary to the regulation, computers, printers, laptops, furniture costing K306,052,763 procured during the period under review were not inscribed with GRZ identification numbers.

**h. Outstanding Debtors - Land Development Branch**

According to best practice on debt management, trade and other receivables are supposed to be collected within a period of thirty (30) to ninety (90) days. It was however observed that Zambia National Service was owed amounts totalling K7,194,015,263 by twenty eight (28) debtors for the various works done for them and some debts have been outstanding since 2002.

<b>Head:</b>	<b>80/</b>	<b>Ministry of Education</b>
	<b>01</b>	<b>Headquarters</b>
	<b>02</b>	<b>Human Resource &amp; Administration</b>
	<b>03</b>	<b>Planning &amp; Information</b>
	<b>04</b>	<b>Standards</b>
	<b>05</b>	<b>Teacher Education &amp; Standard Services</b>
	<b>06</b>	<b>Distance Education</b>
<b>Units:</b>		<b>Various</b>
<b>Programmes:</b>		<b>Various</b>
<b>Activities:</b>		<b>Various</b>

47. In the Estimates of Revenue and Expenditure for the Financial year ended 31<sup>st</sup> December 2010, a total authorized provision of K1,038,051,632,174 was made to cater for various activities, against which amounts totalling K726,592,592,357 were released .

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and visits to some selected Districts carried out in September 2011 revealed the following;

**a. Missing payment vouchers**

Contrary to Financial Regulation No. 65, one hundred and thirty seven (137) payment vouchers in amounts totalling K11,222,393,355 were not produced for audit.

**b. Unacquitted Allowances**

Contrary to Financial Regulation No. 45, fifty four (54) payments in amounts totalling K756,255,750 made to various officers had not been acquitted as of August 2011 making it not possible to ascertain whether the funds were received by the intended beneficiaries.

**c. Weaknesses in the Management of Imprest**

There were weaknesses in the management of imprest at the Ministry in that:

**i. Unretired Imprest**

Contrary to Financial Regulation No.96, imprest in amounts totalling K3,070,889,740 issued to eighty (80) officers during the period under review had not been retired as of December 2011.

**ii. Failure to Provide Reports**

During the period under review, K3,168,807,240 was issued as imprest to eighty (80) officers to enable them carry out various assignments. However, no reports were prepared rendering the expenditure incurred wasteful.

**iii. Irregular Procurement of Stores items and Services**

A total amount of K99,462,240 involving eleven (11) transactions was paid out as accountable imprest to various officers during the year under review to facilitate the purchase of items such as computer software, electrical fittings, business cards, ACCA subscriptions, hire of tents and sports kit among others. It was not clear why payments were not made directly to the suppliers of goods and services.

**d. Unsupported and inadequately supported payments**

Contrary to Financial Regulation No.52, there were seventy four (74) payments in amounts totalling K3,656,432,415 made during the year under review which had no supporting documents such as receipts, invoices and local purchase orders.

**e. Fuel drawn by Motor Vehicles not belonging to the Ministry**

During the period under review, vehicles not on the Ministry fleet drew 3,972 litres of fuel costing K28,011,114 from the fuel allocation for Ministry headquarters.

**f. Lack of Receipt and Disposal Details**

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of various stores items costing K3,244,934,130 procured during the year under review.

**g. Payment for Workshops without Cabinet authority**

During the period under review amounts totalling K1,985,156,955 were paid to various lodges in respect of facilities for workshops and seminars. Contrary to Cabinet Circular No. 7 of 2006, no authority from Secretary to Cabinet was obtained to have the meeting outside the Ministry's own premises to justify the payment of out of pocket allowance.

**h. Loss of funds through thefts**

In March and September 2010, the Ministry's two cashiers were robbed of K40,068,495 and K91,713,863 respectively on their way from the bank bringing the total amount to K131,782,358. A scrutiny of documents revealed that although the Ministry reimbursed the whole amount to individual officers, the following were observed:

- Out of the K131,782,358 stolen, an amount of K91,713,863 comprised of various cheques to individual officers who gave the cashier to cash them on their behalf while the details on the K40,068,495 were not availed for audit. Details are in the table below:

No.	Paye	Cheque no.	Purpose	Amount K
1	Fine Simenda	421563	Imprest	14,660,000
2	Saidi Sakala	421460	MOETEC Sitting Allowances	18,220,000
3	Mukubu Shadrack		Commutation & Leave	23,387,709
4	Sam Mwale		Commutation & Leave	9,974,781
5	Shadrack Phiri	421117	Imprest	7,215,000
6	Mukuba		Imprest	5,841,875
7	Prisca Simwinga	421557	Imprest	5,200,000
8	Peter Lesa	421122	Imprest	4,242,500
9	Adrian Mwale	421461	Imprest	2,872,000
			<b>Total</b>	<b>91,613,865</b>

It was therefore not clear why the cashiers cashed the cheques on behalf of the officers and as of December 2010, no action has been taken against the cashiers.

- Though the Police report was made available for the K40,068,495, there were no loss reports for both incidences
- There was no Police report regarding the theft of K91,713,865
- The Ministry failed to explain where it got the replacement funds and what activities may have suffered as a result of the replacement of the funds.

**i. Allowances-Students**

**i. Lack of acquittal sheets**

In paragraph 49 of the Auditor General's Report for the financial year ended 31<sup>st</sup> December 2009, mention was made of the poor accountability of funds that had been disbursed abroad to pay students as top up allowances. In particular, mention was made of the failure by the Ministry to present the acquittal sheets for allowances that had been paid to students studying abroad.

In their report for the Fifth Session of the Tenth National Assembly, the Public Accounts Committee urged the Controlling Officer to find all missing supporting documents and avail them for audit verification.

A review carried out in August 2011, revealed that the situation had not improved. In particular it was observed that amounts totalling K6,661,128,153 released to Zambian Missions Abroad as top up allowances, medical insurance for students studying in Algeria, China, Cuba and Russia had no acquittal sheets.

**ii. Students Studying at Copperbelt University and University of Zambia**

During the period under review, amounts totalling K19,297,107,675 were disbursed to the Bursaries Committee for meal, project and book allowances to various students studying at Copperbelt University and University of Zambia. As of December 2011, no acquittal sheets were made available for audit.

**iii. Failure to Submit Expenditure Returns**

During the period under review, the Ministry disbursed amounts totalling K137,439,906 as grants to various institutions. The institutions were in turn expected to submit the expenditure returns showing the utilisation of funds to the Ministry before subsequent grants were made. It was however observed that no expenditure returns on the utilisation of funds were submitted to the Ministry.

**j. Non Recovery Loans and Salary Advances**

Contrary to the Terms and Conditions of Service, recoveries on loans and salary advances amounting to K3,660,698,333 paid to various officers during the period under review had not been effected as of December 2011.

**k. Construction of Kamfinsa Day High School**

In July 2008, the Ministry engaged Hua Jiang Investments Limited for the construction of Kamfinsa Day High School in Kitwe at the contract price of K14,288,940,000 for a period of one hundred five (105) weeks. The scope of works included the construction of the 1no. administration block, 4no. 1x3 classroom blocks, 2no. 1x2 science laboratory blocks, 1 x 3 No. home economics block, 1No. library/resource block, 1no. Assembly/sports hall, 1No. sickbay, 1no. tuck-shop, 2no. Deputy/Headmaster's houses, staff houses and External works.

The project commenced on 28<sup>th</sup> of August 2008 and was expected to be completed in September 2010. As of December 2010, the contractor had been paid a total of K13,291,396,554.96 leaving a balance of K997,543,445.

A physical inspection of the School carried out in October 2011, thirteen (13) months after the completion period revealed that although main buildings were completed, access roads to the school, the sewerage and water reticulation system, landscaping and the wall fence, had not been done. See pictures below:



*Foundation for wall fence at Kamfinsa*



*One of the classrooms showing terra coat paint rejected by the engineer*

**l. Construction of Moomba High School**

In April, 2008 the Ministry engaged Hua Jiang Investments Limited to construct Moomba Boarding High School in Chibombo District at a contract price of K27,460,679,000. The contract was for a duration of one hundred and twenty (120) weeks.

According to the contract, the contractor was to undertake the following works:

- Construction of the 1no. administration block, 2no. 1x3 classroom blocks, 2no. 1x2 science laboratory blocks, 1no. home economics block and 1no. library/resource block,
- Construction of 1no. assembly/sports hall, sickbay and a tuck-shop
- Construction of 2no. Deputy/ Headmaster's houses and 18no. senior Staff Houses
- Construction of 4no. male dormitory blocks, 4no. female dormitory blocks, 2no. boys dormitory ablution blocks and 2no. girls dormitory ablution Blocks
- Construction of 1no. dining/Kitchen block and external works.

As of December 2011, the contractor had been paid a total of K20,865,749,486 leaving a balance of K6,594,929,514.

A physical inspection of the works carried out in October 2011, eleven (11) months past the completion period revealed the following:

- The ablution blocks for the girls were not complete, sewerage systems and access roads had not been done
- There was poor workmanship in that there were some cracks on the ceiling board of the home economics block



*Some wall peeling off at Moomba High School      Stones for construction of a sewerage system*

#### **m. Construction of Kafushi Boarding High School**

In January 2009, the Ministry engaged Covec Zambia Limited to construct Kafushi Boarding High School (Phase II) in Chibombo District at a contract price of K20,602,736,350. The contract was for a duration of one hundred and twenty (120) weeks.

According to the contract, the contractor was to undertake the following works:

- Construction of the 1no. administration block, 4no.1x3 classroom blocks, 2no. 1x2 science laboratory blocks and 1 x 3no. home economics block
- Construction of 1no.library/resource block,
- Construction of 1no.assembly/sports hall, 1no. sickbay and 1no. tuck-shop,
- 2no. Deputy/Headmaster's Houses and 14no. senior staff houses,
- Construction of 2no.male dormitory blocks, 2no. female dormitory blocks, 1no. boys dormitory ablution blocks, 1no. girls dormitory Ablution blocks,

1no. dinning/kitchen block, 1no. classroom ablution for girls, 1no classroom and ablution for boys

- Borehole drilling, water tank and stand and External works.

As of December 2011, the contractor had been paid a total of K11,215,322,202 leaving a balance of K9,387,414,148.

A physical inspection of the school carried out in October 2011, four (4) months past the completion period revealed the following:

- Painting inside the administration block and hostels was still in progress with only the first coat done,
- Access roads were not done as well as landscaping.
- The sewerage and water reticulation system were not done.
- Further, construction of two (2) staff houses was abandoned at slab level to facilitate the building of a sick bay which was omitted on the initial plans.



*Cracks in the home economics building*



*Cracks in the home economics building*

#### **n. Construction of Kalundu Basic School**

In December 2008, the Ministry engaged African Brothers Corporation Limited to construct three (3) basic school in Southern province ó Phase II Lot 1 one School in Mazabuka and two schools in Kalomo Districts at a contract price of K9,857,320,000. The contract was for the duration of forty eight (48) weeks.

According to the contract, the contractor was to undertake the following works:

- Construction of 3No 1x3 Classroom Blocks and 3No. 1 x 2 Classroom Blocks
- Construction of 15No. Staff houses and 15No. Outdoor kitchens
- Construction of 15No. Single Pit Latrines/washrooms, 24no. Double Pit latrines and External works.

As of December 2011, the contractor had been paid a total of K7,090,521,444 leaving a balance of K2,766,798,556.

A physical inspection of the school carried out in October 2011, revealed that although all the works were completed the following were observed:

- Water was seeping through the walls, there were cracks on the window seals and paint on the chalk boards was peeling off.
- The surface of the walls was eroded in both houses and class rooms
- The buildings had cracks and conduit pipes were not concealed in the walls.

See pictures below.



*Crack on the floor in  
a classroom at  
Kalundu Basic School*



*Unconcealed conduit pipes on  
a wall at Kalundu*

#### **o. Construction of Nakanya Technical Boarding High School**

In May 2008, the Ministry engaged Hua Jiang Investments Limited to construct a boarding school in Mongu district of Western province at a contract price of K25,700,951,000.

According to the contract, the scope of works included:

- Construction of 1No. Administration block, 4No. Classroom block and 2No. 1x2 Science laboratory blocks 1No. Home
- Construction of Economics Block, 1No. Library/Resource Block, 1no. Asssmbly /SportsHall,
- Construction of 1No. Sickbay and 1No.Tuckshop,
- Construction of 2No.Deputy/Headmaster's Houses and 18No.Senior Staff Houses
- Construction of 4No.Boys Dormitory Blocks, 4No.Girls Dormitory Blocks, 2No.Boys Dormitory Ablution Blocks, 1No.Girls Dormitory Ablution Blocks, 1No. Dining/Kitchen Block and External works.

As of December 2011, the contractor had been paid a total of K24,184,473,409 leaving a balance of K1,516,477,591.

A physical inspection of the school carried out in October 2011, eleven (11) months after the completion period revealed the following;

- Painting of all the buildings had not been done.
- Access roads were not done as well as landscaping.
- The sewerage and water reticulation system were not done.
- Plastering and plumbing works had not been done.

- Window panes and ceiling boards had not been done.

There was no evidence to indicate that the contractor had applied for the extension of the completion period.



*Work in progress at Nakanya Boarding High School*



*Completed building at Nakanya Boarding High School*

#### **p. Construction of Situnga Basic School**

In July 2009, the Ministry engaged Yangts Jiang Enterprises Limited to construct two basic schools in Mongu district in Western province at a contract price of K7,497,416,460. The contract was for a period of forty-four (44) weeks.

As of December 2011, the contractor had been paid a total of K6,998,613,472 leaving a balance of K675,223,544.

A physical inspection of the school carried out in October 2011, revealed that although all the works were completed, the following weaknesses were observed:

- The water was seeping through the walls,
- There were cracks on the floors and window seals,
- The paint on walls and on the chalk boards was peeling off.

See pictures below.



*Cracking corner at one of the houses at Situnga basic School*



*Cracking walls in one of the houses at Situnga Basic School*

**Head: 80/01 Ministry of Education- Headquarters**

**Unit: Various**

**Programmes: Various**

**Activities: Various**

48. In the Estimates of Revenue and Expenditure for the year ended 31<sup>st</sup> December, 2010 a total provision of K328,359,000,000 (US\$70,645,223) was made to cater for activities under the National Implementation Framework (NIF). The Cooperating Partners pledged a total of K368,359,000,000 which was K40,000,000,000 above the budgeted figure.

A review of accounting records revealed that amounts totalling K175,512,950,000 (US\$34,428,387) representing 48% of the pledged funds were released by the Cooperating Partners (CPs) leaving a balance of K192,846,050,000. Details are in the table below:

Source	Funding Modality	Pledges and Other Income		Releases	
		USD	K	USD	K
Netherlands	Pool	22,478,261	103,400,000,000	16,352,941	83,400,000,000
Denmark	Pool	6,000,000	27,888,000,000	2,976,152	13,690,299,200
USAID	Pool	1,000,000	4,648,000,000		
Ireland	Pool	20,213,696	92,983,000,000	14,930,400	77,638,080,000
World Bank		30,000,000	139,440,000,000		
Interest Earned				73,725	340,900,454
Other Income				95,169	443,670,346
<b>Total</b>		<b>79,691,957</b>	<b>368,359,000,000</b>	<b>34,428,387</b>	<b>175,512,950,000</b>

In addition, a total amount of K76,463,284,409 was brought forward from 2009 bringing the total amount to K251,976,234,409 during 2010. Out of this amount, K162,863,977,981 was utilised at the Ministry headquarters and the balance of K89,112,256,428 was disbursed to the Provinces as shown in the table below:

<b>Funding to Institutions 2010.</b>	
<b>Province</b>	<b>Total</b>
	<b>K</b>
Luapula	12,020,002,750
N. Western	7,576,694,146
Northern	13,149,305,704
Central	7,460,637,981
Copperbelt	11,800,947,297
Lusaka	4,929,455,208
Eastern	9,835,686,151
Western	10,828,978,492
Southern	11,510,548,699
<b>Total</b>	<b>89,112,256,428</b>

#### **Weaknesses in Accounting for the National Implementation Framework (NIF) Programme Funds**

An examination of accounting and other related records maintained at the Ministry headquarters, Provincial Education Offices, selected District Education Boards, Colleges of Education, high and basic schools and a physical inspection of projects carried out in July 2011, revealed that there were weaknesses in internal control systems in the accounting for the funds in that; large sums of imprests were not retired, accounts had not been reconciled. In addition, there were irregular payments and inadequate monitoring and administration of contracts, among others. The preparation of financial statements was delayed and as a result the accounts were not rendered for audit on time as required by the financing agreements. In particular the following were observed:

##### **a. Misappropriation of Funds**

Misappropriation of funds is where an officer unlawfully obtains public funds for personal use. Financial Regulation No.140 stipulates that under no circumstances shall public money be credited to a private bank account or used for personal purposes. Contrary to the regulation, during the period from 1<sup>st</sup> January 2009 to 31<sup>st</sup> October 2010, three (3) officers (two Assistant Accountants and a District Education Standards Officer) at the Kitwe DEBS office misappropriated amounts totalling K1,210,356,300 by falsifying accounting documents and paying for goods and services not supplied.

As of December 2011, only K360,000,000 had been recovered while the balance of K769,195,300 remained outstanding.

**b. Unaccounted for Funds**

During the period under review, fifteen (15) stations detailed in the table below were unable to account for amounts totalling K1,019,768,001 in that they did not provide expenditure details for verification.

Station	Amount K
DEBS Nchelenge	27,425,573
Mansa College of Education	24,521,066
DEBS Kasama	50,887,920
DEBS Mpika	71,290,500
DEBS Nakonde	61,187,229
DEBS Luwingu	6,381,955
DEBS Mporokoso	9,757,102
DEBS Kabompo	3,672,137
DEBS Kasempa	81,786,541
Miengwe Basic Sch	16,883,122
Nkrumah T T College	1,800,000
PEO Mansa	24,404,000
PEO Kasama	9,150,000
Kasama College of Education	2,300,000
DEBS Kitwe	628,320,856
	<b>1,019,768,001</b>

**c. Unapproved Payments**

Financial Regulation No. 48 stipulates that the original of a payment voucher shall be signed by a controlling officer, a warrant holder or by any other officer authorised to sign on their behalf. However, contrary to the regulation, there were one hundred and forty three (143) payment vouchers in amounts totalling K683,868,679 that were not approved as detailed in the table below:

Station	District	No. of Payments	Amount K
Kalukanya Basic School	Mufulira	1	8,400,000
Mumana Basic School	Masaiti	48	240,347,800
Silangwa Basic School	Masaiti	14	52,766,500
DEBS Kitwe	Kitwe	80	382,354,379
<b>Total</b>		<b>143</b>	<b>683,868,679</b>

**d. Questionable Payments – Headquarters**

- i. On 10<sup>th</sup> September, 2010, the Ministry paid an amount of K34,647,444 to Ultimate Technology Ltd as maintenance fees for the Sun Accounting System being used by accounting unit. However, there was no service contract availed for audit verification thus making the payment questionable.
- ii. In April 2010, the Ministry paid six (6) officers K51,940,000 in order to facilitate their travel to attend a summit in South Africa. It was however observed that the officers were each paid allowances for five (5) days whereas authority from Cabinet Office was for four (4) days resulting in an over payment of K10,380,000. As of December 2011, the overpayment of K10,380,000 had not been recovered from the officers.
- iii. According to Technical Aid Agreement between the Government and the Cooperating Partners no VAT was to be charged on the donor funded transactions. However, contrary to the agreement, a total of K557,019,980 was paid to G.E.S Architects for the provision of consultancy services which resulted in an over payment of K61,646,480 as shown in the table below:

<b>Payment for consultancy service for Centre for Excellency for Special Education Needs at Munali High School</b>				
<b>Invoice No.</b>	<b>EFTA/PO No.</b>	<b>Amount Paid Inclusive of VAT K</b>	<b>Over-Payment K</b>	<b>Correct Amount Exclusive of VAT K</b>
1	13074	159,620,350	22,016,600	137,603,750
2	026/2010	159,620,350	22,016,600	137,603,750
3	13073	127,696,280	17,613,280	110,083,000
<b>Total</b>		<b>446,936,980</b>	<b>61,646,480</b>	<b>385,290,500</b>

In addition, the contract document signed between the Ministry and G.E.S Architects was not availed for audit verification.

**e. Unvouched Expenditure**

Contrary to Financial Regulations Nos. 45, 52 and 65, there were four hundred fifty (450) payments in amounts totalling K1,666,064,620 that were unvouched in that the payment vouchers were missing (K730,986,745) and were not supported by relevant documents (K935,077,875) such as invoices and receipts. Details are in the table below:

Station	Missing Vouchers		Unsupported Vouchers	
	No. of Vouchers	K	No. of Vouchers	K
PEO Mansa	-	-	8	16,260,000
DEBS Nchelenge	-	-	5	8,549,000
DEBS Mansa	-	-	5	11,418,500
Mansa College of Education	9	35,008,000	4	10,350,000
DEBS Kawambwa	3	8,730,000	5	7,000,000
DEBS Namwala	-	-	2	17,940,232
DEBS Choma	-	-	9	4,995,000
Choma High Sch.	-	-	9	17,012,000
Chikuni Girls H.Sch	-	-	3	6,466,000
Charles Luanga College High	-	-	11	20,128,960
Nanga Spec. Sch	-	-	5	2,700,000
Siamukobo Basic Sch	-	-	1	5,542,000
DEBS Mazabuka	-	-	2	1,244,915
Mazabuka Girls High Sch.	-	-	5	13,364,860
St Edmunds H. Sch	-	-	4	4,994,800
Kaluluzi Community Sch.	-	-	1	1,700,000
PEO Mongu	4	75,019,576	-	-
Kalabo High Sch	-	-	11	12,170,000
DEBS Mongu	4	69,185,000	-	-
Kambule High Sch.	1	1,450,000	4	5,600,000
Mongu College of Ed.	24	48,042,199	41	124,572,500
DEBS Kaoma	-	-	1	2,280,000
Kasama College of Education	7	24,680,000	10	36,265,670
DEBS Chinsali	2	3,250,000	-	-
Mwenzu Basic Sch	2	18,171,000	-	-
Luwingu High Sch	-	-	2	8,770,000
Mporokoso High Sch	1	2,000,000	4	31,218,991
Solwezi T T College	-	-	5	21,844,847
PEO Ndola	7	20,927,680	-	-
Mushili Bonano Basic Sch.	-	-	3	153,880,000
DEBS Mufulira	3	7,350,000	-	-
Pamodzi Girls High Sch	9	8,221,180	-	-
Mukuba Basic Sch	7	12,159,700	-	-
Kampolomombo Basic Sch	15	86,376,000	12	55,498,000
Nkambo Basic Sch	3	2,626,800	31	129,659,500
Miengwe Basic Sch	-	-	3	8,700,000
Mushili High Sch	-	-	6	7,815,000
DEBS Kitwe	47	267,158,000	65	140,008,343
PEO Kabwe	-	-	4	3,325,447
Nkrumah T T College	6	40,631,610	11	33,703,310
PEO Kasama	-	-	2	7,100,000
DEBS Monze	-	-	2	3,000,000
<b>Total</b>	<b>154</b>	<b>730,986,745</b>	<b>296</b>	<b>935,077,875</b>

**f. Failure to Deliver Projects on Time**

In order to improve provision of education services to its citizenry, government has over the years undertaken to construct new schools. A test check of the contracts awarded revealed that the Ministry was failing to deliver the projects on time resulting in budget overruns and failure by the government to provide services it is obliged to. Details are in the table below:

Contractor	Contract Price K	Details	Start	End	Remark
African Brothers Corporation	24,026,715,500	Construction of Masaiti Boarding High School	8-Sep-08	27-Dec-10	Project not complete. Delayed by twelve (12) months
Solotech Ltd	22,449,543,144	Construction Musangano Boarding High School	11-May-09	4-Jul-11	Project five (5) months late as at 31st December 2011. Status of project: Twenty (20) Teachers Houses were at Ring beam level; Four (4) boys hostels, two (2) boys ablution blocks, four (4) girls hostels and two (2) girls ablution blocks were all at slab level; Kitchen, storeroom and dining room, two (2) laboratories and assembly hall were at back filling level; 4x3 Classroom Blocks, library and tuck shop were at 8 Courses Level; Home Economic Block - 4 Courses Level; Clinic and Administration Block were at 4 Courses Level.
Hua Jiang Investments Ltd	23,846,962,000	Construction of Mushindamo Girls Tec. High School	1-Apr-08	19-Jul-10	Project not completed. Delayed by eighteen (18) months. Although most of the structures had been roofed except for the assembly hall, fixing of window frames and glazing, electrical cabling, switches and fittings, floor screed and finishes, plumbing works and fittings, ceiling and carpentry works, painting and external works were still outstanding

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Contractor	Contract Price K	Details	Start	End	Remark
Datong Construction Ltd	18,813,338,500	Construction of Matero Day High School. The works included construction of an administration block, four (4) 1x3 classroom blocks, two (2) ablution blocks, an Assembly Hall, two (2) laboratories, a library, a tuckshop, sick bay, home economics block and a borehole. As of May 2010, the contractor had been paid K5,169,084,964.	26-Jan-09	27-May-11	A physical inspection of the school carried out in July 2011 revealed that all the structures at the school had been roofed, whilst the twenty (20) houses had been completed. Works at the school were in progress with the following outstanding: flooring, electrical fittings, painting, glazing, fitting of doors and plumbing.
Zamchin Ltd		Construction of Rufunsa Tech. High School. The works included construction of an administration block, four (4) girls hostels, four (4) boys hostels, two (2) girls ablution blocks, two (2) boys ablution blocks, four (4) 1x3 classroom blocks, one (1) classroom ablution block, library/resource centre, sick bay, one (2) science laboratory, one (1) kitchen/dinning, one (1) home economics block, assembly hall, borehole, twenty (20) staff houses, tuck shop and wood workshop.	6-Mar-09	4-Mar-11	A physical inspection of the school carried out in July 2011, revealed that all the structures, had been roofed. However, the following were outstanding: electrical fittings, plumbing works, fitting of doors & ceiling board to the school hall, fitting of lab water & gas taps and putting up shelves in the kitchen.

