

REPORT

of the

AUDITOR GENERAL

ON THE ACCOUNTS

FOR THE FINANCIAL YEAR ENDED

31st DECEMBER 2011

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Executive Summary

During the year 2012, the Office carried out one hundred and seventy eight (178) audits on the accounts for the financial year ended 31st December 2011. During the audit process, there were various levels at which the Office interacted and communicated with Controlling Officers whose heads of revenue and expenditure were audited. The purpose of this interaction was to provide an opportunity for the Controlling Officers to take corrective action on the findings of the audits.

This Report contains ninety (90) paragraphs (85 Paragraphs on audit findings and five (5) paragraphs on other matters)

Although one hundred and seventy eight (178) audits were carried out, ninety three (93) were cleared leaving eighty five (85) audit paragraphs as contained in this Report. The paragraphs reflect issues that had not been resolved during the audit process and whose corrective actions were not taken as at 31st December 2012.

The introduction of this Report highlights the responsibilities of the Minister of Finance, Secretary to the Treasury, Controlling Officers and the Auditor General as regards the management, reporting, and the accountability process of public funds. It also outlines the audit scope, methodology and limitations of scope as regards the audits whose results are contained in this Report.

The major issues that have been highlighted across all the heads of expenditure and revenue collected are as shown in the table below.

| Issue | 2011 | 2010 | 2009 |
|--|-----------------|-----------------|----------------|
| Misappropriation of Funds | 1,060,362,947 | 1,096,257,658 | 3,918,288,485 |
| Unaccounted for Revenue | 531,875,899,746 | 1,761,709,547 | 1,388,790,328 |
| Delayed Banking | 1,890,404,564 | 13,511,603,892 | 9,126,634,591 |
| Unaccounted for Funds | 5,054,209,802 | 3,823,553,675 | 1,126,821,656 |
| Misapplication of Funds | 23,685,562,199 | 220,628,818,731 | 95,238,162,121 |
| Unretired Imprest | 33,136,711,477 | 77,161,637,221 | 25,789,847,602 |
| Unvouched Expenditure | 77,014,932,341 | 74,793,881,735 | 89,325,590,024 |
| Unaccounted for Stores | 22,079,935,144 | 43,921,118,882 | 32,676,447,022 |
| Irregular Payments | 4,233,314,411 | 10,289,923,002 | 3,908,756,274 |
| Non Recovery of Advances and Loans | 3,479,476,312 | 10,098,900,307 | 14,777,712,130 |
| Failure to Follow Procurement Procedures | 4,674,317,060 | 2,540,559,305 | 1,189,103,954 |
| Undelivered Materials | 2,104,187,120 | 646,210,800 | 345,542,984 |
| Non Submission of Expenditure Returns | 27,083,333,334 | 3,090,848,292 | 11,938,931,973 |
| Unauthorised Expenditure | 456,303,212 | 4,808,969,418 | 13,684,411,726 |
| Wasteful Expenditure | 2,609,341,457 | 7,362,829,990 | 10,042,083,206 |
| Overpayments | 6,000,000 | 131,561,606 | 125,228,272 |
| Excess Expenditure | 456,014,072,942 | 814,219,094,814 | 87,272,446,830 |

These issues arise as a result of failure to adhere to regulations, weaknesses in the internal control systems, wastage in the use of resources, poor management of contracts, abuse of imprest, delays in completion of projects, poor workmanship and non-adherence to contract terms among others.

A glossary of terms has also been included in order to assist users of this report to understand the nature of the issues raised and the effect that such may have on the financial statements.

The Report also contains an appendix of the recommendations of the Public Accounts Committee which remained outstanding as at December 2012. These issues are to be followed up until they are reasonably resolved.

Introduction

1. This Report on the audit of the accounts of the Government of the Republic of Zambia for the financial year ended 31st December 2011 is submitted to the President for tabling in the National Assembly in accordance with the provisions of Article 121 of the Constitution of the Republic of Zambia.

Statement of Responsibility

2. According to 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 Article 118 (1) of the Constitution of the Republic 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 Annual Report Paragraphs (DARPs) 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 of 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 my control. 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 addition, the changing of ministries and Controlling Officers presented challenges in that most Controlling Officers could not respond to audit queries on time as they were trying to settle down. Further, the delay in the finalisation of Statement 'C' presented challenges in that all accounts that were prepared under the Integrated Financial Management Information Systems (IFMIS) were delayed.

However, through appropriate programmes and approach, I have reasonably carried out my work in order to assure myself that the information so provided gives some level of assurance on the completeness of the financial statements.

Excess Expenditure

5. A review of Statement 'C' of the Financial Report for the year ended 31st December 2011 revealed that there was excess expenditure of K456,014,072,942 on eight (8) Heads of expenditure contrary to the Appropriation Act for 2011 as shown in the table below.

| Excess Expenditure | | | | |
|--------------------|---|---------------------------------|--------------------------|--------------------------|
| Head | Ministry/Department | Total Authorised Provision K | Actual Expenditure K | Excess Expenditure K |
| 37/07 | Ministry of Finance and National Planning-FMA | 973,273,877,332 | 1,205,734,901,809 | (232,461,024,477) |
| 46/01 | Ministry of Health - HRA | 319,656,376,394 | 393,767,421,926 | (74,111,045,532) |
| 46/17 | Ministry of Health - Southern Province | 178,563,297,767 | 186,920,334,157 | (8,357,036,390) |
| 76/02 | Ministry of Sport, Youth and Child Development - Sports Dept | 9,700,579,660 | 19,036,056,516 | (9,335,476,856) |
| 76 /03 | Ministry of Sport, Youth and Child Development - Youth Affairs Department | 15,882,371,946 | 17,591,612,853 | (1,709,240,907) |
| 77/02 | Ministry of Defence - Zambia Army | 692,562,360,157 | 698,091,553,147 | (5,529,192,990) |
| 80/01 | Ministry of Education - Headquarters | 726,130,876,485 | 733,126,680,733 | (6,995,804,248) |
| 80/03 | Ministry of Education - Planning and Information Directorate | 556,556,640,189 | 674,071,891,731 | (117,515,251,542) |
| | Total | 3,472,326,379,930 | 3,928,340,452,872 | (456,014,072,942) |

This excess expenditure is unconstitutional and will require the approval of Parliament as provided for under Article 117(5) of the Constitution.

GENERAL REVENUE

Statement B - Tax Revenue, Non Tax Revenue, External Grants and Borrowings and Domestic Borrowing

Activities - Various

In the Estimates of Revenue and Expenditure for the financial year ended 31st December, 2011, provisions of K17,703,259,352,668 were made in respect of tax (K13,048,057,560,852) and non tax revenue (K516,402,618,835), external grants and borrowings (K2,918,988,662,981) and Domestic Borrowings (K1,219,800,510,000) in order to finance Government programmes and activities.

The provisions were revised to amounts totalling K24,134,635,169,178 as detailed in the Estimates of Revenue and Expenditure for the year ending 31st December, 2012, broken down into K18,620,476,514,946 in Tax Revenue, K656,627,620,022 in Non Tax Revenue, K2,104,020,380,560 in External Grants and Borrowings K2,753,510,653,650 in Domestic Borrowings.