**g. Distribution of Desks**

The Ministry engaged three (3) suppliers to supply, deliver and assemble 19,363 desks to various schools in North Western, Northern and Southern provinces. The contracts awarded to the three suppliers amounted to K4,883,090,000. However, the performance of the suppliers was characterised by delays in delivering the desks and failure to assemble all the desks delivered as per their contractual obligations as detailed in the table below:

Contractor	Ref. No.	Date	Contract Price K	Scope	Remarks
Yusuf Hardware Ltd		May 2009	916,860,000	To supply, deliver and assemble 3, 108 double seater school desks to Ministry of Education - North Western Province at a contract sum of K916, 860, 000.	A physical inspection of the desks carried out in July, 2011 at two (2) selected schools revealed the following; a) Kabompo High School The High School received 200 double seater desks in December, 2010. It was however observed that the desks were not suitable for high school pupils as they were too small. b) Wazanga Basic School The basic school received a total of 20 desks costing K5, 900, 000 in December, 2010. It was however, revealed that the desks were not assembled as at December, 2011.
Yusuf Hardware Ltd	TB/ORD/044/08-8	10-Dec-08	913,640,000	To supply 3,640 desks to districts in Southern Province	1,870 desks delivered in September 2010, 19 months after the lapse of the delivery period. Balance 1,770 desks is outstanding.
Wood Processing Ltd	MEPSU /INFRA/074 /08-03	26-Jun-09	2,348,140,000	To supply, deliver and assemble 10, 608 double seater school desks to Northern Province at a contract price of K2, 348,140,000 with a delivery period of eight to ten (8-10) weeks	a) Out of 120 desk delivered to Madwa Basic School, the supplier had assembled 97 desks while the balance of 23 desks remained unassembled as at 31st December 2011. b) Due lack of records at DEBS Mbala, it was not possible to verify the receipt of 1,207 desks delivered there.
Choma Trades Training Management Board		24-Jun-08	704,450,000	The contractor was required to deliver 890 desks valued at K311,500,000 to Livingstone and 1,117 desks valued at K390,950,000 to Kazungula within a delivery period of eight (8) weeks from the date of signing the contract.	<ul style="list-style-type: none"> <li>• Delayed delivery of school desks</li> </ul> The desks were only delivered in March 2010, eighteen (18) months after the date of signing the contract. <ul style="list-style-type: none"> <li>• Non delivery of nuts and bolts</li> </ul> Desks delivered to Linda South, Highlands, Zambezi Sawmills and Maramba basic schools had not been assembled as of July 2011.
<b>Total</b>			<b>4,883,090,000</b>		

It was further observed that the Ministry was not taking any action against the suppliers to address their failure to fulfill their contractual obligations.

**h. Failure to Disburse School Grants in Full**

Out of amounts totalling K2,075,242,812 funded to the five (5) DEBS offices for onward disbursement to various schools under their charge, only K1,870,272,635 was disbursed while the balance of K204,970,177 was withheld and utilised by the respective PEOs and DEBS offices. Details in the table below

Station	Amount Received K	Amount Disbursed K	Amount Withheld K	Remarks
DEBS Luangwa	297,905,214	250,349,895	47,555,319	The withheld amount was utilised at DEBS and PEOs's office.
DEBS Mpika	481,533,118	415,423,627	66,109,491	No records showing how the balance of K66,109,490 was utilised were availed for audit verification.
DEBS Chinsali	314,955,552	311,923,121	3,032,431	No records showing how the balance of K66,109,490 was utilised were availed for audit verification.
DEBS Chipata	430,523,002	427,151,059	3,371,943	As of July 2011, four (4) basic schools had not received grants in amounts totaling K3,371,943 for first and second quarter of 2010.
DEBS Namwala	249,946,063	174,962,928	74,983,135	Consequently, the basic schools were under funded by K9,136,667.83 and the whole amount of K65,865,108 meant for community schools was not disbursed.
DEBS Chongwe	300,379,863	290,462,005	9,917,858	The withheld amount was not accounted for.
<b>Total</b>	<b>2,075,242,812</b>	<b>1,870,272,635</b>	<b>204,970,177</b>	

**i. Non Submissions of Expenditure Returns**

According to NIF operational guidelines, all schools that receive school grants are required to submit expenditure returns to the DEBS office quarterly to account for the funds disbursed to them. In addition, the guidelines provide that schools that fail to submit returns shall not be eligible for subsequent funding. Contrary to the guidelines, three hundred and ninety one (391) schools that received grants in amounts totalling K954,042,491 did not submit expenditure returns to their respective DEBS offices. Further, four DEBS offices disregarded the guidelines and funded amounts totalling K381,814,337 to one hundred and ninety four (194) schools which had not submitted expenditure. Details are in the table below:

Station	No. of Schools Defaulting	Amounts Disbursed to the Schools K	Subsequent Disbursements	
			No. of Schools	K
DEBS Livingstone	7	29,812,130	-	-
DEBS Itzhi-Tezi	29	74,501,705	14	21,884,568
DEBS Namwala	15	62,512,189	10	21,759,100
DEBS Kalomo	34	52,615,354	11	12,480,558
DEBS Monze	10	14,195,924	-	-
DEBS Lusaka	120	335,108,852	61	107,257,312
DEBS Kalabo	114	276,664,651	98	218,432,799
DEBS Mongu	62	108,631,686	-	-
	<b>391</b>	<b>954,042,491</b>	<b>194</b>	<b>381,814,337</b>

**j. Unretired Imprest**

- i. Special imprest is imprest that is issued as payment of a temporal nature to an officer for the purpose of providing funds to meet expenses when the officer is travelling on duty and is limited to an officer's entitlement. Financial Regulation No. 96 (1) stipulates that special imprest shall be retired immediately the purpose for which they are issued has been fulfilled. However, contrary to the regulation, imprest in amounts totalling K5,048,844,865 issued to five hundred and seventy three (573) officers during the period under review had not been retired as of December 2011. Details are in the table below:

STATION	NO. of OFFICERS	AMOUNT K	SUBSEQUENT ISSUING OF IMPREST	
			NO. of OFFICERS	AMOUNT K
Headquarters	170	2,798,446,961	-	-
PEO Luapula	10	97,393,300	-	-
DEBS Nchelenge	2	7,725,000	-	-
DEBS Mansa	9	117,119,464	-	-
Mansa College of Education	4	54,373,100	-	-
DEBS Kawambwa	2	5,635,000	-	-
PEO L/stone	4	12,517,500	2	3,415,000
DEBS L/stone	2	5,917,000	2	4,485,000
David L/stone College of Education	4	6,050,000	-	-
DEBS Itezhi-tezhi	3	3,340,000	-	-
DEBS Namwala	4	8,509,600	-	-
Namwala H. School	2	4,210,000	-	-
DEBS Kalomo	8	12,300,000	-	-
DEBS Choma	6	5,760,000	-	-
DEBS Monze	4	9,845,000	-	-
Chikuni Girls H. School	1	4,969,000	-	-
Charles Lwanga College	2	7,915,000	-	-
DEBS Mazabuka	5	13,271,940	-	-
Mazabuka G. H. School	3	7,373,000	-	-
St. Edmunds H. School	3	4,735,000	-	-
PEO Lusaka	16	166,005,357	-	-
DEBS Lusaka	4	16,909,500	-	-
Kamwala H. School	1	6,110,000	-	-
DEBS Chongwe	5	1,199,100	-	-
Kabulanshi Bas. School	1	2,800,000	-	-
DEBS Luangwa	9	57,764,482	-	-
PEO Mongu	13	237,402,211	-	-
Kalabo High School	3	11,745,000	-	-
DEBS Mongu	6	81,074,156	-	-
Mongu College of Ed.	12	60,600,000	-	-
DEBS Kaoma	3	6,575,000	-	-
PEO Kasama	7	32,242,170	-	-
Kasama College of Education	13	96,305,940	-	-
DEBS Mpika	8	18,650,000	-	-
DEBS Chinsali	4	37,624,921	-	-
DEBS Luwingu	1	2,360,000	-	-
DEBS Mpulungu	2	4,692,500	-	-
PEO Solwezi	27	128,098,882	-	-
DEBS Solwezi	10	37,468,708	-	-
Solwezi T. T. College	16	31,322,500	-	-
Kabombo High School	4	19,250,000	-	-
DEBS Kasempa	3	6,554,000	-	-
PEO Ndola	12	58,495,294	-	-
Ndola Girls Tech. High School	1	2,000,000	-	-
DEBS Ndola	3	7,957,904	-	-
DEBS Mufulira	6	11,826,500	-	-
Mushili High School	6	16,060,000	-	-
DEBS Kitwe	50	237,877,590	-	-
PEO Chipata	10	56,437,134	-	-
Chipata Day Sec. School	3	8,702,000	-	-
PEO Kabwe	3	8,887,280	-	-
Kalanga High Sch.	8	45,729,500	-	-
Nkrumah T T College	6	148,590,531	1	51,911,000
DEBS Mkushi	22	70,990,500	-	-
Chalata High School	4	4,415,000	-	-
DEBS Serenje	10	29,452,500	-	-
Ibolelo High School	1	2,748,500	-	-
Marble Shaw High Sch.	2	8,373,000	-	-
Kakaro Basic Sch	1	606,500	-	-
DEBS Chipata	6	10,355,000	-	-
ZAMISE	2	10,706,840	-	-
Zimba Basic School	1	58,473,000	-	-
<b>Total</b>	<b>573</b>	<b>5,048,844,865</b>	<b>5</b>	<b>59,811,000</b>

- ii. Contrary to Financial Regulation No. 91(1) which stipulates that in no circumstance shall any officer be issued with another imprest while there is already a special imprest outstanding in the officer's name, five (5) officers at three (3) stations were issued imprest in amounts totalling K59,811,000 before they had retired imprest issued to them earlier.

**k. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, there were various stores items costing K2,533,956,222 procured during the period under review that were not accounted for in that there were no receipt and disposal details made available for verification. Details are in the table below:

Unaccounted for Stores				
Station	General Stores K	Fuel K	Stores not delivered K	Total K
PEO Mansa	-	5,000,000	-	5,000,000
DEBS Mansa	31,100,000	-	-	31,100,000
Mansa College of Education	34,096,000	-	-	34,096,000
DEBS Kawambwa	3,500,000	10,100,000	-	13,600,000
DEBS L/Stone	7,498,400	-	-	7,498,400
Linda High Sch	14,995,000	-	-	14,995,000
David L/stone College of Education	-	9,498,000	-	9,498,000
Namwala High Sch.	23,861,111	-	-	23,861,111
DEBS Kalomo	37,278,900	-	-	37,278,900
Kalomo High Sch.	10,873,000	-	-	10,873,000
DEBS Choma	5,113,000	-	-	5,113,000
Choma High Sch.	9,342,000	-	-	9,342,000
DEBS Monze	-	3,000,000	-	3,000,000
Chikuni Girls H.Sch	7,490,000	-	-	7,490,000
Charles Luanga College High	9,480,000	-	-	9,480,000
St Edmunds H. Sch	11,305,000	-	-	11,305,000
PEO Lusaka	18,625,000	-	-	18,625,000
Mutambe Basic Sch	2,101,000	-	-	2,101,000
Kamwala Basic Sch	51,315,000	-	-	51,315,000
DEBS Lusaka	169,512,266	-	-	169,512,266
Edwin Mulongoti Basic Sch	880,000	-	-	880,000
Kamwala High Sch	8,949,000	-	-	8,949,000
Twatasha ZNS Basic Sch	59,779,000	-	-	59,779,000
Luangwa Bridge New Site Sch	39,685,000	-	-	39,685,000
Kumena Basic Sch	1,770,000	-	-	1,770,000
Chongwe High Sch	16,318,000	-	-	16,318,000
Kaluluzi Basic Sch	9,849,000	-	-	9,849,000
DEBS Luangwa	17,026,000	-	-	17,026,000
Mongu College of Ed.	130,793,000	-	-	130,793,000
DEBS Kaoma	21,627,354	-	-	21,627,354
Kaoma High Sch	5,067,500	-	-	5,067,500
PEO Kasama	33,710,000	-	-	33,710,000
Kasama College of Education	32,398,500	-	-	32,398,500
DEBS Mpika	-	12,500,000	-	12,500,000
Chitulika High Sch	12,925,000	-	-	12,925,000
DEBS Chinsali	49,840,000	-	-	49,840,000
DEBS Luwingu	-	24,000,000	-	24,000,000

Unaccounted for Stores				
Station	General Stores K	Fuel K	Stores not delivered K	Total K
Luwingu High Sch	-	2,470,000	-	2,470,000
DEBS Mbala	16,482,000	4,900,000	-	21,382,000
DEBS Mpulungu	20,090,000	7,073,840	-	27,163,840
DEBS Mporokoso	15,615,000	-	-	15,615,000
Mporokoso High Sch	1,980,000	-	-	1,980,000
Solwezi T T College	109,120,000	-	-	109,120,000
PEO Ndola	9,635,000	-	-	9,635,000
Mushili Kasengu Basic Sch.	188,126,200	-	-	188,126,200
Mushili Bonano Basic Sch.	157,734,100	-	-	157,734,100
Kalewa Basic Sch	152,701,500	-	-	152,701,500
Twikatane Basic Sch	14,270,000	-	-	14,270,000
Twalubuka Basic Sch (Ndola)	1,944,500	-	-	1,944,500
Pamodzi Girls High Sch	1,140,000	-	-	1,140,000
Mukuba Basic Sch	139,413,425	-	-	139,413,425
Mano Basic Sch	21,131,000	-	-	21,131,000
Kalukanya Basic Sch	15,865,000	-	-	15,865,000
Twalubuka Basic Sch (Mufulira)	153,715,000	-	-	153,715,000
Kampolombo Basic Sch	4,067,000	-	3,083,500	7,150,500
Nkambo Basic Sch	4,337,000	-	-	4,337,000
Mumana Basic Sch	108,167,200	-	-	108,167,200
Silangwa Basic Sch	35,616,500	-	-	35,616,500
Miengwe Basic Sch	23,651,500	-	-	23,651,500
Mushili High Sch	3,930,000	-	-	3,930,000
Temweni High Sch	9,635,000	-	-	9,635,000
DEBS Kitwe	86,334,800	65,551,000	166,860,386	318,746,186
Nkrumah T T College	4,400,000	-	-	4,400,000
Mpelembe Basic Sch	-	2,800,000	-	2,800,000
Ibolelo High Sch	7,579,000	-	-	7,579,000
Katowa Basic School	3,395,000	-	-	3,395,000
Uphill High School	18,940,740	-	-	18,940,740
	<b>2,217,119,496</b>	<b>146,892,840</b>	<b>169,943,886</b>	<b>2,533,956,222</b>

#### **I. Failure to Produce Reports**

- i. During the period under review, eighteen (18) officers at four (4) stations were paid amounts totalling K159,046,278 to carry out monitoring exercises. It was however observed that the officers failed to produce reports at the end of their assignments thus rendering the expenditure wasteful. Details are in the table below:

Station	No. of Officers	Cost of Activity K	Remarks
Kasama College of Education	3	77,725,000	Imprest in amounts totalling K77, 725,000 were issued to three (3) officers in July and October 2010 involving four (4) transactions for monitoring of student teachers who were on teaching practice in five (5) districts. It was however observed that as of July 2011, no monitoring reports were availed for verification to ascertain whether the activities were undertaken.
DEBS Mpika	4	9,440,000	Imprest in amounts totalling K9, 440,000 were issued to four (4) officers in January and September 2010 involving five (5) transactions for the selection of grade 10 pupils and monitoring of the utilisation school grants in the district. It was however observed that as of July 2011, no monitoring reports were availed for verification to ascertain whether the activities were undertaken
DEBS Kabompo	1	4,994,540	On 22 <sup>nd</sup> October 2010, an officer at Kabompo DEBS office was issued an imprest of K4,994,540 to undertake a monitoring of school grants assignment and budget tracking. However, the officer did not produce a report rendering the expenditure wasteful.
PEO Ndola	10	66,886,738	During the period under review, Imprest amounting to K66,886,738 was paid to ten (10) officers to carry out various assignments . Contrary to Public Service Terms and Conditions of Service, which require the preparation of reports on completion of tour assignments, no reports were produced as of July 2011 for audit verification to confirm performance of the assignment.
<b>Total</b>	<b>18</b>	<b>159,046,278</b>	

- ii. A total amount of K154,623,872 was spent at Headquarters on short term training abroad for six (6) officers. It was however observed that contrary to the procedures and guidelines for Human Resource Development, there were no training reports namely DHRD form 6, 7 and 8, availed for audit scrutiny.

**m. Failure to Maintain Records**

Contrary to Financial Regulation No.10 (1) which requires the accounting officers to ensure that the books of accounts are correctly posted and kept up to date, accounting officers at fourteen stations failed to maintain various records as detailed in the table below:

Station	Failure to Maintain Ledgers	Failure to Maintain Cashbooks	Failure to Prepare Payment Vouchers	Failure to Provide Bank Statements	Failure to Maintain a Register of Accountable Documents
Headquarters	ç	ç	-	ç	-
PEO Mansa	ç	-	-	-	-
DEBS Nchelenge	ç	-	-	-	-
Syanalumba	ç	ç	-	-	-
Maramba	ç	ç	-	-	-
Indeco	ç	ç	-	-	-
Nakatindi	ç	ç	-	-	-
Linda High Sch.	ç	-	-	-	-
Mutambe Basic Sch	ç	-	-	-	-
Kamwala Basic Sch.	ç	-	-	-	-
DEBS Kasama	ç	ç	-	-	-
DEBS Kitwe	-	ç	-	-	-
PEO Ndola	-	-	-	-	ç
St Canisius High Sch.	-	-	ç	-	-

**n. Misapplication of Funds**

Contrary to NIF guidelines, amounts totalling K1,456,224,431 were applied on activities not related to NIF programmes as detailed in the table below:

Station	Amount K	Funds Applied on
Nchelenge High School	13,210,000	Imprest for servicing of motor vehicles, allowances & foodstuffs
DEBS Mansa	75,727,000	Sports festival, Mealie meal & basketball tournament
Mansa College of Education	73,781,288	Interviews and sports activities
PEO L/stone	63,500,000	Salaries
DEBS L/Stone	5,040,000	Leave travel benefits and audit fees
Itezhi-tezhi	18,120,000	W/shop, census and meetings
DEBS Monze	2,500,000	Sports festival
PEO Lusaka	10,000,000	Monitoring of school health activities
DEBS Lusaka	3,640,000	Purchase of seedling and tickets for dinner dance
ZAMISE	81,200,000	Payment of utility bills
DEBS Luangwa	16,700,227	OVC's funds
Luangwa Basic Sch	5,060,000	PTA fees
PEO Mongu	25,305,274	Allowances
DEBS Kaoma	9,937,000	Imprest, funeral grant
DEBS Kalabo	51,325,000	Personal Emolument, Allowances
Kalabo High Sch	2,844,020	Allowances
DEBS Mongu	25,000,000	Sports and General Administration
Mongu College of Ed.	8,500,000	Allowances
Kasama College of Education	88,731,940	Census, Labour day awards and college fees
Madwa Basic Sch	29,033,000	Construction of staff house
DEBS Nakonde	38,485,700	Teacher deployment, outstanding bills benefits
PEO Solwezi	86,405,603	Servicing motor vehicles, utility bills and fuel
DEBS Solwezi	80,405,603	Servicing motor vehicles, utility bills and fuel
Solwezi T T College	163,518,991	Servicing motor vehicles, emoluments and entertainment
DEBS Kabompo	16,972,399	Servicing motor vehicles, utility bills and fuel
Kabompo High Sch	2,400,000	Payment of wages and utility bills
DEBS Kasempa	36,374,455	Payment of wages and utility bills
Kasempa Day H. Sch	3,200,000	Payment of utility bills
PEO Ndola	14,500,000	General administration and settling utility bills
Twalubuka Basic Sch (Ndola)	1,800,000	Payment of utility bills
DEBS Mufulira	10,580,961	Payment of subsistence allowances
Pamodzi Girls High Sch	1,600,000	Payment of wages and utility bills
Kampolomombo Basic Sch	10,000,000	Preparation of examination
Nkambo Basic Sch	10,000,000	Preparation of examination
Mumana Basic Sch	10,000,000	Preparation of examination
Silangwa Basic Sch	6,000,000	Preparation of examination
Miengwe Basic Sch	31,600,000	Preparation of examination and purchase of fuel
Mushili High Sch	18,920,000	Servicing motor vehicles, emoluments, funeral grant, imprest, workshops, garden inputs
Chipata College of Education	49,957,692	Allowances, foodstuff, hammer mill, maize dehuller.
DEBS Chadiza	33,257,600	Servicing of motor vehicle
Mpima Prisons Basic Sch	116,241,976	Administration expenses
Mpelembe Basic Sch	27,600,000	Inter District sports
DEBS Itezhi-Tezhi	6,748,702	Internet service installation and imprest
DEBS Kitwe	70,500,000	long service bonus, wages and water bills from the infrastructure funds contrary to National Implementation Framework guidelines.
	<b>1,456,224,431</b>	

#### **o. Failure to adhere to Procurement Guidelines**

During the period under review, there were procurements in amounts totalling K614,246,836 done at thirteen (13) stations that did not comply with procurement guidelines in that either no competitive bidding was involved or the procurements were above the DEBS threshold. Details are in the table below:

Station	Amount K	Remarks
Mabel Shaw High School	8,430,000	It was observed that the transaction was not subjected to tender procedures in that the suppliers were single sourced and no authority was obtained contrary to Zambia Public Procurement Authority Act (ZPPA).
Linda High School	33,783,200	Procurements in amounts totalling K33,783,200 involving thirteen (13) transactions were processed without adhering to tender procedures in that there were no competitive quotations obtained.
David Livingstone College of Education	11,752,000	Payments in amounts totalling K 11,752,000 involving three (3) transactions were processed without adhering to tender procedures in that there were no competitive quotations obtained.
Namwala High School	24,553,111	Contrary to procurement procedures, it was observed that a total amount of K24,553,111 involving seven (7) transactions was spent on various stores items without adhering to tender procedures.
DEBS Kalomo	14,030,400	Contrary to procurement procedures, it was observed that an amount of K14,030,400 on cheque No. 001144 dated 4 <sup>th</sup> January 2010 for procurement of text books from Nelovex Enterprises in respect of grades one (1) and nine (9) for various community schools was done without adhering to tender procedures.
DEBS Mongu	114,542,700	During the period May and June 2010, building materials costing K114,542,700 in respect of three (3) projects were procured by the DEBS office without following tender procedures in that the transaction were not subjected to district and or provincial tender committees.
DEBS Mporokoso	43,181,500	During the period from September to October 2010, amounts totaling K43,181,500 involving three (3) transactions were paid to two (2) suppliers for the procurement of school requisites. It was however observed that the amounts paid were above the DEBS threshold of K10,000,000.
Kalewa Basic School	186,602,500	Contrary to the Public Procurement Act of 2008, a total amount of K186,602,500 was spent without following tender procedures as follows: É payments in amounts totalling K98,268,000 involving eleven (11) transactions paid to various suppliers for purchase of various building materials were made without tender authority. É the school made payments in amounts totalling K88,334,500 involving ten (10) transactions to various suppliers of goods and services without obtaining three (3) competitive quotations.
Twikatane Basic School	9,350,000	Contrary to Public Procurement Act of 2008, stores items costing K9,350,000 involving seven (7) transactions were procured without obtaining three competitive quotations.
Mukuba Basic School	74,397,925	Contrary to the Public Procurement Act of 2008, the school spent a total of K74,397,925 without tender procedures in that the school did not without obtaining three (3) competitive quotations.
Twalubuka Basic School	52,369,500	Contrary to the Public Procurement Act of 2008, an amount of K52,369,500 was paid for the supply of goods and services without obtaining three (3) competitive quotations.
Miengwe Basic School	30,318,500	The amounts paid exceeded the threshold of K5,000,000 for the Project Management Committee. It was further observed that the payment was not approved by the District tender committee, contrary to Public Procurement Act of 2008.
Mushili High School	10,935,500	During the period between August and October 2010, a total amount of K10,935,500 was paid to five (5) suppliers for various goods and services without obtaining three (3) competitive quotations.
<b>Total</b>	<b>614,246,836</b>	

**p. Construction of Classroom Blocks, VIP Latrines and Staff Houses**

During the period under review, the Ministry undertook projects to construct DEBS's offices, 1x2 and 1x3 classroom blocks, VIP latrines and staff houses at various schools and districts. Contractors were engaged on labour only contracts. Inspections of construction works whose contract prices totalled K1,760,519,770 carried out at selected districts and schools revealed that there were delays in completing works and manifestation of substandard works through cracks that had developed on walls and in some cases floors peeling off. Details of the findings are in the table below:

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District	Station	Contractor	Contract Price K	Amount Paid to Contractor K	% of contract Price Paid	Scope of Works	Remarks
Livingstone	Linda South High School	Cathy Steel Decor and Construction Limited	25,200,000	13,290,480	53	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that glazing, painting, flooring, construction of spoon drain, fitting of doors and construction of window sills had not been done.
	Highlands Basic School	Chipaluba Investment Limited	25,200,000	16,884,000	67	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that glazing, painting, flooring, construction of spoon drain, fitting of doors and construction of window sills had not been done.
	Zambezi Sawmills Basic School	Cathy Steel Decor and Construction Limited	18,000,000	12,060,000	67	construction of a 1x2 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that glazing, painting, flooring, construction of spoon drain, fitting of doors and construction of window sills had not been done.
Itezhi-tezhi	Kakuse Basic School	Lyansa Contractors	25,200,000	10,747,800	43	construction of a 1x3 classroom block	A physical inspection of the project in July 2011 revealed that the classroom block had not been completed in that the fitting of glass panes (40) and internal painting had not been done.
	Mulilabanyama Basic School	Samifran Construction	25,200,000	23,940,000	95	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the construction of the 1x3 classroom block had not been completed in that construction of the apron had not been done. It was further observed that cracks had manifested on the window sills and walls cutting across the classrooms.
	Nakabangwe Basic School	Pecunious Enterprises Ltd	25,200,000	23,940,000	95	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the construction of the 1x3 classroom block had not been completed in that construction of the apron had not been done. It was further observed that cracks had manifested on the window sills and walls cutting across the classrooms.
	Masasabi Basic School	Pecunious Enterprises Ltd	18,000,000	18,000,000	100	construction of a 1x2 classroom block	A physical inspection of the project carried out in July 2011, revealed that the construction of the 1x2 classroom block had not been completed in that construction of the apron had not been done. It was further observed that cracks had manifested on the window sills and walls cutting across the classrooms.

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District	Station	Contractor	Contract Price K	Amount Paid to Contractor K	% of contract Price Paid	Scope of Works	Remarks
Namwala	Katowa Basic School	Zilachitika Limited	25,200,000	25,200,000	100	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the construction of the 1x3 classroom block had not been completed in that construction of the apron had not been done. It was further observed that cracks had manifested on the window sills.
	Namayovu Basic School	Lufuwa Enterprises Limited	25,200,000	16,884,000	67	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that the following works were outstanding; aprons, flooring, fitting of doors, air vents, glazing and painting.
	Mantolo Basic School	Abboli Contractors Limited	25,200,000	25,200,000	100	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that glazing was still outstanding.
Kalomo	Mbole Basic School	Bobbwa Contractors	25,200,000	25,200,000	100	construction of a 1x3 classroom block	A physical inspection carried out in July 2011, revealed that although the construction of the classroom block had been completed, seventy-two (72) glass panes that were fitted were smaller than the window partitions.
	Kanchele Basic School	Beacon Engineering Services	25,200,000	25,200,000	100	construction of a 1x3 classroom block	A physical inspection carried out in July 2011, revealed that the classroom block had not been completed in that glazing and internal painting were outstanding. Further it was observed that cracks had manifested on the floor in the classrooms.
Choma	Mutama River Basic School	Wekens Enterprises	25,200,000	17,381,800	69	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed with the following works outstanding; glazing, plastering outside painting of both in and outside fitting of doors and construction of an apron.
	Simwami Hills Basic School	Buche Buche Constructor	25,200,000	13,650,800	54	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that glazing had not been done.

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District	Station	Contractor	Contract Price K	Amount Paid to Contractor K	% of contract Price Paid	Scope of Works	Remarks
Monze	Hamusonde basic School	Lyansa contractors	25,200,000	18,396,000	73	construction of a 1x3 classroom block	A physical inspection of the project carried as in July 2011 revealed that the 1 x 3 classroom block had been roofed with following works outstanding:- fitting of window frames, floor screed, painting in and outside and rough casting.
	Chisekesi Basic School	Albess General Dealers	74,800,000	26,924,000	36	construction of 1 x 3 classroom block, 1 staff house and four (4) pit latrines	A physical inspection of the project carried out in July 2011 revealed the following: 1x3 classroom block -The structure had reached final completion stage with painting glazing and construction of the apron as the only outstanding works. 1 staff house -The house was roofed and partially plastered with floor screeding and construction of the apron as the other outstanding works. 4 pit latrine- Only two (2) pit latrines had been constructed.
	Mulumbwa Basic School	J.M holding limited	52,400,000	26,424,000	50	construction of 1 x 3 classroom block, 1 staff house and three (3) pit latrines	A physical inspection of the projects carried out in July 2011 revealed the following:- Wrong specification of glass panes - Ninety seven (97) glass panes costing K1,480,000 were of wrong sizes and were returned to the supplier (D.C. General Suppliers). As of July 2011 the materials had not been replaced. 1x3 classroom Block - The 1 x3 CRB had been roofed and almost complete with painting and fitting of 71 pieces of glass panes as the only outstanding works. Staff house - Roofed and almost complete with painting and glazing as the only outstanding works. Pit latrines - Out of the three pit latrines, two had been completed and in use while one had not been started .
Mazabuka	Nanga Special School	Bwacha Contractors	25,200,000	6,076,000	24	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011 revealed that the 1x3 classroom block had reached a final completion stage with the following works outstanding: painting, inside, plastering outside, construction of the Apron.
	Chizika Basic School	Lyansa contractors and Hardware	25,200,000	10,000,000	40	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011 revealed that the 1x3 classroom block was nearing completion with the following works outstanding: painting inside, construction of the Apron and fitting of doors.
Lusaka	DEBS Lusaka	New World Construction Limited	69,889,470		0	construction of the Lusaka District Education Board Secretary's office.	A physical inspection of the project carried out in July 2011, revealed that the structure had been roofed and framed, however, the project had since stalled.

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District	Station	Contractor	Contract Price K	Amount Paid to Contractor K	% of contract Price Paid	Scope of Works	Remarks
Chongwe	Twatasha ZNS Basic School	Eye Marketing and Construction	50,400,000	41,834,000	83	construction of two (2) 1x3 classroom blocks	A physical inspection of the project carried out in July 2011 revealed that the classroom blocks had not been completed in that glazing, painting and fitting of doors were still outstanding.
	Luangwa Bridge New Site School	Chikoka B C Limited	25,200,000	13,981,000	55	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed with the following works outstanding; plastering, flooring, painting, glazing, fitting of doors, concrete and floor on the veranda and spoon drain.
	Kumena Basic School	Lusbam Construction	25,200,000	16,884,000	67	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed as painting and glazing were outstanding.
Kalabo	Ufufu Basic School	Liumba Contractors	25,200,000	5,292,000	21	construction of a 1x3 classroom block	A physical inspection of the project carried out in August, 2011 revealed that the 1x3 CRB was at gable level and had a big crack cutting across the slab up to window level
	Mbunde Basic School	Munganga Katu	25,200,000	12,826,800	51	construction of a 1x3 classroom block	A physical inspection of the project carried out in July, 2011 revealed that the structure had not been completed in that the works had reached roof level and the following works were outstanding: plastering, flooring, construction of the drainage, fitting of doors, shelving, glazing and painting.
	Kalabo Basic School	Kutambuka Enterprises	25,200,000	13,356,000	53	construction of a 1x3 classroom block	A physical inspection carried out July 2011, revealed that the project had not been completed with beam filling, plastering, flooring and drainages still outstanding.
Mongu	Mandanga Basic School	Vinako C.E. Engineering	25,200,000	5,292,000	21	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that it was still at wall plate level eleven (11) months after the funds were received by the school.
	Nyuta Basic School	Mandanga Milling	18,000,000	14,580,000	81	construction of a 1x2 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that flooring, drainages, fixing of doors and painting were outstanding. It was also observed that cracks had manifested from the ring beam down to the slab
	Ndondo Community School	Patrick Moola Mushokabanji	18,000,000	14,940,000	83	construction of a 1x2 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that glazing, fixing of doors, drainages, fixing of doors and painting were outstanding
	Miulwe Basic School	Zamasuka	18,000,000	14,940,000	83	construction of a 1x2 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that construction of drainages, and painting had not been done. It was also that cracks had manifested on the classroom floors.

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District	Station	Contractor	Contract Price K	Amount Paid to Contractor K	% of contract Price Paid	Scope of Works	Remarks
Kaoma	Miowa Community School	Kanamutondo Enterprises	25,200,000	17,237,400	68	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that the following works were outstanding; external plastering, flooring and Construction of drainage and painting and glazing.
	Kakumba Basic School	Apache Furnishers	25,200,000	17,236,800	68	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that the following works were outstanding; external plastering, flooring and construction of drainage, painting and glazing.
	Lungamba Community School	Awa General Dealers	25,200,000	22,503,200	89	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that painting was still outstanding. It was also observed that cracks had manifested from slab to the window sill
	Shipungu Basic School	Eldermain Business Solutions	25,200,000	21,005,360	83	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that the following works were outstanding; external plastering, flooring and construction of drainage and painting.
Mpika	Yangeni Basic School	Indapelwa Contractors	25,200,000	15,624,000	62	construction of a 1x3 classroom block	A physical inspection of the project carried as in July 2011 revealed that the 1 x 3 classroom block had not been completed in that the following works were outstanding painting, glazing and shelving. It was however observed that cracks had manifested on the drainage and floor in the classrooms.
	Mulombe Basic School	Indapelwa Contractors	25,200,000	13,390,000	53	construction of a 1x3 classroom block	A physical inspection of the project carried as in July 2011 revealed that the 1 x 3 classroom block had not been completed in that the following works were outstanding painting, glazing and shelving.
	Kabale Basic School	Pineland Investment	18,000,000	15,840,000	88	construction of a 1x2 classroom block	A physical inspection of the project carried out in July 2011 revealed that the structure had not been completed in that the following works were outstanding laboratory fittings, electrical works, plumbing and internal painting.

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District	Station	Contractor	Contract Price K	Amount Paid to Contractor K	% of contract Price Paid	Scope of Works	Remarks
Chinsali	Lumpene Basic School	Wayimbila Wana General Dealers	25,200,000	16,922,000	67	construction of a 1x3 classroom block	A physical inspection of the project carried as in July 2011 revealed that the 1 x 3 classroom block had not been completed in that the following works were outstanding : flooring, drainage, plastering of external walls, fixing of air vents, beam filling of the office, glazing, painting, construction of two (2) ramps and steps
Nakonde	Madwa Basic School	Tepwanji Contractors	25,200,000	12,247,200	49	construction of a 1x3 classroom block	Project had not been completed in that painting, plastering, flooring, drainage, glazing, fixing of air vents and doors were still outstanding.
	Kawele Basic School	Remmy Contractors	25,200,000	20,559,200	82	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that the following works were outstanding; painting, glazing, shelving, notice boards, fixing of doors and a grill door
Luwingu	Mushitu Wambo Basic School	Chilamala	25,200,000	7,692,000	31	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that the following works were outstanding; flooring, fitting of doors, fitting of one window frame, glazing, painting, spoon drainage, steps and ramps and fitting of black boards.
	Chifumo Basic School	Ireepe General Dealers	25,200,000	16,884,000	67	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed in that the following works were outstanding; glazing, drainage, window sills, fitting of doors, and airvents.
Mbala	Chulungoma Basic School	Zambia National Service	18,000,000	7,352,400	41	construction of a 1x2 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed with the following works outstanding;- glazing, flooring, fitting of doors, painting, plastering, air vents construction of the spoon drain and ramp.
Mporokoso	Kabange Basic School	Tempwanje Contractors	25,200,000	10,080,000	40	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed with the following works outstanding; ; external plastering, fitting of air vents, spoon drains, flooring, painting, shelving glazing, fitting of doors and chalk boards.
	Chikosa Basic School	St. Paulus Co-operative	25,200,000	4,782,000	19	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the classroom block had not been completed with the following works outstanding; glazing, painting and fitting of doors.

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District	Station	Contractor	Contract Price K	Amount Paid to Contractor K	% of contract Price Paid	Scope of Works	Remarks
Kabompo	Wazanga Middle Basic School	Meconah Investments	25,200,000	18,929,000	75	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011, revealed that the structure had not been completed in that floor screeding, fixing doors, locks and shelves, drainage and aprons, painting and glazing were outstanding.
	Wazanga Middle Basic School	Meconah Investments	42,800,000	11,168,000	26	construction of a 1x2 classroom block & 2 VIP toilets	A physical inspection of the project carried out in July 2011, revealed that although classroom block had been roofed, plastered and the VIP latrines constructed, flooring, screeding, fixing doors, locks and shelves, drainage and aprons, painting and glazing were outstanding
	Biyeko Middle Basic School	Meconah Investments	25,200,000	16,284,000	65	construction of a 1x3 classroom block	A physical inspection of the project carried out in July 2011 revealed that although the project started in 2008 it had not been completed in that floor screeding, fixing doors, locks and shelves, drainage and aprons, painting and glazing were outstanding.
	Nkulwashi Middle Basic School	Meconah Investments	18,000,000	15,000,000	83	construction of a 1x2 classroom block	A physical inspection of the project carried out in July 2011, revealed that although the classroom block had been roofed and plastered, flooring, screeding, fixing doors, locks and shelves, drainage and aprons, painting and glazing were outstanding .
Kasempa	Kabutwitwi Middle Basic School	Makwechi Contractors	18,000,000	15,933,000	89	construction of a 1x2 classroom block	A physical inspection of the project carried out in July 2011, revealed that although the classroom block had been roofed and plastered, the drainages and final coat of paint were not done. In addition it was observed that the floor had developed wide cracks

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District	Station	Contractor	Contract Price K	Amount Paid to Contractor K	% of contract Price Paid	Scope of Works	Remarks
Ndola	Mushili Kansengu Basic School	Frontscan General Dealers	28,400,300	23,264,000	82	construction of a 1x3 classroom block and a VIP toilet	A physical inspection of the project carried out in July 2011, revealed the following:- 1 x 3 classroom block Although major works such as roofing, plastering, flooring, and glazing were done, the classroom block had not been completed in that painting, shelving in three store rooms and fixing of three (3) notice boards were still outstanding. VIP toilet Although the VIP toilet had been roofed and plastered, fitting of doors, grill gates and vent pipes, painting and construction of the spoon drain were still outstanding.
		Mera Engineering Ltd	24,000,000	4,300,000	18	construction of a staff house	A physical inspection of the project carried out in July 2011, revealed that the house was at ring beam level and the funds had been exhausted
	Mushili Bonano Basic School	Vicmus Ltd	25,200,000	11,088,000	44	construction of a 1x3 classroom block and a VIP toilet	1 x 3 classroom block Although major works such as roofing, plastering, flooring, and glazing were done, the classroom block had not been completed in that painting of two (2) offices and construction of the spoon drain were still outstanding.
		Sunzu Investments Ltd	4,600,000	4,600,000	100	construction of a staff house	A physical inspection of the project carried out in July 2011, revealed that the house was at ring beam level and the funds had been exhausted.
Mufulira	Mukuba Basic School	Kenvans Investment Limited	25,200,000	16,663,500	66	construction of a 1 x 3 classroom	A physical inspection of the project carried out in July 2011, revealed that although major works such as roofing, plastering, flooring, and glazing were done, the classroom block had not been completed in that doors and chalk boards had not been fitted

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District	Station	Contractor	Contract Price K	Amount Paid to Contractor	% of Contract Price Paid	Scope of Works	Remarks
Masaiti	Kampolomombo Basic School	Mich Trades	25,200,000	9,826,060	39	construction of a 1 x 3 classroom	A physical inspection of the project carried out in July 2011, revealed that although major works such as roofing, plastering, and flooring were done, it was observed that glazing was still outstanding.
	Nkambo Basic School	Malexas Merchants Limited	25,200,000	10,667,000	42	construction of a 1 x 3 classroom	A physical inspection of the project carried out in July 2011, revealed that although the classroom block had been roofed, it was observed that beam filling, plastering, fitting of air vents and doors, glazing, flooring, construction of spoon drain, painting among others were still outstanding.
Chadiza	Chafulu Basic School	Chikunto Contractors	25,200,000	10,080,000	40	1x3 classroom block	A physical inspection carried out July 2011, revealed that although works such as roofing, plating, and framing had been done, the project had not been completed in that flooring, painting, construction of spoon drain, glazing, fitting of doors, locks and boards were still outstanding.
	Kasiya Basic School	Storm Construction and Suppliers	25,200,000	13,356,000	53	construction of a 1x3 classroom block	A physical inspection carried out July 2011, revealed that although works such as roofing, plating, and framing had been done, the project had not been completed in that flooring of the corridor, painting, construction of spoon drain, glazing, beam filling, fitting of doors, and locks were still outstanding. The school was in use without pit latrines
	DEBS Chadiza	Hamas Enterprise	60,750,000	53,460,000	88	construction of an office block	A physical inspection carried out in July 2011 revealed that the structure had not been completed in that painting, fitting of doors, glazing, construction of spoon drain and other external works were still outstanding. The project has delayed by twenty- three (23) months as of July 2011
Kabwe	Muwowo Basic School	V.B.S General Dealers	25,200,000	12,091,400	48	construction of a 1 x 3 classroom block	A physical inspection of the structure carried out in July 2011 revealed that the 1x3 classroom block had not been completed in that it was at gable level with the following works outstanding; roofing, beam filling, flooring, plastering, glazing and painting and the contractor was not on site
<b>Total</b>			<b>1,760,519,770</b>	<b>989,133,000</b>			

<b>Head:</b>	<b>85</b>	<b>Ministry of Lands</b>
<b>Units:</b>		<b>Various</b>
<b>Programmes:</b>		<b>Various</b>
<b>Activities:</b>		<b>Various</b>

49. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K34,712,481,423 was made against which amounts totalling K32,454,504,952 were released.

#### **Accounting and Other Irregularities**

An examination of accounting and other records carried out in April 2011 revealed the following:

**a. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprests in amounts totalling K1,603,757,887 issued to forty one (41) officers during the period under review had not been retired as of December 2011.

**b. Unvouched Expenditure**

Contrary to Financial Regulations No. 45 and 52, there were seventy-four (74) payments in amounts totalling K1,587,611,798 that were inadequately supported in that there were no acquittal sheets, invoices and receipts.

**c. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of stores items costing K3,716,627,312 purchased during the period under review.

**d. Contracts**

**i. Wasteful expenditure**

On 20<sup>th</sup> July 2009, the Ministry of Lands entered into a contract with Heidelberg Graphics Systems South Africa (Pty) Limited for the supply and delivery of a Map Printing Press Machine at a cost of K7,077,145,900 (p1,100,000) with a delivery period of eight (8) to ten (10) weeks. The contract also provided for the following:

- The warrant period shall remain valid for twelve (12) months after delivery and acceptance at the final destination or eighteen (18) months from the date of shipment from the port/place of loading in the source country.

- The payment terms: 50% upon signing contract, 20% on presentation of shipping documents and 30% on delivery and acceptance by the purchaser.

The following were observed:

- Although the machine was delivered in 2009 and the final payment made in September 2009, as of August 2011, it had not been installed and the warranty period of twelve (12) months had since expired, rendering the expenditure of K7,077,145,900 wasteful.
- A physical inspection of the site where the Machine was stored revealed that it was not secured.

## **ii. Irregularities in the Renovations of the Bulk Store**

In December 2009, the Ministry entered into a contract with Palaba Investment for the transformation of the old map bulk store situated in the alley between Cairo and Kalambo Roads into an offset map printing establishment at a total contract price of K774,710,988 with a completion period of eight (8) weeks. The scope of works included, among other things, the installation of an underground tank house with roof size 2000mm x 2000mm x 2000mm, a polycon tank in the tank house of capacity 2600 litres with all accessories and fittings, and fabricating and installing a tank stand of 9 meters high complete with access ladder and walkway to sit a 2000 litres polycon tank. As of May 2011, the contractor had been paid K591,025,922.

It was observed that various changes were made to the scope of works for which no evidence of variation was availed for audit. In particular the following were observed:

- The underground tank house was not constructed and instead of installing a 2600 litres polycon tank, the contractor installed a 500 litre tank.
- Whereas the contract specified the fabrication and installation of a steel tank stand 9 metres high, complete with access ladder and walkway to sit a 2000 litres polycon tank, the contractor instead fabricated a 3.5 metres stand which had no walkway and installed an 800 litres tank.

## **iii. Zambia Land Administration System (ZLAS) - Wasteful Expenditure**

Government of the Republic of Zambia in collaboration with the private sector proposed a Threshold Country Plan (TCP) to the Millennium Challenge Corporation (MCC) to implement key reforms and demonstrate its capacity for good governance and MCC compact eligibility.

In this regard, Ministry of Lands was identified as one of the Millennium Challenge Account Threshold Project MCATP/GRZ Implementation Partner.

In order to implement the project, International Land System (ILS) Inc of United States of America was engaged to configure and implement the Zambia Land Administration System (ZLAS) in the Ministry of Lands in November 2006.

The ZLAS was scheduled to replace the current Land Information System (LIMS) by June 2008.

In 2010, an amount of K170,179,999 was spent towards data cleaning of information in LIMS in readiness to be migrated to ZLAS and post installation audit of the System.

However, the Ministry of Lands on 13<sup>th</sup> July 2011 advertised requesting for expression of interest for consultancy to review the current LIMS and develop a new computerised system for the Ministry. As of July 2011, ZLAS had been abandoned, rendering the expenditure of K170,179,000 wasteful.

**Head: 88 Ministry of Livestock and Fisheries Development**  
**Units: Various**  
**Programmes: Various**  
**Activities: Various**

- 50.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a total provision of K260,991,847,224 was made to cater for the activities at the Ministry, against which amounts totalling K74,395,348,489 were released, resulting in an underfunding of K160,609,436,568.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and a visit to the provinces in March 2011 revealed the following:

**a. Stores Without Receipt and Disposal Details**

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of stores items costing K56,821,145 procured during the period from February to November 2010.

**b. Unretired Imprest**

Contrary to the Financial Regulation No. 96, imprest in amounts totalling K111,886,869 issued to thirteen (13) officers during the period under review had not been retired as of October 2011.

**c. Central Veterinary Research Institute (CVRI) - Balmoral**

**i. Fuel Without Receipt and Disposal Details**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of fuel and lubricants costing K229,500,000 procured during the period under review.

**ii. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K51,635,000 issued to three (3) officers during the period under review had not been retired as of December 2011.

Further, contrary to Financial Regulation No. 91, five (5) officers with outstanding imprest were issued with subsequent imprest amounting to K62,312,000.

**d. Construction and Rehabilitation of Disease Free Zone Infrastructure**

During the financial years ended 31<sup>st</sup> December 2009 and 2010, a total amount of K38,106,231,716 was released for the construction and rehabilitation of disease free zone infrastructure in Central, Lusaka and Copperbelt provinces.

The following were observed:

**i. Renovation of Central Veterinary Research Institute (CVRI)**

In December 2009, the Ministry engaged three (3) contractors to carry out construction and rehabilitation works at the CVRI. Details are in the table below:

Date	Contractor	Contract Amount K	Scope of Works	Start Date	Completion Date
17.12.09	Nelkan Industrial Construction	3,083,263,760	Renovation of main building	04.01.10	04.04.10
17.12.09	African Brothers	3,530,324,280	Renovation of vaccine production unit, Biotech building and parking area	04.01.10	04.12.10
17.12.09	China Geo Engineering	4,104,404,568	Construction of new office block	04.01.10	04.12.10
<b>Total</b>		<b>10,717,992,608</b>			

It was however observed that although the contractors were paid the full contract amounts in advance in December 2009, the works had not been completed as of October 2011.

**ii. Extension of Old Office Block-Kafue Bridge Site-Lot 3**

In December 2009, the Ministry entered into a contract with Messrs Langashe Investments for the extension of an office block and construction of a crush pen, offloading bay, paddock and loading bay at the Kafue Bridge site at a contract sum of K918,331,800. The contract was for a period of eleven (11) weeks commencing on 4<sup>th</sup> January 2010 and ending on 19<sup>th</sup> March 2010. As of June 2011, the contractor had been paid K462,471,210.