The actual revenues, grants and financing received as per Statement 'B' were in amounts totalling K34,771,977,331,056, comprising K18,934,356,486,320 in Tax Revenue, K1,005,717,195,066 in Non-Tax Revenue, K5,243,992,087,944 in External Grants and Borrowings and K 9,587,908,467,927 in Domestic Borrowings. This resulted in over collection of Revenue of K10,637,339,068,079 as shown in the table below.

| Type | 2011 Original Estimates (A) K | 2011 Revised Budget (B) K | 2011 Actual Revenue Collections (C) K | Variance between Revised Budget and actual collections (D) K |
|-------------------------------|-------------------------------------|---------------------------------|--|--|
| Tax Revenue | 13,048,057,560,852 | 18,620,476,514,946 | 18,934,356,486,320 | (313,879,971,374) |
| Non Tax Revenue | 516,402,618,835 | 656,627,620,022 | 1,005,717,195,066 | (349,089,575,044) |
| Grants and External Borrowing | 2,918,988,662,981 | 2,104,020,380,560 | 5,243,992,087,944 | (3,139,971,707,384) |
| Domestic Borrowing | 1,219,800,510,000 | 2,753,510,653,650 | 9,587,908,467,927 | (6,834,397,814,277) |
| TOTAL | 17,703,249,352,668 | 24,134,635,169,178 | 34,771,974,237,257 | (10,637,339,068,079) |

Accounting and Other Irregularities

An examination of Statement B, accounting other records maintained at the Ministry of Finance and other revenue collection agencies carried out during the period under review revealed the following:

a. Lack of Supporting Documents for Revenue Budget Revision.

Whereas the Estimates of Revenue and Expenditure (Yellow Book) for 2011 provided the revenue estimates approved by Parliament in amounts totalling

K17,703,259,352,668, the estimates were revised as per the 2012 Yellow Book to amounts totalling K24,134,635,169,178. In this regard, Tax and Non Tax revenue items were revised downwards by amounts totalling K2,231,212,175,687 and upwards by K8,662,587,992,197 respectively.

However, there were no documents and explanations provided for audit to support the revision of the estimates.

In this regard, the revision of revenue budgets downwards by amounts totalling K2,231,212,175,687 without proper explanation was contrary to Financial Regulation No.133.

b. Tax and Non Tax Revenue

i. Discrepancies in Reporting Revenue

The accounting for Government revenue by the MPSAs from receipting to reporting the revenue collected to Ministry of Finance (MoF) is based on manual systems.

The Financial Management System (FMS) computer based system is only employed by MoF during the capturing of the MPSAs revenue collections that has been traced to Control Account 99 at the Bank of Zambia. This practice results in differences between the revenue collections reported by the MPSAs and that recognised by MoF.

This also results in the loss of audit trail for the revenue collections by the MPSAs not traced to the Control Account Bank Statements and for which there are neither details on the FMS nor reconciliations to establish where these revenues are held up. For instance, for the period under review, there were discrepancies in reporting of revenue in that some collections by some MPSAs were understated by K105,868,004,923 whilst collections by other MPSAs were overstated by K14,799,230,574.

ii. Other Revenue – Dividends Weaknesses in Accounting for Dividends

A total provision of K18,164,601,414 was made for the collection of dividends by Ministry of Finance against which amounts totalling K25,940,656,658 were received.

A review of Statement 'B' and records for the remittance of dividends at the Ministry revealed the following:

- Out of the K25,940,656,658 received, only K24,736,316,797 was reflected in Statement 'B' as actual revenue received resulting in an understatement of K1,204,339,855.
- Although amounts totalling K25,940,656,652 in dividend were received by Government through the Ministry of Finance from the State Owned Enterprises (SOEs) and credited to the Ministry of Finance Dividends account held with the Bank of Zambia, only amounts totalling K10,109,633,329 were identified against seven (7) SOEs out of the thirty nine (39) SOEs. See table below.

| SOE | Amount K |
|----------------------------------|-----------------------|
| Mofed Ltd | 2,346,477,129 |
| Mofed London | 2,503,798,606 |
| Indo Zambia Bank | 3,000,000,000 |
| Nanga Farms | 4,401,000 |
| Zambia Airways (in Liquidation) | 1,611,129,956 |
| Mpulungu Harbour | 15,000,000 |
| Zambia National Building Society | 628,856,638 |
| Total | 10,109,663,329 |

The remaining dividends in amounts totalling K15,830,993,329 could not be identified against any SOEs despite the funds being credited to the Dividends Account as the Ministry of Finance did not maintain any register of dividends receivable and reconciliations thereof.