A physical inspection revealed that construction of a crush pen, offloading bay, paddock and loading bay had been done while extension of an old office block had not been completed, sixty (60) weeks after the actual completion date and the contractor had abandoned the site. See picture below:



*Incomplete office block*

**iii. Construction Works - Lusaka Westwood Site-Lot 6**

In December 2009, the Ministry entered into a contract with Messrs Manjaluso Building and Civil Contractors for the

construction of an office block, a crush pen, paddock, loading bay and a 1x3 bed roomed house complete with sewer reticulation system at Lusaka's Westwood site at a contract price of K1,185,934,600. The contract was for a period of sixteen (16) weeks commencing on 4<sup>th</sup> January 2010 and ending on 30<sup>th</sup> April 2010. As of June 2011, the contractor had been paid a total K457,148,377.

A physical inspection revealed that, fifty two (52) weeks after the contract was signed, works had not been completed in that windows and doors were not fixed, the floor, plastering of walls, electrical installations, plumbing, sanitary installations, painting both internally and externally and fixing of sewer pipes were not done. It was further observed that the construction of the paddock, crush pens and offloading bay had not started and the contractor had abandoned the site.

**iv. Construction of Office Block and 2x3 Bed Roomed Houses at Luangwa Bridge - Lot 7**

In December 2009, the Ministry engaged Messrs Langashe Investment to construct an office block and 2x3 bed roomed houses complete with sewer reticulation system at Luangwa Bridge Site at a contract price of K851,459,600. The contract was for a period of twelve (12) weeks, commencing on 4<sup>th</sup> January 2010 and ending on 26<sup>th</sup> March 2010. As of August 2011, the contractor had been paid a total of K514,839,450.

A physical inspection revealed that the two (2) houses had been completed while works on the office block had not started and the contractor had abandoned the site.

**v. Renovation of a House and construction of an Office Block at Nkalamabwe-Lot 9**

In December 2009, the Ministry entered into a contract with Messrs Kumila Enterprises for the renovation of a house and construction of an office block at a contract price of K633,935,000. The contract was for a period of twelve (12) weeks commencing on 4<sup>th</sup> January 2010 and ending on 26<sup>th</sup> March 2010. As of August 2011, the contractor had been paid a total of K381,844,136.

A physical inspection revealed that the works were incomplete in that fixing of the floor tiles in the house and fixing of the ceiling board, electrical installations, doors and window panes in the office block had not been done.

**vi. Renovation of Four Houses at Nkalamabwe Site-Lot 10**

In December 2009, the Ministry entered into a contract with Messrs Sokotela Enterprises for the renovation of four (4) houses at a contract price of K735,491,040. The contract was for a period of twenty four (24) weeks, commencing on 4<sup>th</sup> January 2010 and ending 25<sup>th</sup> June 2010. As of August 2011, the contractor had been paid a total of K632,752,906.

A physical inspection revealed that works had not been completed and the contractor had abandoned the site. Details of outstanding works are shown in the table below:

House	Outstanding works
No. 1	skirting, kitchen shelves, external coating
No. 2	painting, fixing of window panes and tiles and plastering
No. 3	plastering inside
No. 4	Completed

**Head: 89 Ministry of Agriculture and Cooperatives**

**Unit: Various**

**Programmes: Various**

**Activities: Various**

51. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, provisions totalling K168,657,642,159 were made to cater for various activities at Headquarters and three (3) other departments, against which amounts totalling K42,775,944,546 were released resulting in an underfunding of K125,881,697,613.

Details are in the table below:

	Department	Authorised Provision K	Releases K	Variance K
89/01	Headquarters	9,459,225,754	7,388,719,373	2,070,506,381
89/02	HRA	9,278,974,164	7,734,203,348	1,544,770,816
89/03	Policy and Planning	133,120,686,597	14,894,092,287	118,226,594,310
89/04	Agriculture	16,798,755,644	12,758,929,538	4,039,826,106
<b>Total</b>		<b>168,657,642,159</b>	<b>42,775,944,546</b>	<b>125,881,697,613</b>

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry carried out in August 2011 revealed the following:

**a. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, four (4) payment vouchers in amounts totalling K 36,666,666 were not availed for audit.

**b. Unsupported and Inadequately Supported Payments**

Contrary to Financial Regulations No. 45 and 52, forty five (45) payments in amounts totalling K1,467,559,745 were not supported by receipts, invoices, local purchase orders, and acquittal sheets.

**c. Irregular Payment**

Cabinet Office Circular No. 7 of 2006 requires Controlling Officers to seek prior authority before holding seminars, workshops and conferences outside government meeting facilities. It was observed that during the period under review, the Ministry procured accommodation and conference facilities from various lodges at a total cost of K396,750,480 without obtaining authority from Secretary to the Cabinet, contrary to the Circular.

**d. Stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items costing K555,441,356 procured during the period under review.

In addition, there were no disposal details in respect of fuel costing K1,028,074,881 procured during the period under review.

**e. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K1,281,928,738 issued to thirty one (31) officers during the period under review had not been retired as of December 2011.

**f. Failure to Recover Loans and Advances**

Contrary to the Terms and Conditions for Public Service, recoveries in respect of loans (K625,500,833), tuition advances (K122,191,389) and salary advances (K200,800,000) paid to various officers during the period under review had not commenced as of October 2011.

**Head: 89/09 Ministry of Agriculture and Cooperatives- Agribusiness and Marketing Department**

**Unit: 4 Agriculture Finance and Credit Management**

**Programmes: 8 Farmer Input Support Programme (FISP) – (PRP)**

52. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K430,000,000,000 was made to cater for the implementation of Farmer Input Support Programme (FISP). In addition a supplementary provision of K159,764,502,725 was made bringing the total authorised provision to K589,764,502,725 and the whole amount was released.

According to the guidelines of the Farmer Input Support Programme (FISP) government was to pay seventy five percent (75%) and the small scale farmers to pay twenty five percent (25%) of the cost of the inputs. In this regard, 891,500 packs of fertilizer and 8,790 packs of seed were distributed to small holder farmers in the provinces as shown in the table below:

Input distribution to Provinces			
Province	Fertilizer (Mts)	Seed (Mts)	No. of Packs
Central	30,160	1,508	150,800
Copperbert	17,121	856.05	85,605
Eastern	34,701	1,733.55	173,655
Luapula	10,352	517.6	51,760
Lusaka	13,323	571.15	66,615
Northern	26,537	1,320.85	133,285
North western	11,024	551.2	55,120
Southern	30,290	1,514.50	151,450
Western	4,492	217.1	23,210
<b>Total</b>	<b>178,000</b>	<b>8,790</b>	<b>891,500</b>

The Ministry expected to raise amounts totalling K137,492,096,392 from recoveries from the twenty five percent (25%) contribution from the small holder farmers.

### Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters carried out in October 2011 and visits to selected districts revealed the following:

#### a. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of fuel costing (K125,593,666) and various stores items (K2,122,933,950) procured during the period under review.

Station	General Stores K	Fuel K	Total K	Remarks
Headquarters	2,104,933,950	117,429,966	2,222,363,916	No receipt and disposal details
Mongu	18,000,000	8,163,700	26,163,700	No receipt and disposal details
<b>Total</b>	<b>2,122,933,950</b>	<b>125,593,666</b>	<b>2,248,527,616</b>	

**b. Unretired imprest**

Contrary to Financial Regulation No.96, imprest in amounts totalling K145,980,680 issued to eighteen (18) officers during the period under review had not been retired as of December 2011.

Station	No. of Officers	Amount K
Headquarters	17	139,980,680
DACO - Senanga	1	6,000,000
<b>Total</b>	<b>18</b>	<b>145,980,680</b>

**c. Distribution of inputs to Unqualified Cooperatives**

Contrary to the FISP Implementation manual 2010/2011 Agricultural Season No.6.1.1 (ii) which requires the benefiting cooperative to have been active for at least one year for it to participate in the FISP programme, it was however observed that one hundred and forty one (141) Cooperatives which received packs worth K2,044,840,000 were active for less than one year.

District	No of Cooperatives	Value K
Luanshya	6	28,000,000
Lufwanyama	4	12,600,000
Kitwe	6	49,840,000
Mkushi	1	9,200,000
Mpika	7	100,800,000
Chinsali	19	329,280,000
Kaoma	1	12,600,000
Mufumbwe	11	141,680,000
Kasempa	38	875840000
Monze	46	436,000,000
Mazabuka	2	49,000,000
<b>Total</b>	<b>141</b>	<b>2,044,840,000</b>

**d. Unreconciled Deposits**

There were deposits in amounts totalling K2,843,760,000 at the three (3) stations cited in the table below that could not be reconciled as they could not be traced to the respective bank statements.

Station	Amount K	Remark
DACO- Lusaka	205,440,000	Deposit could not be reconciled to bank statement
DACO-Kafue	154,000,000	Deposits were not verified against bank statements
DACO Lufwanyama	2,484,320,000	Deposits could not be reconciled to the bank statement
<b>Total</b>	<b>2,843,760,000</b>	

**e. Delayed Delivery of Inputs**

Farming inputs valued at K2,002,010,000 were not delivered on time in the six (6) districts cited in the table below in that the inputs were only delivered between January and March 2011.

Station	Total K
DACO Kafue	537,100,000
DACO Chongwe	939,750,000
DACO Luanshya	132,480,000
DACO Lufwanyama	305,600,000
DACO Kitwe	85,960,000
DACO Solwezi	1,120,000
<b>Total</b>	<b>2,002,010,000</b>

**f. Unaccounted for Inputs**

**i. DACO Mumbwa**

Inputs valued at K111,400,000 comprising 904 bags of compound D costing K45,200,000 and 1,324 bags of urea costing K66,200,000 were not delivered to DACO by Nyiombo Investments Ltd as of December 2011.

This company had been contracted to supply 49,450 x 50kgs bags of D compound and 49,450 x 50 Kg bags of urea to the district. The company subsequently supplied only 48,546 x 50 Kg bags of D compound and 48,126 x 50 kg bags of urea resulting in the shortage stated above.

**ii. DACO Solwezi**

Omnia Small Scale Ltd was engaged to supply 52,240 x 50kg bags of fertiliser costing K2,612,000,000 to DACO Solwezi. However, the supplier delivered 51,888 x 50 kg bags of fertilizer costing K2,594,400,000 leaving a balance of 352 bags costing K17,600,000 outstanding as of December 2011.

**g. Issuing of Incomplete Packs – Luanshya and Lufwanyama**

Contrary to the FISP Implementation Guidelines which require that each beneficiary be given one (1) pack consisting of 2x50kg bags of D compound fertilizer, 2x50kg bags of Urea fertilizer and 1x10kg bag of certified maize seed, it was observed that 470 bags of Compound D fertilizer costing K23,500,000 were missing as shown in the table below.

District	Quantity of D Compound Missing	Price K	Amount K
Luanshya	348	50,000	17,400,000
Lufwanyama	122	50,000	6,100,000
<b>Total</b>	<b>470</b>		<b>23,500,000</b>

In this regard, 235 packs were issued without Compound D fertilizer contrary to the guidelines.

**h. Excess Issuance of Inputs -Mkushi District Agriculture Co-ordinating Office**

During the period under review the Ministry contracted Nyiombo Investments Ltd to Supply 30,160 X 50 kg bags of D- Compound fertilizer and 48,160 X 50 kg bags of Urea to the District. It was however observed that 30,731 (D Compound) and 48,726 (Urea) were instead distributed to the district resulting in the excess of 571 bags of D Compound (K28,550,000) and 566 bags of Urea (K28,300,000).

As of April 2011, no reconciliation had been done and the distribution of the excess fertilizer had not been explained.

**i. Co-mingling of Funds - Chadiza District Agriculture Co-ordinating Office**

According to records, a total amount of K5,412,800,000 was realised from the sales of inputs in the District. However, it was observed that Bank statements for February 2011 presented for audit verification had a balance of K68,079,623,814 which also contained transactions for Chipata district. In this regard, the K5,412,800,000 purported to have been deposited by farmers in Chadiza could not be verified in that the bank statements did not reflect serial numbers, ATDs, ATCs and the names of the cooperatives.

**j. Under Banking (NATSAVE) - Chipata District Agriculture Co-ordinating Office**

A reconciliation of the bank statement to Authority To Deposit (ATD) and Authority To Collect (ATC) revealed that there was an under banking of K349,480,000.

**k. Unreconciled Deposits - Kasama District Agriculture Co-ordinating Office Revenue**

The District received a total of 18,222 packs of 10kg maize seed, 300 packs of rice and 73,680 bags of fertilizers (D-Compound 36,840 and Urea 36,840) respectively as farmer inputs. However, records revealed that a total of K5,195,650,000 was deposited at various FISP bank accounts between September and December 2010 resulting in excess deposits of K29, 890,000. As of April 2011, the excess deposits could not be explained by management.

**l. Excess Issuance of Inputs - Mpika District Agriculture Co-ordinating Office**

It was observed that a total of 869 packs valued at K243,320,000 were issued to forty (40) Cooperatives in excess of the approved membership.

As of April 2011, the excess issuance had not been explained by management.

**m. Fraudulent Collection of Agricultural Inputs – Chinsali District Agriculture Co-ordinating Office**

A scrutiny of FISP distribution records such as Authority To Collect (ATC), application letters (FISP Form 1), a register of Cooperatives revealed that a total 326 packs of agriculture inputs valued at K91,280,000 were irregularly obtained by individuals using Cooperatives to which they did not belong.

Inquiries revealed that the individuals used names of existing cooperatives without the consent of the Cooperative boards and were signing on the application form FISP form 1 as Board Chairperson and Secretary when in fact they were not members of the respective Cooperatives.

**n. Missing Accounting Records - Mongu District Agriculture Coordinating Office**

Contrary to FISP guidelines No. 8.5.2 b and section 8.4, the following records were missing and were not availed for audit as of December 2011.

- i.** Two (2) ATC numbers 03715 and 03716 were not availed for audit and therefore, it was not possible to verify the legitimacy of the beneficiaries.
- ii.** Goods Issued Vouchers for two thousand and two (2,002) maize packs valued at K560,560,000 and one hundred and seventy-one (171) packs

of rice valued at K30,780,000 were not produced for audit which made it difficult to ascertain whether the beneficiaries received the inputs.

**o. Missing Goods Issued Vouchers (GIVs) - Kaoma District Agriculture Coordinating Office**

The District Agriculture Coordinating Office distributed fourteen thousand eight hundred and ninety two (14,892) packs worth K4,175,760,000. Out of this amount only eleven thousand (11,000) packs were verified leaving a balance of three thousand eight hundred and ninety two (3,892) in amounts totalling K1,089,760,000. The lack of goods issued vouchers (GIV) made it difficult to verify whether the cooperative members on FISP actually received the inputs.

**Head: 89/24 Ministry of Agriculture and Cooperatives- Western Province  
Provincial Agricultural Coordinating Office**

**Unit: 1 Headquarters**  
**Programmes: 1 Personal Emoluments**  
**2 General Administration**  
**Activities: 01 Salaries Division I**  
**02 Salaries Division II**  
**03 Salaries Division III**  
**04 Wages**  
**05 Other Emoluments**  
**07 Revolving Fund**

53. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December, 2009 and 2010, provisions of K9,548,583,948 and K4,355,516,995 were made to cater for Personal Emoluments against which amounts totalling K11,274,707,359 and K9,527,562,326 were released respectively.

**Weaknesses in Accounting for Personal Emoluments and other Irregularities**

An examination of accounting and other records maintained at the Provincial Agriculture Coordinating Office carried out in November, 2011 revealed the following:

**a. Unsupported Payments**

Contrary to Financial Regulation No. 45(2), thirty seven (37) payments in amounts totalling K177,161,839 of which K104,194,476 was in 2009 and K72,967,363 in 2010 were not supported with relevant documents such as receipts and schedules.

**b. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, there were two (2) payment vouchers in amounts totalling K38,198,856 that were not produced for audit.

**c. Misapplication of Funds**

Contrary to the Appropriation Act of 2009 and 2010, amounts totalling K5,250,000 and K13,750,000 respectively were applied on activities not related to personal emoluments such as salary advances, repatriation and funeral grants.

**d. Irregular Payment of Salaries and Allowances**

The Terms and Conditions of Service for the Public Service Nos.60 and 61, states that an officer who is absent from duty shall not be paid a salary for the period of absence unless he/she produces satisfactory evidence justifying such absence. An officer who is absent from duty on account of ill-health shall report to the supervising officer and submit the appropriate medical certificate.

Contrary to the above regulations, an Agriculture Assistant who stopped reporting for work in April 1999, continued to draw a full salary and other allowances. As of August, 2011 amounts totalling K121,417,907 (salaries K102,534,270, Rural Hardship K9,663,637, Commuted Overtime Allowances K5,120,000 and Housing Allowances K4,100,000) had been irregularly paid to the officer.

**e. Non recovery of Loans and Advances**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of loans in amounts totalling K239,500,000 paid to thirty three (33) officers and salary advances in amounts totalling K36,350,000 paid to thirty nine (39) officers during the period under review had not been effected as of October, 2011.

<b>Head:</b>	<b>90/03</b>	<b>Office of the President -Lusaka Province</b>
		<b>Rural Roads Department</b>
<b>Unit:</b>	<b>1</b>	<b>Rural Roads Unit</b>
<b>Programmes:</b>	<b>7</b>	<b>Feeder Roads Rehabilitation/Construction (PRP)</b>
	<b>8</b>	<b>Rehabilitation of District Roads (PRP)</b>
	<b>9</b>	<b>Rehabilitation of Other Gravel Roads (PRP)</b>
<b>Activities:</b>		<b>Various</b>

54. In the Estimates of Revenue and Expenditure for the year ended 31<sup>st</sup> December 2010, a provision of K5,000,000,000 was made to cater for feeder roads rehabilitation /construction, rehabilitation of district roads and rehabilitation of other gravel roads and the whole amount was released as shown in the table below:

	Programme	Provision K	Releases K
7	Feeder Road Rehabilitation / Construction	2,918,025,000	2,918,025,000
8	Rehabilitation of District Roads	1,917,081,000	1,917,081,000
9	Rehabilitation of other gravel roads	164,894,000	164,894,000
	<b>Total</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>

### **Irregularities in Accounting for Rural Roads Funds**

An examination of accounting and other records maintained at the Provincial Accounting Control Unit and physical inspections of the projects carried out in February 2011 revealed the following:

#### **a. Lack of Expenditure Details**

Out of a total amount of K5,000,000,000 released for the programme, amounts totalling K4,425,457,843 were spent leaving a balance of K574,542,157. However, contrary to Financial Regulation No. 10(n), expenditure details for amounts totalling K2,014,267,063 were not availed for audit. It was therefore not possible to ascertain whether the funds were utilised on the intended purpose.

#### **b. Unsupported Payments**

Contrary to Financial Regulation No. 52, there were sixty two (62) payment vouchers in amounts totalling K1,547,071,980 which had no supporting documents such as receipts and invoices.

#### **c. Unretired Imprest**

Contrary to Financial Regulation No.96(1), imprest in amounts totalling K244,866,140 involving thirty eight (38) transactions issued to twenty five (25) officers during the period under review had not been retired as of February 2011.

Included in the unretired imprest, were amounts totalling K218,255,160 issued to eleven (11) officers who had not retired previous imprest, contrary to Financial Regulation No. 91.

#### **d. Feeder Roads Rehabilitation/Construction**

##### **i. Shikabeta Road - Chongwe**

A total amount of K134,288,000 was released for light grading of the road. It was however observed that amounts totalling K208,760,100 were spent resulting in excess expenditure of K74,472,100 which could not be explained.

A physical inspection of the road carried out in February 2011 revealed that the iron culvert on the road at 29 km, was exposed to the surface as shown in the picture below:



*Culvert exposed to the surface on Shikabeta road.*

**ii. Chakwenga Mine Road - Chongwe**

The road was done during the period June to July 2010 covering 37Km of the planned 67km stretch. A total amount of K106,650,000 was spent out of K180,891,000 released, leaving a balance of K74,241,000. The works involved light grading. The remaining stretch of 30Km had not been worked on despite the availability of funds.

A physical inspection revealed that culverts at Km 1 and Km 3 were damaged and blocked, resulting in the road becoming water logged. See picture below:



*Damaged Culvert at Km 3*

**iii. Kalubwe Road - Lusaka**

An amount of K160,450,000 was released for grading of 25Km of D177 Kalubwe road, out of which K138,179,110 was spent on the project leaving a balance of K21,730,890.

A physical inspection revealed that the road had potholes while the culverts at Km 4.7, Km 5.2 and Km 5.7 were blocked and were not discharging water.



*Blocked Culvert*



*Water ponding on D177-Kalubwe Road*

**iv. Failure to Execute Planned Activities**

Although amounts totalling K276,389,000 were released for works on D178, D170 Mungwi, D158 Old Kafue and D167 Chilongolo roads, the works were not done as of February 2011. The funds were purportedly used to procure fuel and lubricants.

**v. Rehabilitation of Other Gravel Roads**

The total funds of K164,894,000 released were to cater for roads in six (6) constituencies in Lusaka District and 6Km Chelstone/Ngwerere road.

The following were observed:

▪ **Failure to Utilise Funds**

Out of the K164,894,000 released for road rehabilitation activities in seven (7) constituencies, only K21,571,875 was spent leaving a balance of K143,322,125 unutilised as shown in the table below:

Activity	Releases K	Expenditure K	Unutilised Funds K
Grading 30Km Matero Constituency	19,467,000	6,214,000	13,253,000
Grading 30Km Mandevu Constituency	19,467,000	-	19,467,000
0Grading 30Km Munali Constituency	19,467,000	8,425,000	11,042,000
04. Grading 30Km Kabwata Constituency	19,467,000	-	19,467,000
05. Grading 30Km Chawama Constituency	19,467,000	4,882,875	14,584,125
07. Grading 30Km Kanyama Constituency	19,467,000	2,050,000	17,417,000
08. Regraveling 6Km Chelstone/Ngwerere Road	48,092,000	-	48,092,000
<b>Total</b>	<b>164,894,000</b>	<b>21,571,875</b>	<b>143,322,125</b>

▪ **Misapplication of Funds - Matero Constituency Roads**

Contrary to the Appropriation Act 2010, an amount of K6,214,000 was paid to an accountant in December 2010 as subsistence allowance to attend ESAAG Workshop in South Africa, an activity which was not related to maintenance of roads in Matero Constituency.

**Head: 90 Office of the President-Lusaka Province**

**Programmes: Various**

**Activities: Various**

55. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K8,760,469,529 was made to cater for Recurrent Departmental Charges (RDCs) against which amounts totalling K6,395,120,019 were released resulting in an underfunding of K2,365,349,510.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in March 2011 revealed the following:

**a. Missing Payment Vouchers**

Contrary to Financial Regulation 65, four (4) payment vouchers in amounts totalling K6,766,240 were not produced for audit.

**b. Unsupported and Inadequately Supported Payments**

Contrary to Financial Regulations No. 52, there were sixty (60) payments in amounts totalling K193,673,664 which were either unsupported or inadequately supported by relevant documents such as receipts, local purchase orders and invoices.

**c. Unretired Imprest**

Contrary to Financial Regulation No. 96 (1), imprests in amounts totalling K237,355,463 issued to eighty (80) officers during the period under review had not been retired as of October 2011.

Included in the unretired imprest, were amounts totalling K73,495,000 that were issued to fifteen (15) officers who had not retired previous imprest, contrary to Financial Regulation No. 91.

**d. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items costing K224,175,641 procured during the period from April to December 2010.

**e. Failure to Follow Tender Procedures**

Contrary to procurement guidelines, goods and services costing K82,859,414 involving thirty two (32) transactions were purchased without obtaining three (3) competitive quotations.

**f. Fuel without Receipt and Disposal Details**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of fuel costing K463,539,881 procured during the period under review.

**g. Wasteful Expenditure**

In 2003, two (2) motor vehicles (GRZ 521 BV and GRZ 424 BM) were taken to garages for repair. However, as of March 2011, the vehicles had not been repaired and had incurred storage charges in amounts totalling K23,616,250, against which an amount of K10,500,000 had been paid, leaving a balance of K13,116,250. It is not clear why the vehicles have been left at the garage for such a long period.

<b>Head:</b>	<b>91</b>	<b>Office of the President - Copperbelt Province</b>
<b>Programmes:</b>	<b>1</b>	<b>Personal Emoluments</b>
	<b>2</b>	<b>General Administration</b>
<b>Activities:</b>		<b>Various</b>

56. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, provisions totalling K 24,604,342,497 were made to cater for personal emoluments and general administration against which amounts totalling K25,262,991,398 were released resulting in an overfunding of K658,648,901.

#### **Accounting and Other Irregularities**

An examination of accounting records and other records maintained at the Provincial Administration carried out in March 2011 revealed the following:

##### **a. Personal Emoluments**

###### **i. Payment of Salaries to Retired Officers**

Contrary to the Terms and Conditions of the Public Service, seventeen (17) officers who had been retired during the period from 1<sup>st</sup> January 2008 to 31<sup>st</sup> December 2009 and paid their terminal benefits were irregularly paid salaries in amounts totalling K237,679,854 during the period under review.

###### **ii. Failure to Remit Statutory Contributions**

Contrary to section 15 (1) of the National Pension Scheme Authority (NAPSA) Act of 1996, the Provincial Administration did not remit statutory contributions amounting to K7,526,715 involving thirty-seven (37) officers.

##### **b. General Administration**

###### **i. Unvouched Expenditure**

Contrary to Financial Regulations No. 65 and 45, twenty eight (28) payments in amounts totalling K68,018,223 were unvouched in that the payment vouchers were either missing or not supported with receipts, claim forms and acquittal sheets.

###### **ii. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K792,775,329 issued to one hundred and forty one (141) officers during the period under review had not been retired as of December 2011.

**iii. Failure to Submit Expenditure Returns**

Financial Regulation No. 27 (b) states that the Secretary to the Treasury shall withhold the release of funds to a Controlling Officer or an institution which does not submit to the Secretary to the Treasury and the Auditor General, returns including receipts and utilisation or grants or donations contrary to the provision of the Act. However, although ten (10) Districts did not submit expenditure returns to the Provincial Administration, they were funded amounts totalling K122,538,738 during the period under review.

**iv. Irregular Payments**

During the period from April to November 2010, the Provincial Administration paid amounts totalling K28,056,526 for tuition, examination fees and study materials in respect of six (6) officers. However, the payments were irregular in that the officers did not obtain study leave from Public Service Management Division contrary to the Terms and Conditions of Service for the Public Service,

**v. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of assorted stores items costing K1,660,548,298 procured during the period under review.

**Head: 91/09 Office of the President- Copperbelt Province –**

**Buildings Department**

**Programme: 8 Infrastructure Developments**

**Activities: 02 Rehabilitation of Minister’s House**

**03 Rehabilitation of Permanent Secretary’s House**

57. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2009 and 2010, provisions totalling K708,000,000 and K428,000,000 respectively were made to cater for infrastructure development in the province and all the amounts were released as shown in the table below:

Activity	Total Authorised (K)		Released (K)	
	2009	2010	2009	2010
02 Rehabilitation of Ministers House	150,000,000	278,000,000	150,000,000	278,000,000
03 Rehabilitation of Permanent Secretary's House	558,000,000	150,000,000	558,000,000	150,000,000
<b>Total</b>	<b>708,000,000</b>	<b>428,000,000</b>	<b>708,000,000</b>	<b>428,000,000</b>

### Accounting and Other Irregularities

An examination of financial and other related records at the Provincial Administration and a physical inspection of the projects carried out in February 2011 revealed the following:

#### a. Irregular Payments- Rehabilitation of Minister's House

On 23<sup>rd</sup> September 2009, the Provincial Administration engaged a contractor to renovate the Provincial Minister's house at a contract price of K182,720,882 with duration of seven (7) weeks.

The scope of works included working on the roof, painting, reinforcing burglar bars on all windows, rehabilitation of the kitchen, repositioning of bath tub in the master bedroom and rehabilitation of garage and guard room, among others.

A scrutiny of Bills of Quantities (BOQ) and a physical verification of works revealed that the Buildings Department certified works in amounts totalling K17,431,540 which had not been done by the contractor and were paid to the contractor as shown in the table below;

BOQ	Description	Amount K
A(First Floor)	Repositioning bathtub in master bedroom	7,025,000
B(First Floor)	Provide new drain line for the bathtub	650,000
B(Garage)	Apply 3 coats of roof guard acrylic rustic red paint onto the roof	7,074,000
E(Garage)	Supply and fit new gate pipe	812,000
F(Garage)	Burglar proof the windows	516,000
D(Guardroom)	Apply 3 coats of roof guard acrylic rustic red paint onto the roof	1,354,540
<b>Total</b>		<b>17,431,540</b>

#### b. Rehabilitation of the Permanent Secretary's House

In October 2009, the Provincial Administration engaged BML Electricals Limited to rehabilitate the Permanent Secretary's house at the contract price of K407,605,807 with a duration of eight (8) weeks and was to end on 22<sup>nd</sup> December 2009. The scope of the works included replacing roof, painting, replacing electrical fittings and land scaping among others. Due to variations to the scope of works, the contract was extended for a period of two (2) weeks which resulted in additional costs of K332,635,468 bringing the total contract price to K740,241,275.

It was however, observed that the contractor was paid amounts totalling K755,329,857 resulting in an overpayment of K15,088,582. As of November 2011, the funds had not been recovered from the contractor.

**c. Unaccounted for Stores**

Contrary to Public Stores Regulation No 16, stores items costing K132,529,250 procured during the period under review had no receipt and disposal details.

**Head: 91 Office of the President – Copperbelt Province**

**Programmes: Various**

**Activities: Various**

- 58.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, provisions totalling K10,437,368,982 were made to cater for nineteen (19) Poverty Reduction Programmes (PRPs) against which amounts totalling K8,382,980,932 were released resulting in underfunding of K2,054,388,050. In addition, an amount of K391,906,432 was brought forward from the year 2009, bringing total funds available for the PRPs to K8,774,887,364.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and physical inspections of the projects carried out in May 2011 revealed the following:

**a. Headquarters-Infrastructure Development**

**i. Failure to Produce Monitoring Reports**

During the period under review, five (5) officers were issued with imprest in amounts totalling K29,100,000 to carry out monitoring and evaluation of various activities. Although the imprest was retired, the officers did not produce any monitoring reports, rendering the expenditure wasteful.

**ii. Construction of District Commissioner’s House-Ndola**

During the period under review, an amount of K53,000,000 was released for the construction of the District Commissioner’s house in Ndola. In addition, an amount of K150,000,000 was brought forward from the year 2009, bringing funds available to K203,000,000.

In March 2010, the Provincial Administration engaged Robak Investment Limited to construct the District Commissioner’s house at a

contract sum of K617,988,245. The contract was for a period of sixteen (16) weeks, commencing May to August 2010.

As of May 2011, the contractor had been paid a total amount of K202,126,147.

The following were observed:

- Although only K203,000,000 was available for the project, the Provincial Administration entered into a contract for the sum of K617,988,245, resulting in an over commitment of K414,988,245.
- The contractor was engaged without following tender procedures.
- A physical inspection of the house carried out in November 2011 revealed that the works had not been completed and was at roof level. The remaining works were fitting ceiling boards, doors, window panes, glazing, plumbing, painting, floor screed and spoon drain. See picture below:



*Incomplete District Commissioner's house*

### **iii. Construction of District Commissioner's House-Kalulushi**

In January 2010, the Provincial Administration awarded a contract to Rockstone Construction Company for the erection and completion of the sub structure (slab) for Kalulushi District Commissioner's house at a contract sum of K79,035,816 with a contract period of eight (8) weeks.

The following were observed:

- The contractor was engaged without following tender procedures

- Although there was no funding for the project during the period under review, a total of K83,730,516 was paid to the contractor for the work done.
- A site visit in November 2011 revealed that the sub structure had developed cracks as shown in the pictures below:



*Cracks in the substructure*

#### **b. Copperbelt Support Programme - Failure to Undertake Planned Activities**

During the period under review, amounts totalling K327,500,107 were released for the Copperbelt Support Programme. In addition, an amount of K241,906,432 was brought forward from 2009, bringing the available funds for the programme to K569,406,539 as shown in the table below:

	Activity	Provision K	Releases K	Brought Forward - 2009 K	Total K
01	Piggery Construction	70,000,000	35,000,000	45,206,000	80,206,000
02	Animal Husbandry	60,000,000	60,000,000	34,999,100	94,999,100
03	Irrigation Development	70,000,000	35,000,000	70,000,000	105,000,000
04	Poultry Development	70,000,000	35,000,000	45,000,000	80,000,000
05	Promotion of o/schemes	70,000,000	35,000,000	-	35,000,000
06	Fish Farming Development	50,000,000	25,000,000	13,368,000	38,368,000
07	Monitoring & Evaluation	191,982,000	52,500,107	-	52,500,107
08	Copperbelt Diversification	100,000,000	50,000,000	33,333,332	83,333,332
	<b>Total</b>	<b>681,982,000</b>	<b>327,500,107</b>	<b>241,906,432</b>	<b>569,406,539</b>

Although amounts totalling K216,700,432 were released to cater for Animal Husbandry, Fish Farming and Copperbelt Diversification, the activities had not been undertaken as of November 2011.

#### **c. Resettlement Department**

During the period under review, funds totalling K156,218,750 were received for two (2) activities; scheme infrastructure development (K125,000,000) and land allocation (K31,218,750).

The following were observed:

**i. Unauthorised Use of Revenue**

Contrary to Financial Regulation No.130 (1), which requires all revenue to be deposited to the credit of the Treasury Account (Control 99) at the Bank of Zambia, revenues in amounts totalling K318,297,490 collected from Land demarcation and allocation charges for Maposa and Luano Resettlements during the period under review were utilised at source by the Department without authority from Secretary to the Treasury.

**ii. Failure to Demarcate Land**

During the period under review, the Provincial Administration spent amounts totalling K273,215,000 on demarcation and allocation of land at the Maposa Resettlement Scheme. A physical inspection at the resettlement scheme in March 2011 revealed that the land had not been demarcated, rendering the expenditure wasteful.

**iii. Construction of a Clinic in Lukanga Resettlement**

In December 2010, the Resettlement Department paid an amount of K6,250,000 to a local contractor who was engaged on a labour only contract, to start the construction of a clinic at Lukanga Resettlement.

The following were observed:

- Tender procedures were not followed in that the contractor was single sourced
- No formal contract was signed
- Works were not supervised by the Provincial Buildings Engineer.

In the absence of a contract, the payment of K6,250,000 to the contractor was irregular.

A site visit carried out in March 2011 revealed that only setting and digging of the foundation had been done as shown in the picture below:



*Site for clinic*

**iv. Construction of Teacher's House in Kafubu Block Resettlement**

In October 2010, the Department engaged Ken Construction on a labour only contract for the construction of a two (2) bedroomed teacher's house in Kafubu Block Resettlement at a contract sum of K9,500,000.

The scope of works of the contract included among others, clearing the area, setting and digging of foundation, building foundation, concrete slab, and setting, building to gable level, roofing, plastering and flooring.

It was however observed that works were not supervised by the Provincial Buildings Engineer. In this regard, it was not clear on what basis the contractor was paid K4,750,000 in the absence of certification from the Provincial Buildings Engineer.

A site visit carried out in August 2011 revealed that the house was at window level. See picture below:



*House under construction*

**d. Water Affairs Department**

During the period under review, funds totalling K780,589,833 were released for drilling and rehabilitation of boreholes in all districts in the province.

The following were observed:

**i. Wasteful Expenditure**

In November 2010, the Department of Water Affairs sunk a borehole costing K30,000,000 at Tsetse Compound in Mpongwe District.

A physical inspection of the borehole carried out in March 2011 revealed that the borehole was not in use. Enquiries with the department revealed that the borehole had collapsed due to poor siting.

**ii. Irregular Payment of Allowances**

During the period under review, eight (8) officers were paid allowances in amounts totalling K20,280,000 for drilling of boreholes in Lufwanyama . It was however observed that no borehole was drilled in Lufwanyama during the period under review.

**iii. Undelivered Stores Items**

During the period from February to May 2010, amounts totalling K27,973,550 were paid to various suppliers for the procurement of stores items. It was observed however that as of May 2011, stores items costing K6,693,440 had not been delivered.

**e. District Administration-Failure to Produce Monitoring Reports**

During the period under review, fifteen (15) officers were issued with imprest in amounts totalling K124,169,070 to carry out monitoring and evaluation of various activities. Although the imprest was retired, the officers did not produce any monitoring reports, rendering the expenditure wasteful.

**f. Misapplication of Funds**

Contrary to the Appropriation Act of 2010, amounts totalling K63,645,000 meant for infrastructure development under resettlement and drilling of boreholes under Water Affairs department were applied on internal audit activities.

It was not clear why the internal auditors were paid from PRP funds when the Internal Audit Unit had a budget line which had been funded a total amount of K150,182,908 to carry out internal audits.

**g. Unretired Imprest**

Contrary to Financial Regulation No.96, imprest in amounts totalling K256,462,943 issued to thirty one (31) officers during the period under review had not been retired as of December 2011.

**h. Unsupported Payments**

Contrary to Financial Regulations No. 45(1) and 52(1), twenty six (26) payments in amounts totalling K32,999,725 were inadequately supported in that there were no invoices, receipts and local purchase orders.

**i. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of fuel and stores items costing K176,122,262 procured during the period under review.

<b>Head:</b>	<b>92/03</b>	<b>Office of the President - Central Province</b>
		<b>Rural Roads Department</b>
<b>Programme:</b>	<b>8</b>	<b>Infrastructure Development</b>
<b>Activities:</b>	<b>01</b>	<b>Rehabilitation of Feeder Roads in Districts</b>
	<b>02</b>	<b>Maintenance of Equipment</b>

59. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K5,000,000,000 was made to cater for the rehabilitation of feeder roads and maintenance of equipment and the whole amount was released.

**Irregularities in Accounting for Rural Roads Funds (PRP)**

An examination of accounting and other related records maintained at the Provincial Administration carried out in April 2011 revealed the following:

**a. Unaccounted For Funds**

Out of a total amount of K5,000,000,000 that was budgeted for and released during the period under review, amounts totalling K4,462,059,315 were spent leaving a balance of K537,940,685.

A scrutiny of the Poverty Reduction Programme (PRP) bank statement for December 2010 revealed that there was only K170,469,491 in the account. The balance of K367,471,194 could not be accounted for.

**b. Misapplication of Funds**

Amounts totalling K322,941,806 were applied on activities not related to Rural Roads Unit (RRU) such as procurement of fuel for the Minister and Permanent Secretary, procurement of tyres for District Commissioner's vehicles and procurement and fitting of sound proof doors for the Permanent Secretary and Assistant Secretary's offices.

Consequently, roads such as Kaindu - Mpusu, Bwacha-Muwowo and Situmbeko-Chimbotela roads could not be undertaken.

**c. Unretired Imprest**

Contrary to Financial Regulation No.96 (1), imprests in amounts totalling K17,915,590 issued to three (3) officers during the period under review had not been retired as of October 2011.

**d. Unaccounted for Fuel**

**i. Serenje District**

Contrary to Public Stores Regulation No. 16, there were no disposal details in respect of 16,949.19 litres of fuel costing K127,278,657 which was drawn in drums for works on Gibson óTuta Road (16km), Malcolm Moffat ó Airstrip Road (4km) and the Muzimani ó Lusiwasi road (52km).

**ii. Mkushi District**

Contrary to Public Stores Regulation No. 16, there were no disposal details in respect of 2,800 litres of fuel costing K22,282,400 which was drawn in drums for works on RD 207- Chief Chikupili road and Lunsemfwa Bridge road.

**Head: 92 Office of the President - Central Province**  
**Programmes: General Deposit Account**  
**Activities: Various**

- 60.** The Provincial Administration maintains a General Deposit Account (GDA) into which third party funds are deposited. The funding to the account includes amounts that various departments under Provincial Administration receive from their respective Ministriesø Headquarters for specific purposes. Once the funds are spent, Provincial Administration is required to submit Expenditure Returns including progress reports to the Ministries. In addition, Provincial Administration is supposed to maintain ledgers to record movements of the funds.

During the Financial years ended 31<sup>st</sup> December 2009 and 2010, amounts totalling K842,861,567 and K1,275,157,369 respectively were deposited in the GDA.

**Accounting Irregularities in the Management of Funds**

An examination of accounting and other records maintained at the Provincial Administration carried out in March 2011 revealed the following:

**a. Poor Record Keeping**

Financial Regulation No.10 (l) requires accounting officers to ensure that the books of account are correctly posted and kept up to date. It was observed however that the Provincial Administration did not adhere to this regulation in that the ledgers were not updated.

Consequently, it was not possible to verify the source and purpose of amounts totalling K5,782,000 deposited in the GDA during the period under review.

Further, contrary to Financial Regulation No. 10 (n) accountable documents such as receipt books (Accounts form 40) and register of accountable documents were not produced for audit.

**b. Unsupported Payments**

Contrary to Financial Regulations No. 45 and 52, there were three (3) payment vouchers in amounts totalling K27,822,100 made during the financial year ended 31<sup>st</sup> December 2010 that were not supported by relevant documentation such as invoices, receipts, quotations, Local Purchase Orders and goods received notes.

**c. Unretired Imprest**

Contrary to Financial Regulation No. 96(1), imprest in amounts totalling K66,901,520 issued to fifteen (15) officers during the period under review had not been retired as of October 2011.

**d. Unaccounted For Stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of various stores items costing K6,583,000 procured during the period under review.

**Head: 92 Office of the President - Central Province**

**Programmes: Various**

**Activities: Various**

- 61.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K10,453,768,542 was made to cater for Recurrent Departmental Charges (RDCs) against which amounts totalling K9,302,013,540 were released, resulting in an underfunding of K1,151,755,002.

**Accounting and Other Irregularities**

An examination of accounting records and other records maintained at the Provincial Administration carried out in March 2011 revealed the following:

**a. Unretired Imprest**

Contrary to Financial Regulation No. 96(1), imprests in amounts totalling K79,383,820 issued to three (3) officers during the period under review had not been retired as of October 2011.

**b. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of various stores items costing K21,246,000 involving eleven (11) transactions procured during the period under review.

<b>Head:</b>	<b>93</b>	<b>Office of the President - Northern Province</b>
<b>Departments:</b>		<b>Various</b>
<b>Programmes:</b>		<b>Various</b>
<b>Activities:</b>		<b>Various</b>

- 62.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K12,369,032,492 was made to cater for general administration against which a total of K8,353,585,637 was released resulting in an underfunding of K4,015,446,853.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at Provincial Administration carried out in March 2011 revealed the following:

**a. Inadequately Supported Payments**

Contrary to Financial Regulation No. 52, there were seventy four (74) payment vouchers in amounts totalling K1,114,891,887 that were inadequately supported by relevant documentation such as invoices, receipts, and Local Purchase Orders.

**b. Questionable Refunds**

A total amount of K16,351,791 was paid to fifteen (15) officers in form of refunds for using personal funds on Government activities such as purchase of fuel (K8,017,000), servicing of motor vehicle (K1,874,491) among others. However, there was no prior written authority from either the Controlling Officer or any appropriate authorising officer to allow the officers to use personal money on Government procurements.

**c. Weaknesses in Management of Stores and Fuel**

There were weaknesses in management of stores and fuel in that the ledgers were not updated and stores records such as requisitions, issue vouchers were either not

available or poorly maintained.

In particular the following were observed:

**i. Stores Without Receipt and Disposal Details**

Contrary to Public Stores Regulation No. 16, stationery and computer accessories costing K63,068,308 and motor vehicle spare parts costing K92,382,233 procured during the period under review had no receipt and disposal details.

**ii. Unaccounted for Fuel**

Fuel costing K30,219,829 was not recorded in the fuel ledger and no fuel coupons were raised to show how the fuel was utilised. Therefore, the fuel remained unaccounted for due to lack of disposal details.

In addition, fuel costing K12,750,000 involving twelve (12) transactions was drawn using Jerri cans and drums. However, there were no details availed for audit scrutiny to indicate which vehicles utilised the fuel and the activities undertaken.

**iii. Unauthorised Fuel Drawings**

On 10<sup>th</sup> May 2010, the Communicator from Department of Civil Aviation drew fuel costing K1,800,000 on invoice No. 217347. The drawing was not authorised by the Head of Department and the details of the motor vehicle that was used to draw the fuel were not indicated on the invoice.

**iv. Questionable Fuel Drawings**

Fuel costing K6,967,660 involving thirteen (13) transactions was purportedly drawn by vehicles which were out of station during the period in question thereby rendering the drawing questionable.

**d. Imprest**

**i. Unretired Imprest**

Contrary to the Financial Regulation No. 96, imprest in amounts totalling K1,075,118,357 issued to one hundred and forty (140) officers during the period under review had not been retired as of September 2011.

**ii. Questionable Retirements**

Imprest in amounts totalling K4,377,800 issued to seven (7) officers during the period from February to June 2010 had dates on the receipts which were not consistent with the retirement period indicated on the claim forms. The authenticity of these retirements was therefore questionable.

**Head:** 93/52 **Office of the President – Northern Province –  
District Administration**

**Programmes:** 2 **General Administration**  
5 **Capacity Building**  
6 **Utilities**  
10 **Public Functions and Ceremonies**

**Activities:** **Various**

63. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a total authorised provision of K2,774,924,800 was made to cater for offices of twelve (12) District Commissioners against which amounts totalling K1,774,882,941 were released resulting in an underfunding of K1,000,041,859. Details are in the table below:

<b>Programme</b>	<b>Provision K</b>	<b>Releases K</b>	<b>Variance K</b>
2 General Administration	2,505,000,000	1,535,555,875	969,444,125
5 Capacity Building	49,300,000	49,300,000	-
6 Utilities	88,624,800	59,027,066	29,597,734
10 Public Functions and Ceremonies	132,000,000	131,000,000	1,000,000
<b>Total</b>	<b>2,774,924,800</b>	<b>1,774,882,941</b>	<b>1,000,041,859</b>

#### **Accounting and Other Irregularities**

An examination of accounting and other records at the Provincial Administration and six (6) selected districts namely; Mungwi, Mbala, Mpulungu, Mpika, Isoka and Nakonde carried out in March 2011 revealed the following:

##### **a. Misapplication of Funds**

Out of a total amount of K1,774,882,941 released, Provincial Administration only disbursed amounts totalling K835,761,890 to the twelve (12) District Commissioners' offices in the Province. The balance of K939,121,051 was retained and utilised on activities at Provincial Administration.

##### **b. Unvouched Expenditure**

Contrary to Financial Regulations No. 52 and 65, there were ninety eight (98) payments in amounts totalling K63,159,193 that were unvouched in that the payment vouchers were either missing or inadequately supported. Details are in the table below:

District	Missing Vouchers		Inadequately Supported		Total	
	No. of Transactions	K	No. of Transactions	K	No. of Transactions	K
Mungwi	-	-	18	6,317,500	18	6,317,500
Mbala	-	-	9	3,642,000	9	3,642,000
Mpulungu	-	-	2	950,000	2	950,000
Mpika	15	4,896,700	40	34,665,933	55	39,562,633
Isoka	-	-	2	1,600,000	2	1,600,000
Nakonde	-	-	12	11,087,060	12	11,087,060
<b>Total</b>	<b>15</b>	<b>4,896,700</b>	<b>83</b>	<b>58,262,493</b>	<b>98</b>	<b>63,159,193</b>

### c. Unretired Imprest

Contrary to Financial Regulation No. 96 (1), imprest in amounts totalling K55,677,000 involving forty one (41) transactions issued to twenty six (26) officers during the period under review had not been retired as of September 2011. Details are in the table below:

District	No. of Officers	Amount K
Mungwi	4	6,500,000
Mpulungu	2	2,400,000
Mpika	14	32,476,000
Nakonde	6	14,301,000
<b>Total</b>	<b>26</b>	<b>55,677,000</b>

Further, out of the total amount outstanding, K12,440,000 was subsequent imprest issued to two (2) officers, contrary to Financial Regulation No.91(1).

### d. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of fuel and assorted stores items costing K109,494,271 procured during the period under review. Details are in the table below:

District	Fuel		Assorted Stores		Total	
	No. of Transactions	K	No. of Transactions	K	No. of Transactions	K
Mungwi	3	10,995,137	40	12,382,000	43	23,377,137
Mbala	14	10,756,100	65	18,482,400	79	29,238,500
Mpulungu	10	10,448,441	2	2,261,360	12	12,709,801
Mpika	17	13,802,500	19	9,175,000	36	22,977,500
Isoka	11	3,213,500	3	3,783,333	14	6,996,833
Nakonde	8	5,984,000	26	8,210,500	34	14,194,500
<b>Total</b>	<b>63</b>	<b>55,199,678</b>	<b>155</b>	<b>54,294,593</b>	<b>218</b>	<b>109,494,271</b>

**e. Unauthorised Fuel Drawings**

During the period under review, fuel costing K3,197,010 involving twenty four (24) transactions was drawn by vehicles not belonging to the District Administration offices without authority of the District Commissioners. Details are in the table below:

District	No. of Transactions	Amount K
Mungwi	21	2,804,310
Mbala	3	392,700
<b>Total</b>	<b>24</b>	<b>3,197,010</b>

**f. Questionable Refunds**

During the period under review, amounts totalling K7,342,300 were paid to seven (7) officers as refunds. However, there were no documents such as claim forms to support the refunds. Details are in the table below:

District	No. of Transactions	Amount K
Mungwi	3	1,600,000
Mpika	6	2,799,700
Nakonde	8	2,942,600
<b>Total</b>	<b>17</b>	<b>7,342,300</b>

<b>Head:</b>	<b>94/</b>	<b>Office of the President-Western Province</b>
	<b>01</b>	<b>Headquarters</b>
	<b>09</b>	<b>Buildings Department</b>
	<b>48</b>	<b>Sports Department</b>
<b>Units:</b>		<b>Various</b>
<b>Programmes:</b>	<b>16</b>	<b>Improvement of Office Infrastructure (PRP)</b>
	<b>23</b>	<b>Monitoring and Evaluation of PRP Projects</b>
	<b>07</b>	<b>Maintenance and Rehabilitation of Public Buildings</b>
	<b>07</b>	<b>Rehabilitation of Mongu Stadium</b>
<b>Activities:</b>		<b>Various</b>

64. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, provisions totalling K1,510,000,000 were made to cater for improvement of office infrastructure, monitoring and evaluation of PRP projects, maintenance and rehabilitation of public buildings and rehabilitation of Mongu stadium and the whole amount was released.