The bank statements for the account did not state any details of which SOEs remitted the dividends in the account making it impossible to ascertain which SOEs remitted the dividends.

c. External and Domestic Borrowings

i. Borrowing from Domestic Financial Institutions – Unidentified Loans

A review of the Financial Statement on Public Debt for the year ended 31st December 2011 revealed that amounts totalling K1,308,616,335,013 were raised by borrowing from domestic financial institutions as per the estimates of Revenue and Expenditure for the year under review.

Out of the amount of K1,308,616,335,013 raised by borrowing, amounts totalling K1,209,350,000,000 were borrowed from four (4) institutions as shown in the table below and source of the balance of K99,266,335,013 was not known.

| Date | Name of Bank | Amount K | Amount US\$ | Purpose |
|-------------------------------|-------------------------|--------------------------|--------------------|--|
| 6 th May 2011 | Standard Chartered Bank | 729,350,000,000 | 145,000,000 | Formula 1 Urban road construction |
| 1 st July 2011 | Zanaco | 90,000,000,000 | | Recapitalisation of Nitrogen Chemicals of Zambia (NCZ) |
| 28 th January 2011 | Stanbic Bank | 54,000,000,000 | | Finance lease for the purchase of Leaders' motor vehicles |
| 17 th May 2011 | UBA Bank | 336,000,000,000 | | Payment of pension benefits to Public Service Pensions Fund (PSPF) |
| Total | | 1,209,350,000,000 | 145,000,000 | |

ii. Disparities in Closing and Opening Balances – External Borrowings

A review of the Statement of Public Debt for the year ended 31st December 2010 and the Statement for the year ended 31st December 2011 revealed disparities in the closing balances for the year ended 31st December 2010 in amounts totalling K6,472,767,374,867 and the opening balances in the financial Statement for the year ended 31st December 2011 in amounts totalling K 6,830,782,196,489 resulting in an un explained discrepancy in amounts totalling K358,014,821,622.

| External Debt | Closing Balances as at 31 st December, 2010 K | Opening Balances as at 1 st January, 2011 K | Variance K |
|-----------------------------|--|--|------------------------|
| Borrowing from Multilateral | 3,998,433,533,226 | 4,091,178,779,907 | 92,745,246,681 |
| Borrowing from Bilateral | 2,474,333,841,641 | 2,739,603,416,582 | 265,269,574,941 |
| Total | 6,472,767,374,867 | 6,830,782,196,489 | 358,014,821,622 |

This made it not possible to rely on the figures in the Financial Report with regard to Statement B as the balances were not tallying.

- PROGRAMMES:**
- 1 - Income Tax (Other than Mineral Tax) - ZRA**
 - 2 - Mineral Revenue**
 - 3 - Customs and Excise**
 - 4 - Value Added Tax**
 - 5 - Exceptional Revenue**

ACTIVITIES: **Various**

6. During the financial year ended 31st December 2011, an amount of K18,934 billion was collected against a target of K18,620 billion resulting in a surplus of K313.9 billion as shown in the table below.