### **Irregularities in Accounting for PRP funds**

An examination of accounting and other records maintained at the Provincial Administration carried out in February 2011 revealed the following:

#### **a. Misapplication of Funds- Extension of New Office Block**

Out of the K150,000,000 released for the extension of a new office block at the Provincial Administration, only an amount of K50,471,600 was spent on the project, while the balance of K99,528,400 was applied on the rehabilitation of Lealui Palace.

#### **b. Misapplication of Funds-Transport Acquisition**

Out of a total amount of K700,000,000 released to cater for transport acquisition, K644,345,400 was spent on the purchase of a mini bus (K386,400,000) and a truck (K257,945,400), while the balance of K55,654,600 was applied on unrelated activities such as payment of loans, advances and Recurrent Departmental Charges (RDCs).

<b>Head:</b>	<b>94</b>	<b>Office of the President – Western Province</b>
<b>Programmes:</b>	<b>2</b>	<b>General Administration</b>
	<b>3</b>	<b>Utilities</b>
	<b>7</b>	<b>Dismantling of Arrears</b>
<b>Activities:</b>		<b>Various</b>

65. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K12,762,103,434 was made to cater for Recurrent Departmental Charges (RDCs) against which a total amount of K10,725,986,776 was released resulting in underfunding of K2,036,116,658.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in January 2011 revealed the following:

#### **a. Unvouched Expenditure**

Contrary to Financial Regulations No.45 and 65, payments in amounts totalling K200,114,508 involving seventy (70) transactions were unvouched in that the payment vouchers were either missing or not supported with relevant documentation such as quotations, invoices, cash sale receipts and approved claim forms.

**b. Irregular Payments of Subsistence Allowance**

Section 155 of the Terms and Conditions of Service for the Public Service states that when on transfer between stations, an officer may claim subsistence allowance for the last two (2) nights and first two (2) nights spent at the old and new stations respectively. However, contrary to the Terms and Conditions of Service, three (3) officers who had been transferred to Mongu and Senanga were paid subsistence allowances in amounts totalling K41,460,000 for one hundred and forty (140) nights, which was one hundred and twenty eight (128) nights in excess of the approved four (4) nights. In this regard, amounts totalling K37,920,000 paid for the excess nights were irregular. Details are in the table below:

<b>Officer</b>	<b>Entitlement K</b>	<b>Amount Paid K</b>	<b>Overpayment K</b>
Liomba Mwangala	1,180,000	29,960,000	28,780,000
Kwalombota Muwenei	1,180,000	5,000,000	3,820,000
Jethro K Mumbuna	1,180,000	6,500,000	5,320,000
<b>Total</b>	<b>3,540,000</b>	<b>41,460,000</b>	<b>37,920,000</b>

**c. Wasteful Expenditure**

During the period from February to December 2010, six (6) officers were issued with imprest in amounts totalling K133,410,000 to carry out various activities in the Province as shown in the table below:

<b>Date</b>	<b>Payee</b>	<b>Chq No.</b>	<b>Amount K</b>	<b>Purpose of Payment</b>
28.06.10	Assistant Accountant	003927	11,320,000	To travel to districts to assess government revenue & viability of the guest houses
03.03.10	Stores Officer	004979	22,300,000	Imprest to go around in the districts for procurement exercise
31.03.10	Senior Personnel Officer	005033	21,360,000	S/Imprest to collect data on accrued leave days
27.05.10	SHRDO	000124	24,705,000	Sensitise & interpret conditions of Service
02.07.10	Accounts Assistant	003970	16,980,000	To carry out supplier and Vendor rating exercise
31.12.10	Senior Personnel Officer	005478	12,350,000	To travel to all districts to collect data for officers who will be due
10.02.10	Stores Officer	004949	24,395,000	A/Imprest to travel to the districts to carry out stores management
	<b>Total</b>		<b>133,410,000</b>	

However, as of May 2011, none of the officers had produced reports on the activities undertaken, rendering the expenditure wasteful.

**d. Irregularities in Payment and Retirement of Imprest**

**i. Unretired Imprest**

Contrary to Financial Regulation No.96(1), imprest in amounts totalling K1,084,814,374 issued to various officers during the period under review had not been retired as of August 2011.

**ii. Questionable Retirement of Imprest**

- During the period under review, seven (7) officers were issued imprest in amounts totalling K223,129,800 to carry out various activities. A scrutiny of retirement details and records from the filling station revealed that the vehicles the officers were purportedly using during the tours were also drawing fuel from Provincial Administration's fuel account during the same period they were supposed to be out of station. In this regard, the retirement of imprest issued to the officers was questionable.
- During the period from January to October 2010, accountable imprest in amounts totalling K150,465,500 was issued to three (3) officers (Provincial Minister K101,062,500, Permanent Secretary K11,250,000 and Assistant Secretary K38,153,000) to enable them travel to Lusaka on official duties such as attending Parliamentary sessions, consultations with Ministry of Works and Supply among others.

However, a review of the retirement details revealed that a total amount of K62,723,000 (Provincial Minister K52,648,000, Permanent Secretary K3,185,000 and Assistant Secretary K6,890,000) was spent at various lodges and hotels. However, there were no bills attached to support the retirement.

**e. Unaccounted for Stores**

There was poor management of records in that the stores records were either inadequately maintained or nonexistent. As a result, there were no receipt and disposal details in respect of goods costing K817,858,282 purchased during the period under review, contrary to Public Stores Regulations No.16.

**f. Weaknesses in fuel usage**

During the year under review, the Provincial Administration made payments in amounts totalling K2,327,698,896 to BP Mongu Service Station for fuel and lubricants drawn by the various departments.

A scrutiny of fuel requisitions, invoices and other records for departments revealed weaknesses in control over use of fuel.

In particular the following were observed:

**i. Irregular Drawing of Fuel**

During the period under review, fuel costing K37,091,093 was drawn by various officers using vehicles that did not belong to the Provincial Administration. The fuel was drawn by vehicles that were either privately owned (K24,415,862) or unidentified (K12,675,231).

Further, 10,520 litres fuel costing K79,968,752 were drawn by Government vehicles not belonging to the Provincial Administration without the authority of the Controlling Officer.

**ii. Drawing of Both Diesel and Petrol by One Vehicle**

Officers from various departments made questionable drawings of fuel costing K7,838,936 (453 litres of petrol and 553 litres of diesel) involving twenty two (22) drawings in that requisition vouchers indicated both petrol and diesel.

**iii. Questionable Fuel Drawings**

During the period from February to July 2010, a Nissan hard body, GRZ 313 CA drew a total of 1,450 litres of petrol costing K10,966,540. It was however observed that the frequency of drawing was unusual in that the vehicle was drawing fuel up to three (3) times a day and in some instances in excess of its fuel tank capacity.

**Head: 94/01 Office of the President–Western Province**

**Headquarters**

**Programme: General Deposit Account**

**Activities: Various**

- 66.** The Provincial Administration maintains a General Deposit Account (GDA) into which third party funds are deposited. The funding to the account includes amounts that the various departments under the Provincial Administration receive from their respective ministries for specific purposes.

During the financial year ended 31<sup>st</sup> December 2010, a sum of K2,292,446,054 was received by Provincial Administration for various activities such as construction of border post control infrastructure at Imusho in Sesheke District for the Immigration

Department, wages for chiefs' retainers and facilitation of Presidential visits, among others.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in January 2011 revealed the following:

**a. Failure to Follow Tender Procedures**

Contrary to procurement guidelines which require that three (3) quotations should be obtained in order to provide competitiveness, goods and services costing K106,835,000 involving five (5) transactions were single sourced by the Provincial Administration.

**b. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprests in amounts totalling K412,912,357 issued to various officers during the period under review had not been retired as of September 2011.

<b>Head:</b>	<b>94/01</b>	<b>Office of the President - Western Province</b>
<b>Units:</b>		<b>Various</b>
<b>Programme:</b>		<b>Revolving Fund Account</b>
<b>Activities:</b>		<b>Various</b>

67. In the Estimates of Revenue and Expenditure for the financial year to 31st December 2010, a total provision of K1,112,500,000 was made to cater for loans and salary advances, against which a total of K1,218,600,000 was transferred from the Recurrent Departmental Charges (RDCs) account. In addition, recoveries in amounts totalling K280,420,072 were made and an amount of K2,302,029 was brought forward from the previous year, bringing the total funds available to K1,501,322,101.

**Accounting Irregularities**

An examination of accounting and other records carried out in January 2011 revealed the following:

**a. Loans**

Contrary to the Terms and Conditions of Service, recoveries in respect of loans in amounts totalling K316,305,000 paid to ten (10) officers during the period under review had not commenced as of May 2011.

It was also observed that twelve (12) officers who were paid loans in amounts totalling K302,800,000 had take home pays which were less than 40% of their gross pay contrary to Cabinet Circular No. B19 of 2007.

**b. Salary Advances**

- i.** Contrary to the Terms and Conditions of Service for the Public Service No.92 which states that an advance shall be repaid within a reasonable period of time but not exceeding six (6) months, recoveries of salary advances in amounts totalling K16,200,000 paid to twelve (12) officers during the period under review had not been effected as of December 2011.
- ii.** Out of K13,683,333 paid to ten (10) officers as salary advances during the period from September 2008 to September 2010, only a sum of K5,950,000 was recovered leaving a balance of K7,733,333. As of August 2011, no recoveries were running on the officers' payslips.
- iii.** Salary advance balances in amounts totalling K78,499,803.29 in respect of forty five (45) officers paid during the period February 2003 to January 2010 were still outstanding as of May 2011. The balances had been outstanding for the periods ranging from thirteen (13) to ninety one (91) months.
- iv.** Contrary to Section 92 of the Terms and Conditions of Service for the Public Service which states that salary advances should be recovered within six (6) months, it was observed that salary advances in amounts totalling K19,428,333 paid to four (4) officers were being irregularly recovered as household goods loans for a period of one hundred and twenty (120) months.

<b>Head:</b>	<b>94/07</b>	<b>Office of the President – Western Province</b>
		<b>Rural Roads Department</b>
<b>Unit:</b>	<b>01</b>	<b>Rural Roads</b>
<b>Programme:</b>	<b>8</b>	<b>Road Rehabilitation (Feeder Roads)</b>
<b>Activity:</b>	<b>01</b>	<b>Grading of Feeder Roads</b>

- 68.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K5,000,000,000 was made to cater for the grading of feeder roads under Poverty Reduction Programmes (PRP) and the whole amount was released.

### **Accounting Irregularities**

An examination of accounting and other records maintained at the Provincial Accounting Control Unit carried out in January 2011 revealed the following:

#### **a. Irregular Procurement of Tyres and Tubes**

In May 2010, an amount of K99,925,000 was paid to Mote Hardware and Construction for the procurement of thirty (35) tyres and tubes for a low-bed truck and a tipper truck. However, although the items were recorded in the stores ledger, there was no documentation to support the receipt of items. In addition, contrary to Public Stores Regulation No. 16, there were no disposal details for the items.

Further, a check with the Patents and Company Registration Agency (PACRA) and the Zambia Revenue Authority (ZRA) revealed that Mote Hardware and Construction was not registered with both institutions.

#### **b. Unretired Imprest**

Contrary to Financial Regulation No. 96(1), imprest in amounts totalling K24,547,893 issued to six (6) officers during the period from March to December 2010 had not been retired as of December 2011.

#### **c. Unaccounted for fuel**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of fuel and other lubricants costing K20,757,288 procured during the period under review.

#### **d. Chilombo-Katoya Road-Construction of Culvert**

The Rural Road Unit planned to construct a double line 900mm concrete culvert along Chilombo-Katoya road at an estimated cost of K36,256,000. The projected duration of the works was sixteen (16) calendar days and works commenced on 17<sup>th</sup> September 2010 and ended on 3<sup>rd</sup> October 2010.

The scope of works included construction of a detour and a temporary timber crossing, excavation of trench, casting of reinforcement concrete bedding, laying of arc culverts, side walls, head and wing walls and backfilling of the top and approaches with gravel material.

It was observed that a total of K77,422,560 was incurred on the project.

An inspection of the culvert carried out in October 2011, revealed that the culvert had developed four (4) cracks on the headwall. See picture below:



*One of the cracks on the culvert headwall*

**e. Kalabo - Kalongola Road (D319)**

The Unit planned to construct and rehabilitate a stretch of 150km of the 179 km road at an estimated cost of K34,925,600. The projected duration of the works was twelve (12) months and works commenced on 8<sup>th</sup> October 2010. The project was suspended on 24<sup>th</sup> December 2010 due to the flooding of Nanguma borrow pit where gravel for the works was being sourced. The works involved road clearing and gravelling and construction of a single 900mm RCP culvert.

As of August 2011, amounts totalling K549,875,520 had been spent on the project.

However, the following were observed:

**i. Lack of Segregation of Duties**

There was lack of segregation of duties in that the Accounts Assistant at PACU was manning both the accounts and the fuel records for the project.

**ii. Unaccounted for fuel**

During the period from 14<sup>th</sup> October to 10<sup>th</sup> November 2010, the Unit made advance payments totalling K406,738,520 to BP and Kobil Filling Stations in Mongu to cater for fuel to be used on the project.

It was however observed that fuel drawings costing K76,612,585 made from the two fuel accounts were not recorded in the site fuel register. In this regard, it was not possible to ascertain whether the fuel drawn was utilised for the intended purpose.

**f. Simungoma – Machile Road**

The Unit planned to construct and rehabilitate a stretch of 78km road of the 87km at an estimated cost of K159,545,380. The projected duration of the works was eighty three (83) days and the works commenced on 1<sup>st</sup> October 2010 and was completed on 22<sup>nd</sup> December 2010. The works involved maintenance, grading, spot regraveling, cutting of side and mitre drains, and raising of the embankment, and construction of a culvert.

As of October 2011, amounts totalling K494,165,300 had been spent on the project. Out of the amount spent, K416,550,000 was spent on procurement of fuel and lubricants. However, contrary to Public Stores Regulation No. 16, there were no receipt and disposal details availed for audit.

A physical inspection of the road carried out in October 2011 revealed that, although the road had been worked on, the culvert had not been constructed.

**g. Limulunga - Ushaa Road**

The Unit planned to construct and rehabilitate a proposed stretch of 15.6km at an estimated cost of K1,104,332,250. The projected duration of the works was seventy (70) days and works commenced on 14<sup>th</sup> June 2010 and was completed on 3<sup>rd</sup> September 2010. The works involved gravelling, grubbing, opening of side drains and construction of mitre drains and two (2) culverts.

As of August 2011, amounts totalling K494,973,500 had been spent on the project.

It was observed that the Unit made payments in amounts totalling K26,633,023 to Kitamuli Investments Ltd for the procurement of fuel for the project. However, there were no fuel statements from the filling station and no reconciliations were prepared making it difficult to ascertain how the fuel was accounted for.

It was observed that, although the bill of quantities specified that two (2) culverts were to be installed, they had not been installed as of March 2011.

**Head: 94/49 Office of the President - Western Province**  
**Provincial Planning Unit**

**Unit: 1 Provincial Planning Unit**

**Programme: 7 Development Coordination, Monitoring and**  
**Evaluation-PRP**

**Activity: 02 Updating District Development Profiles**

69. In the Estimates of Revenue and Expenditure for the year ended 31<sup>st</sup> December 2010, a provision of K150,000,000 was made to cater for updating district development profiles and the whole amount was released.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in February 2011 revealed the following:

**a. Wasteful Expenditure**

During the period under review, four (4) officers were issued with imprest in amounts totalling K30,082,840 to facilitate updating of district development profiles for Kalabo, Senanga, Kaoma, Lukulu, Sesheke and Shangombo districts.

However, as of May 2011, none of the officers had produced reports on the activities undertaken, rendering the expenditure wasteful.

**b. Questionable Retirement of Imprest**

i. In May 2010, the Principal Planner was issued with an imprest of K6,960,000 to travel to Lusaka to pursue issues relating to his sponsorship for a masters degree programme. A scrutiny of records however revealed that the officer's retirement included a claim of K3,300,000 for meals and accommodation. It was not clear why the officer claimed for meals and accommodation when the imprest of K6,960,000 included subsistence allowance of K3,540,000.

ii. In June 2010, the Principal Planner was issued with an imprest of K8,000,000 to facilitate his travel to Sesheke and Shangombo via Lusaka to update district profiles for ten (10) days.

It was however observed that, although the imprest was retired, the retirement was questionable in that the details on Accounts Form 44 and the cash sale receipts for fuel were inconsistent. Details are in the table below:

Date of Receipt	Receipt No.	Amount K	Location as Per Receipt	Officer's Movements as per Accounts Form 44
16/06/10	59714	551,500	Mumbwa	Mongu to Lusaka - 15/06/10
23/06/10	3538	758,450	Lusaka	Lusaka to Sesheke - 20/06/10 Sesheke to Shangombo - 23/06/10
25/06/10	12488	658,900	Livingstone	Shangombo to Mongu - 25/06/10
<b>Total</b>		<b>1,968,850</b>		

In view of the inconsistencies, it is doubtful as to whether the trip was actually undertaken.

**c. Unretired Imprest**

Contrary to Financial Regulation No.96, imprest of K10,287,500 issued to an officer in August and September 2010 had not been retired as of September 2011.

**Head:** 95 **Office of the President – Eastern Province**  
**Unit:** **Various**  
**Programmes:** **Various**  
**Activities:** **Various**

70. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, total provisions of K14,585,581,107 were made to cater for Recurrent Departmental Charges (RDCs) against which amounts totalling K12,690,498,634 were released resulting in an under funding of K1,895,082,473.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in March 2011 revealed the following:

**a. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K550,087,613 issued to eighty seven (87) officers during the period under review had not been retired as of August 2011.

**b. Irregular Payments**

According to the Terms and Conditions of Service for the Public Service, when on transfer between stations, an officer may claim subsistence allowance at the appropriate single or married rate for the last two (2) nights and the first two (2) nights spent at the old and new stations respectively.

Contrary to the regulation, an amount of K14,250,000 was paid to the internal auditor who was transferred from Mongu to Chipata as subsistence allowance. This was K13,050,000 in excess of his entitlement of K1,200,000.

As of September 2011, the overpayment had not been recovered.

**c. Stores Items Without Receipt and Disposal Details**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items costing K432,115,975 procured during the period under review.

**d. Non Deduction of Tax**

During the period under review, amounts totalling K133,614,941 were paid to eleven (11) officers for commutation of leave days. However, contrary to the Income Tax Act, Pay As You Earn (PAYE) was not deducted.

**Head:** 96/01 Office of the President - Luapula Province

**Programme:** General Deposit Account

**Activities:** Various

71. The Provincial Administration maintains a General Deposit Account (GDA) into which third party funds are deposited. The funding to the account includes amounts that various departments under Provincial Administration receive from their respective MinistriesøHeadquarters for specific purposes.

During the financial year ended 31<sup>st</sup> December 2010, a total amount of K1,427,066,347 was received and in addition an amount of K695,780,666 was brought forward from 2009, bringing the total to K2,122,847,013.

The funds were for various activities such as construction of border post on Kilwa Island, repairing of dredging equipment, Presidential and Vice Presidentø visits, District Commissionersø salaries, traditional ceremonies, Chief retainers benefits and various other projects.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection carried out in March 2011 revealed the following:

##### **a. Poor Record Keeping**

Financial Regulation No.10 (l) requires accounting officers to ensure that the books of account are correctly posted and kept up to date. It was observed however that the Provincial Administration did not adhere to this regulation in that:

- i. No bank reconciliation statements were prepared
- ii. The ledgers were not updated.

Consequently, it was not possible to verify the source and purpose of amounts totalling K124,668,800 deposited in the GDA.

##### **b. Unvouched Expenditure**

Contrary to Financial Regulations No. 45, 52 and 65 thirty eight (38) payments in amounts totalling K782,204,090 made during the period under review were unvouched in that the payment vouchers were either missing (K597,322,530) or were not supported (K184,881,560) with relevant documentation such as receipt, invoices and LPOs.

**c. Misapplication of Funds**

- i. During the period under review, the Provincial Administration was funded K300,000,000 for the completion of the Samfya District Youth Resource Centre. However, only K16,418,000 was spent on the project, the balance of K283,582,000 was applied on unrelated activities such as Vice President's visits. Consequently, the project had not been completed as of March 2011.
- ii. Amounts totalling K45,000,000 meant for chief retainers benefits (K25,000,000) and tree seedling production and constituency tree planting (K20,000,000) were applied on unrelated activities which could not be ascertained due to poor record keeping. Consequently, the funded activities had not been implemented as of March 2011.

**d. Unretired Imprest**

Contrary to Financial Regulation No. 96(1), imprest in amounts totalling K966,341,210 involving fifty seven (57) transactions issued to thirty six (36) officers had not been retired as of March 2011.

**Head: 96/42 Office of the President - Luapula Province**  
**Resettlement Department**

**Programme: 07 Scheme Establishment and Land Resettlement**  
**08 Infrastructure Development**

**Activities: Various**

72. In the Estimates of Revenue and Expenditure for financial year ended 31<sup>st</sup> December 2010, provisions totalling K556,504,648 were made to cater for scheme establishment and land resettlement and infrastructure development against which a total amount of K353,267,248 was released as shown in the table below:

<b>Programme</b>	<b>Provision K</b>	<b>Releases K</b>
Scheme Establishment and Land Resettlement	98,097,400	40,900,000
Infrastructure Development	458,407,248	312,367,248
<b>Total</b>	<b>556,504,648</b>	<b>353,267,248</b>

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of the project carried out in February 2011 revealed the following:

**a. Programme 7 - Scheme Establishment and Land Resettlement**

**i. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, eight (8) payment vouchers in amounts totalling K23,747,000 were not produced for audit.

**ii. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K20,180,000 issued to four (4) officers during the period under review had not been retired as of October 2011.

**iii. Unaccounted for Fuel**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of fuel costing K3,000,000 purchased during the period under review.

**b. Programme 08 – Scheme Infrastructure Development**

The department received a total amount of K312,367,248 for infrastructure development as follows:

Activity	Description	Amount K
01	Road pegging and stumping	28,400,000
02	Construction of irrigation canal	50,000,000
03	Construction of Bridges	15,000,000
05	Project inspection and supervision	18,000,000
08	Construction of staff houses	100,367,248
10	Construction of classroom block	100,600,000
<b>Total</b>		<b>312,367,248</b>

The following were observed:

**i. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K59,720,000 issued to ten (10) officers during the period under review had not been retired as of October 2011.

**ii. Diversion of Building Materials**

The Provincial Land Resttlement Officer diverted building materials costing K14,950,000 meant for construction of staff houses in Kapako and Mano to the construction of a 1 x 3 classroom block at Masaika Community School, without obtaining authority from the Permanent Secretary. Consequently, the construction of staff houses at Kapako and Mano had not been completed as of December, 2010.

**iii. Unaccounted for Fuel**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details for fuel costing K13,832,500 procured during the period under review.

**iv. Irregular Payment**

Three (3) payments in amounts totalling K9,200,000 made to a contractor were irregular in that they were not supported with work completion certificates.

**c. Weaknesses in Implementation of Projects**

A physical inspection of the sites carried out in November 2011, revealed the following:

**i. Mano Staff House**

The house had not been completed and the contractor was not on site. The outstanding works included plastering, flooring, construction of drainage, fitting of air vents, fixing of the pantry door and some window stays and construction of pit latrine. See picture below:



*Uncompleted Mano Staff House*

**ii. Kapako Staff House**

The staff house had only reached lower window level and only eight (8) door frames had been fitted and the contractor was not on site.

**iii. Construction of a Classroom Block at Kasenga Basic School**

The 1 x 3 class room block had been roofed, plastered and framed with the rest of the works still outstanding. However, the contractor was not on site. See picture below:



*Classroom Block at Kasenga Basic School*

**Head:** 97 **Office of the President – North Western Province**

**Programmes:** **Various**

**Activities:** **Various**

73. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, provisions totalling K12,547,755,560 were made to cater for Recurrent Departmental Charges (RDCs), against which amounts totalling K10,557,792,142 were released resulting in an under funding of K1,486,590,850.

#### **Accounting and Other Irregularities**

An examination of accounting and other related records maintained at the Provincial Administration carried out in March 2011 revealed the following:

##### **a. Inadequately Supported Payments**

Contrary to Financial Regulations No. 45 and 52, payments in amounts totalling K618,142,390 involving two hundred and twenty (220) transactions were not supported by documents such as suppliers' invoices, local purchase orders, receipts and acquittal sheets.

##### **b. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, seven (7) payment vouchers in amounts totalling K51,900,000 were not produced for audit.

##### **c. Failure to Account For Stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items costing K575,001,482 procured during the period under review.

**d. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K1,533,181,738 issued to one hundred and forty two (142) officers during the period under review had not been retired as of December 2011. Further, contrary to Financial Regulation No. 93, the Provincial Administration did not maintain an imprest register.

**e. Weakness in the Management of Fuel and Lubricants**

A review of records and systems revealed that there were weaknesses in controls regarding the management of the fuel account for the Provincial Administration in that the fuel registers were not updated regularly and the reconciliations of the fuel account was not done.

In particular, the following were observed:

**i. Unauthorised Drawings of Fuel**

During the period from February to December 2010, fuel and lubricants costing K53,293,800 were drawn by various officers. It was however observed that the drawings were not authorised by the responsible officer.

Included in the unauthorised drawings, was fuel costing K13,823,444 which was drawn by unknown vehicles.

**ii. Unaccounted for Fuel**

Contrary to Public Stores Regulation No. 16, there were no disposal details in respect of fuel costing K420,579,464 procured during the period under review.

**f. Failure to Maintain an Asset Register**

Contrary to Public Stores Regulation No. 99, the Provincial Administration did not maintain an assets register.

<b>Head:</b>	<b>97/01</b>	<b>Office of the President - North Western Province – Headquarters</b>
<b>Programme:</b>		<b>General Deposit Account</b>
<b>Activities:</b>		<b>Various</b>

74. The Provincial Administration maintains a General Deposit Account (GDA) into which third party funds are deposited. The funding to the account includes amounts

that the various departments under the Provincial Administration receive from their respective ministries for specific purposes.

During the financial year ended 31<sup>st</sup> December 2010, a total amount of K4,266,073,889 was received and in addition an amount of K37,752,179 was brought forward from 2009, bringing the total funds available to K4,303,826,068. The funds were for various activities such as renovation and extension of post offices, construction of border posts and traditional ceremonies among others.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection carried out in October 2011 revealed the following:

#### **a. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K1,887,835,980 issued to forty five (45) officers during the period under review had not been retired of December 2011.

#### **b. Unsupported Payments**

Contrary to Financial Regulation No. 52, there were thirteen (13) payments in amounts totalling K130,377,000 made to various suppliers of goods and services during the period under review which were either unsupported or inadequately supported by documents such as invoices, bills and receipts.

#### **c. Misapplication of Funds**

Amounts totalling K183,145,147 were applied on activities which were not related to the purpose for which the funds were released such as general administration, workshops, renovation of Permanent Secretary's house and purchase of furniture.

#### **d. Construction of Kamapanda and Kambimba Border Posts- Incomplete works**

During the year 2010, the Provincial Administration received K1,100,000,000 for the construction of two border posts namely Kambimba (K800,000,000) and Kamapanda (K805,000,000) in Mwinilunga district. However, it was observed that the works had not been completed.

The following were observed:

**i. Kambimba Border Post**

In January 2010, the Provincial Administration engaged Amis to construct the border post at a contract price of K4,800,000,000 for a duration of 12 months. As of February 2011, the contractor had been paid a total amount of K500,000,000 and the works had not been completed.

**ii. Kamapanda Border Post**

In January 2010, the Provincial Administration engaged Jajids wholesaling and Trading at a contract sum of K4,682,945,259 for the construction of the border post with a duration of 12 months. As of February 2011, the contractor had been paid a total amount of K600,000,000 and the works had not been completed.

**e. Construction of Nsomo Traditional Ceremony Arena in Kasempa**

During the year under review a total of K100,000,000 was released out of which K98,967,550 had been spent on the construction of the Nsomo traditional ceremony arena comprising labour K22,252,000 and material K76,715,000. The works were under force account (labour based) under the supervision of the Provincial Buildings Engineer.

The following were observed:

- **Excess purchase of Iron sheets**

A total of 150 iron sheets costing K9,375,000 were purchased for roofing of Nsomo Arena. However, it was observed that fifty four (54) iron roofing sheets costing K3,375,000 were purchased in excess of the requirement for the project.

- **Project Status**

A site inspection carried in February 2011 revealed that the building had been completed except for the rafters that had not been treated with wood preservative.

<b>Head:</b>	<b>98</b>	<b>Office of the President – Southern Province</b>
<b>Units:</b>		<b>Various</b>
<b>Programmes:</b>		<b>Various</b>
<b>Activities:</b>		<b>Various</b>

75. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, total provisions of K17,545,401,210 were made to cater for Recurrent Departmental Charges (RDCs) against which amounts totalling K14,343,832,539 were released resulting in an under funding of K3,201,568,671.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in March 2011 revealed the following:

##### **a. Unvouched Expenditure**

In Paragraph 72 (a) of the Auditor General's Report for the financial year ended 31<sup>st</sup> December 2009, mention was made of the unvouched expenditure in amounts totalling K116,889,101.

In their Report for the Fifth Session of the Tenth National Assembly, the Public Accounts Committee expressed concern at widespread poor record keeping at the Provincial Office and urged the Controlling Officer to put measures in place to correct the situation.

However, the situation had worsened in that contrary to Financial Regulation No.45(2), thirty three (33) payments in amounts totalling K406,084,948 were unvouched as the respective vouchers were not adequately supported by relevant documentation such as invoices, receipts and Local Purchase Orders, among others

##### **b. Irregularities in Management of Imprest**

###### **i. Unretired Imprest**

Contrary to Financial Regulation No.96(1), imprest in amounts totalling K956,192,904 involving one hundred and fifty one (151) transactions issued to one hundred and twenty seven (127) officers had not been retired as of March 2011.

Further, included in the unretired imprest were amounts totalling K947,513,545 which were issued to sixty two (62) officers who had not retired previous imprest, contrary to Financial Regulation No. 91.

**ii. Questionable Retirements**

Imprest in amounts totalling K15,805,000 was issued to two (2) officers to undertake various activities. However, a scrutiny of retirement details revealed that retirements in amounts totalling K8,884,500 fell outside the periods in which the activities were undertaken ranging from three (3) days to five (5) months.

**c. Failure to Repair Motor Vehicle**

In October 2010, the Provincial Administration received an amount of K66,000,000 from ZSIC Limited as compensation for a Mitsubishi Pajero registration number GRZ 451 BX which caught fire. However, the funds were applied on unrelated activities such as imprest to travel to Itezhi-tezhi to monitor and document developmental projects (K33,690,000), attend traditional ceremony (K19,145,000), attend parliament sessions (K10,710,000) among others. As of March 2011, the vehicle had not been repaired.

See pictures below:



*Mitsubishi Pajero GRZ 451 BX parked at Provincial Administration*

**d. Stores Items Without Receipt and Disposal Details**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items costing K170,024,130 involving twenty two (22) transactions purchased during the period under review.

**e. Non Maintenance of Asset Register**

Contrary to Public Stores Regulation No. 99, which requires the institution to maintain an asset register, no asset register was maintained at Provincial Administration.

**f. Misapplication of Funds**

During the period under review, the Provincial Administration received amounts totalling K953,628,257 for the procurement of fire extinguishers, keep Zambia clean campaign, dismantling of arrears and IFMIS training. However, only K249,428,900 was utilised on the programmes, the balance of K704,199,357 was applied on unrelated activities. As of March 2011, the programmes had not been implemented.

**g. Choma Accounting Unit**

Included in the Estimates of Revenue and Expenditure for Provincial Administration were provisions for four (4) Departments whose Provincial Headquarters are based in Choma namely Water Affairs, Land Resettlement, Physical Planning and Forestry.

In this regard, Provincial Administration Livingstone has a sub-accounting unit in Choma to cater for these departments. During the year under review, amounts totalling K990,917,034 were disbursed to the sub-accounting unit.

An examination of records maintained at Choma Accounting Unit revealed the following:

**i. Irregular Deductions from Departments' Funding**

Choma Accounting Unit irregularly deducted amounts totalling K54,400,000 from the funding for Water Affairs, Land Resettlement, Physical Planning and Forestry. As of March 2011, the amounts had not been reimbursed.

**ii. Claims Without Authority**

During the period under review, the District Commissioner claimed amounts totalling K14,343,259 as refunds for use of personal money on government activities. However, no prior authority was obtained from the Permanent Secretary to use personal funds to undertake such activities. In this regard, the refunds of K14,343,259 made to the District Commissioner were irregular.

**Head: 98/01 Office of the President-Southern Province – Headquarters**

**Programme: 10 Meteorological Supports to Agricultural Development- (PRP)**

**Activities: 01 Meteorological Support to Agriculture**

**02 Meteorological Infrastructure**

76. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K171,555,556 was made to cater for Meteorological Support to Agricultural Development against which amounts totalling K151,555,000 were released resulting in an underfunding of K20,000,556.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at Provincial Administration carried out in June 2011 revealed that there were weaknesses in internal controls and poor management of contracts in that ledgers were poorly maintained, no project accounts were maintained, payments were made without physical inspection of the project and failure to supervise the works.

In particular, the following were observed:

##### **a. Excess Expenditure**

An examination of expenditure ledger revealed that the programme was funded amounts totalling K151,555,000 against which amounts totalling K168,445,858 were spent resulting in an over expenditure of K16,890,858. However, as of June 2011, no treasury authority to normalise the expenditure was availed for audit scrutiny.

##### **b. Extension of an Office Block and Rehabilitation of two (2) Staff Houses at Nanga in Mazabuka**

On 2<sup>nd</sup> October 2009, the Provincial Administration awarded a contract to Southern Quantum International Limited of Livingstone for the extension of an office block and rehabilitation of two (2) staff houses for the Department of Meteorology at Nanga in Mazabuka at a contract sum of K165,022,080. The completion period was twelve (12) working weeks starting on 15<sup>th</sup> October 2009 and ending on 15<sup>th</sup> January 2010.

As of June 2011, the contractor had been paid amounts totalling K170,586,688.

The following were observed:

##### **i. Overpayment to Contractor**

Although the contract price was K165,022,080, the contractor had been paid a total of K170,586,688 resulting in an overpayment of K5,564,608. However, there was no evidence of any variations to the contract. As of

June 2011, no recovery had been made by the Provincial Administration from the contractor.

**ii. Failure to Account for Supervision Funds**

As of June 2011, amounts totalling K18,000,000 in respect of supervision costs had been included in the stage completion certificates and paid to the contractor. However, there was no documentary evidence to show how the money was utilised.

**iii. Questionable Issuance of Certificates**

A physical verification of the project carried out in June 2011, revealed that the project had not been completed in that works valued at K58,698,000 though paid for were still outstanding and the contractor had abandoned the site.

The outstanding works were as follows:

▪ **The Office Block**

Plastering, painting and fitting of toilet pans and panel doors.

▪ **Staff Houses**

Fitting of ceramic tiles in the bathroom, new toilet pan with its components, kitchen sink, kitchen unit, fitting panelled doors, painting internal walls and unblocking of the sewer line.

In this regard, the circumstances under which Buildings Department issued certificates in excess of tendered works when works were still outstanding were not clear.

**iv. Irregular Payment**

It was also observed that paid stage completion certificates No. 2 and 3 were supported by the same schedule of works valued at K32,240,000. It was not clear why Buildings Department issued two (2) stage completion certificates, supported by exactly the same schedule of works.

**v. Failure to Effect Contract Clauses**

According to the terms and conditions of the contract, the employer may terminate the contract if the contractor breaches any of its obligations and fails to remedy the breach within a period of 30 days. However, contrary to the provisions of the contract, the Provincial Administration had not terminated the contract despite the contractor having abandoned the site in May 2010 and as of June 2011, no liquidated damages had been claimed from the contractor.

**c. Unretired Imprest**

Contrary to Financial Regulation No.96, imprest in amounts totalling K4,285,000 issued to two (2) officers had not been retired as of June 2011.

**Head: 98/03 Office of the President - Southern Province**  
**Rural Roads Department**  
**Programme: 08 Rural Roads Unit (RRU) - PRP**  
**Activities: Various**

77. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, provisions totalling K4,250,000,000 were made to cater for the rehabilitation and construction of rural roads in eleven (11) districts and the whole amount was released as shown in the table below:

Activity No.	Activity	Released K
1	Livingstone Rural Roads	150,241,364
2	Kalomo Rural Roads	243,363,364
3	Sinazongwe Rural Roads	270,286,364
4	Mazabuka Rural Roads	301,736,364
5	Siavonga Rural Roads	669,636,364
6	Choma Rural Roads	237,136,364
7	Namwala Rural Roads	583,636,364
8	Kazungula Rural Roads	477,022,862
9	Itezhi-tezhi Rural Roads	293,636,364
10	Monze Rural Roads	297,281,364
11	Gwembe Rural Roads	726,022,862
<b>Total</b>		<b>4,250,000,000</b>

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in March 2011 revealed the following:

**a. Misapplication of Funds**

Out of K4,250,000,000 released, K3,048,797,953 was utilised on Poverty Reduction Programme (PRP) while the balance of K1,201,202,047 was applied on unrelated activities such as Recurrent Departmental Charges (RDCs) (K309,920,019), construction of a wall fence at the Permanent Secretary's residence (K29,000,000), Presidential visits (K315,562,007), transportation of

household goods (K11,500,000), Minister's visit to his constituency (K9,000,000), payment of settling in allowances (K13,133,364), and purchase of motor vehicle (K174,106,138), among others. This was contrary to Financial Regulation No.31 (1). As of November 2011, amounts totalling K276,454,037 had been reimbursed leaving a balance of K924,748,016.

A further scrutiny of records relating to the misapplied funds revealed the following:

**i. Failure to Deduct Tax - Settling in Allowances**

A total amount of K13,133,364 was paid to five (5) officers as settling in allowance. However, it was observed that tax was not deducted from the amounts paid contrary to the Income Tax Act of 1996.

**ii. Unretired Imprest**

During the period under review, imprest in amounts totalling K207,732,926 was issued to fifteen (15) officers for various activities such as Presidential visits (K137,779,166), payment of familiarization tour (K21,195,000) and sensitisation of staff on terms and conditions of service (K1,725,000), among others. However, contrary to Financial Regulation No. 96, the imprest had not been retired as of September 2011.

**b. Failure to Undertake Paid for Activities**

During the period from May to August 2010, six (6) RRU staff were paid subsistence allowances in amounts totalling K7,695,000 in respect of rehabilitation of roads in Itezhi itezhi. However, enquiries with the local authority revealed that rehabilitation of the roads were done by the councils using Constituency Development Funds (CDF) and not RRU.

**c. Failure to Produce Monitoring Reports**

During the period under review, amounts totalling K13,295,569 were spent on allowances and fuel by twelve (12) officers on monitoring, conducting vision survey and inspection of projects. However, it was not possible to ascertain whether the activities were undertaken as no reports were produced for audit.

**d. Weaknesses in Management of Fuel**

During the period under review, fuel and other lubricants in amounts totalling K772,206,680 were procured for rehabilitation and construction of rural roads in eleven (11) districts in the Province. However, the following were observed:

- i.** Fuel and lubricants costing K123,583,854 were used on activities not related to the purpose for which they were procured such as administration costs (K119,687,898), transporting building materials (K2,334,866) and census activities (K349,950).

- ii. A scrutiny of demand fuel vouchers revealed that 220 litres of fuel worth K1,585,100 meant for rural roads in Namwala was purportedly used on grading Mumbwa ó ItezhióTezhi road.

However, enquiries made with the Director of Works at Itezhi-Tezhi District Council revealed that this road was graded by the Council using Constituency Development Funds.

**Head: 98 Office of the President – Southern Province**

**Programme: General Deposit Account**

**Activities: Various**

78. The Provincial Administration maintains a General Deposit Account into which third party funds are deposited. The funding to the account included amounts that various departments under Provincial Administration received from their respective Ministries Headquarters for specific purposes.

During the financial ended 31<sup>st</sup> December 2010, amounts totalling K1,895,130,318 were received for various activities such as construction of the Border Post (K500,000,000), Presidential visits (K551,840,000), construction of Maramba Cultural Village (K496,942,508), Gender Activities (K146,000,000) among others, which were to be under taken in the province. In addition, an amount of K1,099,632,877 was brought forward from 2009 and there were reimbursements to the account of K572,136,636 bringing the total funds available for expenditure to K3,566,899,831 out of which a total of K3,472,059,342 was spent leaving a balance of K94,840,487.

#### **Irregularities in Accounting for Funds**

An examination of accounting and other records maintained at the Provincial Administration carried out in June 2011 revealed the following:

##### **a. Misapplication of Funds**

During the period under review, amounts totalling K529,439,548 involving one hundred and eighteen (118) transactions were applied on activities not related to the purposes for which the funds were released such as imprest (K387,930,300), statutory allowances (K25,951,200), administrative costs (K66,501,148), fuel (K10,000,000), facilitation allowance (K12,600,000).

As of November, 2011 amounts totalling K160,000,000 had been reimbursed leaving a balance of K364,439,348.

**b. Missing Payment vouchers**

Contrary to Financial Regulation No. 65(1), four (4) payment vouchers in amounts totalling K18,757,000 were not produced for audit.

**c. Unsupported Payments**

Contrary to Financial Regulations No. 45 and 52, seven (7) payments in amounts totalling K166,164,157 were either unsupported or inadequately supported with relevant documentation such as quotations, invoices and acquittal sheets.

**d. Weaknesses in Management of Imprest**

**i. Unretired Imprest**

Contrary to Financial Regulation No.96 (1), imprest in amounts totalling K824,106,530 issued to thirty seven (37) officers during the period under review had not been retired as of November 2011.

In addition, imprest in amounts totalling K879,953,760 were issued to twenty three (23) officers who had not retired previous imprest contrary to Financial Regulation No. 91.

**ii. Failure to Produce Monitoring Reports**

Included in the unretired imprest were amounts totalling K70,140,000 paid to eight (8) officers to enable them conduct activities such as monitoring and inspection of projects, attending workshops and meetings. However, it was observed that no reports were produced, making it difficult to ascertain whether the activities were actually undertaken.

**e. Construction of an Office Block -Namafulo Border Post**

On 16<sup>th</sup> August 2010, Anitah Construction Enterprises was awarded a contract for the construction of an office block at a contract price of K294,952,620 inclusive of value added tax (VAT) and supervision. The contract was for a period of nine (9) working weeks from the date of site possession.

According to the terms of the contract, the contractor was required to commence works not later than thirty (30) days after award of the contract, that is, by 16<sup>th</sup> September 2010 and to be completed not later than 30<sup>th</sup> November 2010.

As of June 2011, amounts totalling K243,151,808 representing 90% of the contract sum had been paid to the contractor.

The following were observed:

**i. Works Paid for But Not Executed**

A physical inspection of the works carried out in June 2011, twenty four (24) weeks after the expected completion date, revealed that work was still in progress. In particular, various materials and fittings costing K31,940,000 though paid for had not been installed. The materials included timber doors (K5,400,000), electrical immersion heater (geyser) (K3,000,000), PVC tiles (K13,500,000), skirting floor tiles (K6,300,000) and window type fasten (K2,800,000).

Further, although the bill of quantities (BOQ), specified the type of items to be fitted, the contractor instead fitted items different from those specified in the BOQ without authority from the Provincial Buildings Engineer. See table below:

Quantity	Item as per BOQ	Item Fitted by the Contractor
432 Square Metres	Asbestors cement	Iron Sheets-IBR
10 Metres	TAP Cement Pipes	PVC
5	TAP Diameter Bend	PVC
2	Galvanised Wire Baloon	PVC
2	Ceramic Toilet Seat Cover and Cisten	PVC

**ii. Failure to Account for Supervision Costs**

An amount of K9,000,000 was included in the stage completion certificate No. 2 and paid to the contractor as supervision fees. However, there was no documentary evidence to show how the money was utilized.

**Head: 99 Constitutional and Statutory Expenditure**

**Programmes: Various**

**Activities: Various**

79. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2010, a provision of K1,968,246,247,481 was made to cater for Constitutional and Statutory expenditure. In addition, a supplementary provision of K175,495,139,193 was made bringing the total authorized provision to K2,143,741,386,674 out of which K1,651,386,874,973 was released resulting in an under funding of K491,354,511,701.

## Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry of Finance and National Planning revealed the following:

### a. Misapplication of Funds

Two transactions in amounts totalling K193, 359,461,400 (US\$ 41,514,706) in respect of the purchase of military equipment and construction of houses for security officers, were irregularly paid from Head 99. Details of the payments are in the table below:

Date	Payee	Details	Amount US\$	Equivalent Amount ZMK	Comment
17/12/10	China National Aero-Technology Import and Export Corp.	Supply of Military Equipment	9,264,705	43,173,995,400	7.5% Down Payment
17/12/10	Export Import Bank of China	Construction of houses	32,250,000	150,285,466,000	7.5% Down Payment
	<b>Total</b>		<b>41,514,705</b>	<b>193,459,461,400</b>	

### b. Failure to maintain Ledgers

Financial Regulation No. 10 (n) stipulates that it is the responsibility of accounting officers to produce all books and records or accounting documents in the accounting officer's charge when required to do so by the Secretary to the Treasury, the Controlling Officer or the Auditor General. However, contrary to this regulation, ledgers for debt service for both external and internal debt were not availed for audit. In this regard, it was not possible to verify the payments amounting to K1,643,744,409,535 in respect of interest paid on the contracted loans, Treasury bills and government bonds.

### c. Lack of Reconciliation

It was observed that there was no reconciliation between the Internal Debt servicing records maintained at the Bank of Zambia and Ministry of Finance and National Planning. This resulted in variances in reported expenditure figures of Treasury Bills and Government Bonds on statement of the Bank of Zambia and Ministry of Finance and National Planning as tabulated below:

Details	Amount ZMK
<b>Treasury Bills</b>	
Statement C actual expenditure on Treasury Bills	491,340,009,606
Bank of Zambia actual expenditure-Treasury Bills	553,965,570,000
<b>Variance</b>	<b>(62,625,560,394)</b>
<b>Govt Bonds</b>	
Statement C actual expenditure on Govt Bonds	765,011,329,107
Bank of Zambia actual expenditure-Govt Bonds	692,242,420,000
<b>Variance</b>	<b>72,768,909,107</b>

**Recommendations of the Public Accounts Committee Which Have Either Not Been Implemented or Have Been Partly Implemented**

- 80.** In 1992, the Public Accounts Committee resolved to appoint a Committee of officials from the Ministry of Finance and Economic Development, National Assembly and Office of the Auditor to deal exclusively with the outstanding issues on a continuous basis.

Since the establishment of the Committee, good progress has been made in clearing of the outstanding issues. Therefore, in order to resolve the outstanding issues on time, there is need for the Controlling Officers to respond promptly to the observations and implement recommendations of the Public Accounts Committee on time.

The Appendix to this Report therefore summarises the status of the unresolved issues as at 31<sup>st</sup> December 2010 for which necessary remedial action is required. This forms part of the report of the Auditor General for the financial year ended 31<sup>st</sup> December 2010.

**AUDIT HOUSE  
HAILE SELASSIE AVENUE  
LUSAKA  
31<sup>st</sup> December 2011**

**ANNA O CHIFUNGULA FCCA, FZICA  
AUDITOR GENERAL  
REPUBLIC OF ZAMBIA**

**REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIRST SESSION OF THE EIGHT NATIONAL ASSEMBLY**

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup> December 1994***

*Para 30 (40) Management Programme – Fertilizer Purchase – on the Current position on the matter.*

*Para 54 (64) Irregularities in the purchase and Distribution of mattresses Whether the amount of K30,488,497,000 has since been recovered.*

**TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE SECOND SESSION OF THE EIGHTH NATIONAL ASSEMBLY**

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup> December 1996***

*Para 31 (36) Commodity Grant - As to whether the investigations by the task force have since been concluded.*

*Para 32 (37) 1996 Investment and Debt Management Unit – As to whether Investigations into the matter have been concluded by the Task Force.*

**TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE THIRD SESSION OF THE EIGHTH NATIONAL ASSEMBLY**

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup> December 1997***

*Para 62 (56) Debtors - As regards the outcome from the investigations by the Task Force on Corruption*

**TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIRST SESSION OF THE NINTH NATIONAL ASSEMBLY**

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup> December 2000***

*Para 53 (64) Accounting irregularities –Progress made on the matters in (i)*

*and (ii)*

*Para 78 (88) Repairs of the Nalusanga Gate to kaoma Strip – As regards the advice from the Ministry of Justice on the matter regarding liquidation of the performance bond..*

*Para 102 (114) Rehabilitation of Chienge – Kaputa Road  
As regards the outcome of the court case.*

*Para 130 (142) Guarantees – the regards the outcome of the investigations.*

**TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE THIRD SESSION OF THE NINTH NATIONAL ASSEMBLY**

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup> December, 2001***

*Para 22 (24) Repairs to GRZ 556 BK – On the latest position on the matter.*

*Para 24 (26) The Trust Restriction Act – on the latest position on the matter.*

*Para 30 (32) Non-Deduction and Remittance of withholding Tax – As regards Progress made on the matter.*

*Para 31 (33) Non recovery of Salary advances – On the progress made.*

*Para 35 (37) Passages account - as regards the latest position on the Issues in (f)*

*Para 40 (45) District Education Office – Chipata – As regards progress made on the matters raised.*

*Para 46 (50) District Education Office – Chama - As to whether the amount of K107,201,550.00 has since been recovered.*

**TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE THIRD SESSION OF THE NINTH NATIONAL ASSEMBLY**

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup> December, 2002***

*Para 19 (23) Accounts – Progress made on the issues raised.*

*Para 28 (32) Review of Internal Audit Report – As regards the latest position on the matter.*

- Para 29 (33) Construction of a Boundary Wall fence at the Former Speaker's Lodge – As regards the outcome of the court case involving the former Clerk of the National Assembly*
- Para 37 (41) Accounting irregularities – As regards the current position on the matter*
- Para 39 (43) Properties – As to whether the house at plot 262 Kgali close has been demolished and a new one constructed.*
- Para 51 (55) Construction and Rehabilitation of Markets - on progress made on the matter.*
- Para 52 (56) Rehabilitation and Improvements of Lusaka Roads-Progress made on the matter.*
- Para 52 (62) Misapplication of funds and other Irregularities – progress made on the matters raised.*
- Para 61 (65) funds of the Institute – Latest position on the matters raised.*
- Para 85 (94) District Education Office-Lundazi – As to whether the matters raised in the paragraph have been addressed.*
- Para 110 (120) District Education Office-Kasempa – As to whether the works have since been completed.*
- Para 128 (138) District Education Office- Mazabuka-As to whether the works on the remaining house have been completed.*
- Para 130 (142) Guarantees – As regards the latest position on the matter.*

**TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FOURTH SESSION OF THE NINTH NATIONAL ASSEMBLY**

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup> December, 2003***

- Para 11 (16) ZRA Revenue Collection - On the progress made on the matters raised (d)*
- Para 12 (17) Misappropriation of Revenue Collections and other Accounting irregularities – current position on the matters raised.*
- Para 20 (20) Weakness in Accounting for Mission funds – as to whether the renovations works have been completed and verified.*
- Para 21 (26) Accounting irregularities – As to whether the Zambian*

*Government has since purchased the building to be used as a Chancery*

- Para 25 (28) Accounting and other irregularities – current position raised on the matter.*
- Para 25 (30) Revenue on the sale of Government Pool Houses – whether the matter has been disposed off by the court (e)*
- Para 27 (32) Accounting irregularities – As regards progress made on the matter raised in (e)*
- Para 38 (43) Accounting irregularities – current position on the matters raised.*
- Para 40 (45) Headquarters*  
*(a) Unretired imprest – As regards progress on the matter and on other raised.*
- Para 41 (46) Kasama District Education Office – Progress made to address the issues raised (c), (ii)*
- Para 45 (50) District Education Office – Luwingu – As regards latest position on the matter raised.*
- Para 48 (53) District Education Office – Luangwa - As regards the latest Position made in addressing the matter raised in ( a-c )*
- Para 49 (54) Construction of the District Board Secretary’s Office – Luangwa- As regards progress made on the unaccounted for amount of K49,157,000.00*
- Para 50 (55) District Education Office – Kafue- As regards progress made on the matters raised.*
- Para 55 (60) District Education Office – Chibombo – As regards the latest Position on the items in (a)*
- Para 59 (64) District Education Office – Sesheke – As to whether the reconciliation between the Ministry of Education and Zambia Publishing house concerning the 1,925 books has been done.*
- Para 61 (66) District Education Board – Chama - As to whether the reconciliation on the remaining 6,070 books have been done.*
- Para 62 (67) District Education Board – Mambwe – on the latest position on the matters raised*
- Para 64 (69) District Education Office – Kalulushi – As to whether the*

*construction works have been completed*

- Para 70 (75) District Education Office – Mansa – As regards the latest position on the matters raised in (a) – (c)*
- Para 71 (76) District Office – Samfya – As regards the current position on the construction works.*
- Para 73 (78) Basic Schools – the current position on the matter raised.*
- Para 75 (80) Unretired Imprest K64,709,400.00 – Progress on the matter.*
- Para 76 (81) Unauthorised Loans – As regards the current position on the matter.*
- Para 78 (38) Misapplication of funds and other accounting irregularities-As regards the current position on the matters raised.*
- Para 79 (84) Failure to collect Hire Fees and other Accounting irregularities - As regards the current position on the matter raised*
- Para 80 (85) Accounting irregularities – The current position on the matter raised (a), (e)*
- Para 81 (86) Weakness in the management of Debt Stock – As regards progress made on the matters raised in (ii)*

**TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIFTH SESSION OF THE NINTH NATIONAL ASSEMBLY**

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup> December, 2004***

- Para 16 (14) Revenue Collections – Lusaka Port Office – AS regards progress in the matter raised (a) i, ii, (d), (e) i, ii.*
- Para 17 (15) Other ports and stations – whether the matters raised in (iv) and (vi) have been resolved.*
- Para 19 (17) Weakness and irregularities in Accounting for Revenue - On the latest position on the matters raised.*
- Para 19 (20) Local Bank Accounts – Regarding the recovery of funds from the Union Bank*
- Para 24 (22) Regarding the outcome of the court case and other matters raised in (a), (b), (c), and (d)*

- Para 20 (18) Provincial and District Offices – Latest position on the matter raised in b, d, e.*
- Para 22 (20) Weakness and Irregularities in Accounting for Revenue – Whether the issues raised have since been addressed..*
- Para 25 (23) Weaknesses in Internal controls and poor Record Keeping – Progress on the matter raised.*
- Para 26 (24) Weaknesses in Procurement of Goods and Services and other Irregularities – Progress on the matter raised.*
- Para 30 (28) Accounting and other irregularities – progress made in resolving the matter raised in (a), (b), (c)*
- Para 32 (30) Unsupported expenditure – on progress made in resolving the matters raised.*
- Para 33 (31) Non-adherence to Tender Procedures – the current position on the matter raised.*
- Para 35 (33) Sector Plan Implementation – As regards the current position on the Unretired imprest.*
- Para 41 (39) Outstanding Loans (K184,253,333.00) – Regarding the latest position on the matter.*
- Para 43 (41) Consideration on Issue Arising from the inspection Tour of Missions Abroad – As regards progress to address the issues raised.*
- Para 45 (45) Rehabilitation of feeder roads Road Rehabilitation – current position on the matter raised.*

**TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIRST SESSION OF TENTH NATIONAL ASSEMBLY**

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup> December 2005***

- Para 9 (9) Revenue Collections – ZRA – As regards progress on matters raised.*
- Para 10 (10) Accounting irregularities - current position as the matter raised*

- Para 13 (13) Weaknesses and irregularities in Accounting for revenue*
- Para 14 (14) Weakness and irregularities in Accounting for Revenue – Progress made in resolving the outstanding matters raised*
- Para 15 (15) Irregularities in Accounting for Rental Collection – Progress made on the matter raised*
- Para 20 (20) Irregularities in Accounting for weigh Bridge Charges- Kafulafuta – As to whether the amount of K446,187,000.00 has since been reimbursed.*
- Para 22 (22) Weaknesses in the administration of Personal emoluments and other irregularities – As to whether the Controlling Officer has reported progress in matters raised in (a) and (j)*
- Para 24 (24) Accounting and other irregularities – Regarding progress made on the matters raised.*
- Para 28 (28) Weaknesses in Accounting for Special Imprest and other irregularities –  
–  
Regarding the latest position on the matters raised*
- Para 33 (33) Accounting and other irregularities- Regarding the current position on the matters raised.*
- Para 34 (34) Accounting and other irregularities – As to whether the matters raised in (b) have been addressed..*
- Para 36 (36) Accounting and other irregularities – As regards progress on the cases reported to Zambia Police and other matters.*
- Para 37 (37) Government Communication Flights-As regards progress made on the matters raised.*
- Para 38 (38) Delays in the completion of the Zambia Transport Information system (ZAMTIS) project – As regards progress on the matter*
- Para 40 (40) Weakness in Accounting for Sector Plan Support Funds – As regards progress on the construction works and the current position on the other matters raised.*
- Para 41 (41) Provincial Offices – Current position on the matters raised*
- Para 44 (44) Weakness in Control Over Bank Accounts- As regards the latest position on the matters raised.*
- Para 45 (45) Rehabilitation of feeder roads – As regards the latest position*

*on the matters raised.*

*Para 46 (46) Failure to implement Poverty Reduction and other Irregularities-  
On the progress made in order to address the matters raised in (a)  
and (b)*

*Para 47 (47) Wasteful expenditure and other irregularities – As regards the  
Current position on the matters raised.*

*Para 51 (51) Misappropriation of Personal Emoluments and other irregularities  
regarding the current position on the matters raised in (e)*

*Para 52 (52) Accounting and other irregularities – As to whether verification  
has since been done (b) –(f)*

*Para 41 (45) Provincial Office – Grants to the Provinces – on the outcome of  
Police investigations in (b) and (c) and the latest position on the  
other matters*

**TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS  
COMMITTEE FOR THE SECOND SESSION OF TENTH NATIONAL  
ASSEMBLY**

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup>  
December 2006***

*Para 23 (21) Weaknesses and Irregularities in the management of Lands  
Management Information System (LIMS) and Accounting for  
Revenue – Progress made in addressing the matters raised.*

*Para 24 (22) Weakness in Accounting for revenue – As regards efforts made  
to trace the documents in respect of the vehicles under query and  
other progress on the queries raised.*

*Para 49 (47) Irregularities in Accounting for Grants – Progress made on the  
matters raised (a) – (d).*

*Para 65 (63) Accounting and other irregularities – As regards the latest position  
on the matters raised (f)*

*Para 66 (64) Weaknesses in Accounting for funds and other irregularities  
whether the matters raised have since been addressed*

*Para 56 (54) Accounting irregularities - On progress made in resolving the  
issues raised.*

*Para 57 (55) Irregular Transfer of funds – Progress made to resolve the matters  
raised.*

*Para 58 (56) Accounting and other irregularities – Progress made  
to resolve the issues raised*

- Para 49 (47) Irregularities in Accounting for Grants – Progress made on the matters raised (a) – (d).*
- Para 62 (60) Accounting in irregularities – Government funded Programs and activities - As regards the current position on the matters raised in (a) – (g)*
- Para 63 (61) Weaknesses in Accounting for Sector Plan Implementation Funds – on the progress made to address the issues raised*
- Para 64 (62) Accounting irregularities - On the measures taken to address the issues raised.*
- Para 76 (74) Irregularities in Accounting for Personal Emoluments – As to whether  
the matters raised have since been addressed.*
- Para 78 (76) Accounting weaknesses – PRP Funds - Progress made to resolve the matters raised (a) – (d).*
- Para 79 (77) Road Rehabilitation Irregularities on Contract Management - Progress made on the matters.*
- Para 80 (78) Accounting irregularities On the current position of Police investigation.*
- Para 81 (75) Misapplication of funds -As regards the latest position on the matter.*
- Para 89 (87) Irregularities in the Procurement of Cattle – Progress made on items (a) and (b)*
- Para 90 (88) Rehabilitation and Construction of Dams-As regards progress made on the issues raised in (a) and (b)*
- Para 72 (70) Irregularities in the Management of Personal and other emoluments –As regards progress made on the matters raised (b) and (c).*
- Para 73 (71) Construction of Health Posts/Rehabilitation of Health Facilities - progress made on the matter.*
- Para 75 (74) Weaknesses in Administration of Funds – As regards measures put in place to resolve the issues raised (a) and (b).*
- Para 84 (82) Accounting irregularities -As regards progress made on the matter.*
- Para 83 (81) Accounting and other Irregularities - regarding the current position on the matter.*

*Para 88 (86) Accounting irregularities – regarding the current position on the matters (b) – (c)*

**TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FOURTH SESSION OF THE TENTH NATIONAL ASSEMBLY.**

***Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2007.***

- Para 7(8) Revenue Collections-Current position on the matters raised in (c)-(f).*
- Para 8(9) Accounting and other irregularities-Whether the queries raised in (a)-(c) have since been addressed.*
- Para 9(10) Irregularities in Accounting for Revenue-Current position on matters raised in (a) and (c).*
- Para 10(11) Weaknesses in Accounting for Revenue-Latest position on issues raised.*
- Para 11(12) Irregularities in Accounting for Revenue Collections-As regards the current position on the matters raised.*
- Para 12(13) Irregularities in Accounting for Revenue Collections- As regards the current position on the matters raised.*
- Para 14(15) Irregularities in Accounting for Revenue-Current position the issue raised.*
- Para 15(16) Weakness and Irregularities in the Zambia Transport and Information System (ZAMTIS)-Progress made in addressing the issues raised.*
- Para 16(17) Weakness in Accounting for Revenue-As to whether the recorded loss of K63, 288,400 has been recovered.*
- Para 17(18) Irregularities in Accounting for Revenue-The current position on the matters raised in (a) to (d).*
- Para 18(19) Weakness in Accounting for Personal Emoluments, Loans and other irregularities-Latest position on the outstanding matters.*
- Para 19(20) Weakness in Accounting for Personal Emoluments, Loans and other irregularities-Latest position on the outstanding matters.*
- Para 20(21) Accounting and other Irregularities-Latest position on the outstanding matters.*
- Para 21(22) Poor Contract Management-Construction of AMCO house, Kitwe-Progress made in addressing the issues raised.*
- Para 22(24) Accounting and other Irregularities- Current position the issues raised.*
- Para 24(28) Accounting Irregularities- Current position the issues raised.*

- Para 25(29) Accounting and other Irregularities- Latest position on the outstanding matters.*
- Para 26(30) Accounting and other Irregularities- Progress made in addressing the issues raised.*
- Para 27(31) Irregularities in Accounting for DHMT funds-As to whether the issues raised have been addressed.*
- Para 28(32) Weaknesses in Accounting for Funds-the current position on the matters raised.*
- Para 30(34) Delays in the construction of the District hospital- the current position on the matters raised.*
- Para 32(36) Weaknesses in Accounting for PRP funds-- Latest position on the outstanding matters.*
- Para 34(38) Weaknesses in Accounting for Bursary Scheme- Progress made in addressing the issues raised.*
- Para 35(39) Accounting and other irregularities-current position on issues raised in c-h.*
- Para 36(40) Accounting and Other irregularities in Sector Plan implementation-Progress made in addressing the issues raised.*
- Para 37(41) Weaknesses in Accounting for funds and stores- current position on issues raised.*
- Para 38(42) Irregular Purchase of a house and other irregularities-Whether the issues have since been addressed.*
- Para 39(43) Weaknesses in Accounting and other Irregularities-Current position on (a) to (d)*
- Para 40(44) Weaknesses in Accounting for funds and other irregularities-whether the queries have been addressed.*
- Para 41(45) Weakness in Accounting for Irrigation and Land Husbandry Programmes (RIF)-RPP-The current position on issues raised in (d).*
- Para 43(47) Accounting and other irregularities-Whether the issues raised in (b) to (d) have since been addressed.*
- Para 44(48) Accounting and other Irregularities-Latest position on the matters raised.*
- Para 45(49) Weaknesses in Accounting for PRP funds-whether the issues raised in (b)-(d) have been addressed.*
- Para 46(50) Monitoring and Evaluation, Construction of staff house for provincial staff- whether the queries have been addressed.*

- Para 47(51) Irregularities in Accounting for High School requisites -latest position on the court case.*
- Para 48(52) Accounting and Other irregularities-Current position on item (a)*
- Para 49(53) Weaknesses in Accounting for PRP funds-Progress made on the matter*
- Para 50(54) Failure to complete projects-Progress made to complete all the outstanding projects*
- Para 51(58) Accounting and other irregularities-Whether the issues raised in (a)-(c) have been addressed.*
- Para 52(59) Failure to Execute Rehabilitation works-Whether the works at Chisale Day School have been completed.*
- Para 53(60) Weaknesses in Accounting for Recurrent Departmental charges-The current position on items (c) and (h).*
- Para 55(62) Irregularities in Accounting for Building materials –whether the issues raised in (c) have been addressed.*
- Para 56(63) Weaknesses in Accounting for PRP funds- The current position on issues raised.*
- Para 57(64) Weaknesses in Accounting for Building Materials and Failure to complete projects (Teachers houses)-whether the issues raised in (a) I, ii, iii c and d have been addressed.*
- Para 58(65) Weaknesses in Accounting for Building Materials and Failure to complete projects-Progress made in addressing issues raised in (b) to (i).*
- Para 61(68) Accounting and other irregularities-current position on the matters raised.*

**TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY**

*Report of the Auditor General on the Accounts for the financial year ended 31st December 2008.*

*Paragraph 7(7) Outturn and Appropriation Accounts – As to the whether unreconciled*

*balance of K53, 670,924,188 has been resolved.*

*Paragraph 8(8) General Revenue – Progress made in addressing issues raised (a) i-ix (b)*

- Paragraph 9(9) Weaknesses in accounting for revenue – progress made in addressing (a) and (c)*
- Paragraph 10(10) Accounting Irregularities in revenue collections – As regards the latest position on items (a) and (b)*
- Paragraph 12 (12) Irregularities in Accounting for Revenue collections - whether the issues raised in (i) and (iv) have since been addressed.*
- Paragraph 13 (13) Accounting irregularities in Revenue collections – Progress made in resolving the outstanding issues in (a) and (c)*
- Paragraph 14 (14) Weaknesses in Accounting for Revenue and other irregularities – Progress made in addressing issues raised (a) (b) (c) (d)*
- Paragraph 15 (15) Accounting irregularities in Revenue collection – Progress made in resolving the outstanding issues*
- Paragraph 16 (16) Accounting Irregularities in Revenue collections – Progress made in resolving the issues raised in (a) – (b)*
- Paragraph 17 (17) Irregularities in accounting for Revenue – As to whether the issues raised in (a) (b) and (c) have been addressed*
- Paragraph 18 (18) Weaknesses and Irregularities in Accounting for Revenue – Measures taken to address the issues raised*
- Paragraph 20 (19) Weaknesses in Accounting for Revenue – As to whether the issues raised in (i) and (ii) have been resolved*
- Paragraph 21 (20) Accounting and other Irregularities – Progress made in addressing issues raised*
- Paragraph 22 (21) Accounting and Other Irregularities- Progress made in addressing issues raised.*
- Paragraph 23 (22) Accounting and other Irregularities – Progress made in addressing issues raised in (b) (f) (g) (h) (j) (l) and (m)*
- Paragraph 24 (23) Weaknesses in Accounting for PRP funds – As to whether the work s have since been completed*
- Paragraph 25 (24) Accounting and Irregularities – Progress made in resolving the issues outstanding in (b) (c) (e) (f) and (g)*
- Paragraph 26(25) Accounting Irregularities – Progress made in resolving the outstanding issues*
- Paragraph 27 (26) Accounting and other irregularities – Progress made in addressing issues raised (a) – (h)*
- Paragraph 28(27) Accounting and Other Irregularities - Current position on the matters raised (b)*

- Paragraph 30(29) Accounting and other Irregularities – As to whether payment in amounts totalling US\$4,244 have been supported and disciplinary action taken against the officer responsible.*
- Paragraph 32(31) Accounting and other irregularities - As to whether the controlling officer has come up with a formula for apportioning bills.*
- Paragraph 35(34) Accounting and Other Irregularities – As to when the advance recovery detailed will be availed for audit.*
- Paragraph 36(35) Accounting and other irregularities – As to whether the issues in (b) viii and ix have been addressed.*
- Paragraph 40(39) Accounting and other Irregularities – Progress made in addressing issues raised (a)i-ix*
- Paragraph 41(40) Weaknesses in Accounting for Personal Emoluments and other Irregularities – Progress made to resolve the outstanding issues.*
- Paragraph 42 (41) Accounting and other Irregularities – As regards progress made in addressing the issues raised.*
- Paragraph 43(42) Accounting and other Irregularities – As regards progress made in addressing the issues raised in (a)(b)(c)(g)(h)*
- Paragraph 44(43) Irregularities in the Procurement of Hearses – the latest position on the investigations.*
- Paragraph 45(44) Accounting Irregularities – The current position regarding the issues raised in (a)I and iv*
- Paragraph 46(45) Irregularities in Procurement of Motor vehicles- Current position on item (a)iii and (b)*
- Paragraph 47 (46) Accounting and other irregularities - As to whether the claim for insurance has been processed and police report availed.*
- Paragraph 48(47) Compensation and Awards- As to whether the investigations into the final reconciliation have been concluded.*
- Paragraph 49(48) Accounting and Other Irregularities – As to whether the building has been completed and commissioned.*
- Paragraph 50 (49) Accounting and other irregularities- As to whether the outstanding issues have since been resolved.*
- Paragraph 51 (50) Accounting and other Irregularities – Progress made in addressing issues raised in (b)ii*
- Paragraph 52 (51) Accounting Irregularities – As to whether the necessary retirements have been availed and construction works completed.*

- Paragraph 53 (52) Accounting and Other Irregularities – Whether the issues raised have been resolved*
- Paragraph 54 (53) Accounting Irregularities – Administration of the RDC account- As to whether the issues raised in (a) and (c) have been addressed*
- Paragraph 55 (54) Accounting and Other Irregularities – As to whether the issues raised in (a) (c) (d) (e) (g) i, iii*
- Paragraph 56 (55) Accounting and other Irregularities in the execution of the projects- current position on items (a) (b) and (c)*
- Paragraph 57 (56) Accounting and other Irregularities – Current status on items (a) – (d)*
- Paragraph 58 (57) Accounting and other Irregularities – As to whether the issues raised (a) i, ii have been addressed*
- Paragraph 60 (59) Irregularities in Accounting for forestry Development Credit Funds- Whether all queries raised have since been addressed*
- Paragraph 61 (60) Accounting and other Irregularities – As to whether all the outstanding bills amounting to K406, 351,146.74 have been cleared*
- Paragraph 62 (61) Accounting and other Irregularities – As to whether the amount of K274, 746.500, K51, 794,044 and K226, 250.000 have been recovered.*
- Paragraph 63 (62) Weaknesses in Accounting and failure to follow tender procedures – As to whether the issues raised in (a) and (b) have been addressed.*
- Paragraph 64 (63) Accounting and other irregularities – Progress made in resolving the outstanding issues.*
- Paragraph 65 (64) Accounting and other irregularities – As to whether all the issues raised have been resolved.*
- Paragraph 66 (65) weaknesses in Accounting for sector/ National Implementation Frame work funds – Progress made in resolving the issues raised*
- Paragraph 67 (66) Irregularities in the Management of Grants and Distance Learning Education Funds – Whether the issues raised in (a) iii, iv, v (b) iii, iv, vii, viii iv x*
- Paragraph 68 (67) Accounting Irregularities – Progress made in addressing issues raised.*
- Paragraph 69 (68) Accounting other irregularities - latest position on the matter*

*raised.*

*Paragraph 70 (69) Accounting irregularities – latest position on the matter*

*raised.*

*Paragraph 71 (70) Accounting irregularities – Progress in addressing issues*

*raised in (b) ii*

*Paragraph 72 (71) Accounting irregularities – Progress made in resolving the*

*issues.*

*Paragraph 73 (72) Weakness in Accounting and other irregularities – Progress*

*made in resolving all outstanding issues.*

*Paragraph 74 (73) Weaknesses in Accounting and other irregularities – Progress*

*made in addressing the issues raised (a) - (d)*

*Paragraph 75 (74) Weakness in Accounting for PRP funds – As the works on the*

*laboratory block and other works have been done.*

*Paragraph 76 (75) Accounting and other irregularities – Progress made in addressing the issues raised in (a) - (g)*

*Paragraph 77 (76) Construction of Youth Skills Centre – Progress made to resolve the Outstanding issues.*

*Paragraph 78 (77) Accounting and other irregularities – Whether the issues raised in (a) – (h)*

*Paragraph 79 (78) Accounting and other irregularities – Progress made in addressing the issues raised.*

*Paragraph 80 (79) Accounting and other irregularities in the management of General Deposit Account – As to whether the receipt and disposal details for the fuel has been availed.*

*Paragraph 81(80) Management of Poverty Reduction Programme (PRP) – As to whether the Imprest has been retired.*

*Paragraph 82 (81) Construction of Provincial Minister’s House and fencing of VIP House-Progress made in resolving the outstanding issues.*

*Paragraph 83 (82) Irregularities in contract management – As to whether the works have since been completed.*

*Paragraph 84 (83) Irregularities in Project Management – Kalumwange Clinic – Progress Made in addressing the issues raised.*

*Paragraph 85 (84) Irregularities in Accounting for PRP funds – Regarding progress made in on issues raised.*

*Paragraph 86 (85) Accounting irregularities – As to whether the overpaid salaries have been recovered.*

*Paragraph 87 (86) Accounting and other irregularities – As to whether the amount of K19,403,257*

*Paragraph 89 (88) Accounting and other irregularities – As to the whether the construction of the house at Chanida Border and the office block at Mwami Border have been completed.*

*Paragraph 90 (89) weaknesses in Accounting for Canal funds – As to whether the issues raised in (d) have been addressed.*

*Paragraph 91 (90) Weaknesses in Accounting for Borehole construction Funds- As to Whether the issues raised in (b) (c) and (d) have been resolved.*

*Paragraph 92 (91) Failure to complete Projects and other irregularities – As to whether the stores records have been traced and verified.*

*Paragraph 93 (92) Accounting Irregularities – As to whether the issues raised in (a) and (b) have been addressed.*

*Paragraph 94 (93) Irregularities in the procurement of school Requisites – As to whether Retrospective Treasury Authority has been obtained.*

*Paragraph 95 (94) Accounting Irregularities – As to whether the raised has since been addressed.*