| Tax Type | GRZ Profile K | Net Collections K | Variance K |
|--|--------------------------|------------------------------|--------------------------|
| Income Tax (Other than Mineral Tax) | | | |
| Company Tax | 3,419,554,834,406 | 3,799,562,277,834 | 380,007,443,428 |
| Individuals (Self employed) | 44,303,344,849 | 44,561,394,585 | 258,049,736 |
| Back Duty | 218,913,742 | 444,412,634 | 225,498,892 |
| Pay As You Earn | 4,473,755,949,031 | 4,532,456,287,598 | 58,700,338,567 |
| Employed Individuals | 6,939,199,154 | 8,324,997,819 | 1,385,798,665 |
| Withholding Tax (Rent, Interest and Royalty) | 560,654,743,271 | 525,313,064,553 | (35,341,678,718) |
| Withholding Tax (Dividends) | 13,565,143,475 | 17,346,813,092 | 3,781,669,617 |
| Withholding Tax (Lump Sum Payment) | 2,156,165,715 | 3,262,165,612 | 1,105,999,897 |
| Withholding Tax (Contractors) | 25,896,284,750 | 32,152,665,869 | 6,256,381,119 |
| Property Transfer Tax | 53,499,881,705 | 56,608,167,637 | 3,108,285,932 |
| Advance Income Tax | 37,906,821,201 | 51,131,057,033 | 13,224,235,832 |
| Sub – Total | 8,638,451,281,299 | 9,071,163,304,266 | 432,712,022,967 |
| Mineral Revenue | | | |
| Mineral Royalty Tax | 824,368,768,451 | 692,873,015,784 | (131,495,752,667) |
| Mining Tax Arrears | 1,752,661,269,127 | 1,764,170,000,000 | 11,508,730,873 |
| Sub – Total | 2,577,030,037,578 | 2,457,043,015,784 | (119,987,021,794) |
| Custom and Excise | | | |
| Customs Duty | 1,777,245,694,661 | 1,700,140,201,594 | (77,105,493,067) |
| Excise Duty - Soft Drinks | 34,348,448,222 | 34,383,808,197 | 35,359,975 |
| Excise Duty – Cigarettes | 101,180,545,822 | 80,736,361,191 | (20,444,184,631) |
| Excise Duty - Opaque Beer | 42,499,105,012 | 37,929,645,111 | (4,569,459,901) |
| Excise Duty - Clear Beer | 259,458,596,427 | 240,049,127,440 | (19,409,468,987) |
| Excise Duty - Hydro-Carbon Oils | 233,161,912,957 | 216,072,851,790 | (17,089,061,167) |
| Excise Duty – Spirits | 27,246,433,462 | 25,014,182,759 | (2,232,250,703) |
| Rummages Sales | 2,154,287,226 | 1,943,019,007 | (211,268,219) |
| Fines | 16,984,004,925 | 17,565,189,933 | 581,185,008 |
| Estreated Deposits | - | - | - |
| Warehouse Rent | 417,715,640 | 354,617,227 | (63,098,413) |
| Accounting Fees | 1,067,185,009 | 856,341,240 | (210,843,769) |
| Licence Fees | 2,521,188,032 | 1,912,928,112 | (608,259,920) |
| Other Revenue | 73,345,599 | 94,098,259 | 20,752,660 |
| Excise Duty - Motor Vehicles | 216,675,325,996 | 220,681,462,749 | 4,006,136,753 |

| Tax Type | GRZ Profile K | Net Collections K | Variance K |
|-----------------------------------|---------------------------|---------------------------|--------------------------|
| Excise Duty - Electrical Energy | 51,597,959,350 | 30,061,945,104 | (21,536,014,246) |
| Excise Duty - Water | 7,671,752,498 | 6,882,710,333 | (789,042,165) |
| Excise Duty - Wine | 8,191,105,676 | 8,159,928,743 | (31,176,933) |
| Excise Duty - Air time | 247,702,641,890 | 224,255,336,607 | (23,447,305,283) |
| Excise Duty - Scrap Metals | 3,794,450,250 | 2,902,550,451 | (891,899,799) |
| Excise Duty - Cosmetics | 13,417,918,317 | 13,028,542,174 | (389,376,143) |
| Excise Duty - Carbon | 20,272,990,072 | 18,587,033,303 | (1,685,956,769) |
| Export Levy - Cotton Seed | - | - | - |
| Export Levy - Copper Concentrates | 2,015,233,810 | 2,154,263,280 | 139,029,470 |
| Excise duty - Plastic sacks | 1,583,388,510 | 1,446,591,280 | (136,797,230) |
| Sub - Total | 3,071,281,229,363 | 2,885,212,735,884 | (186,068,493,479) |
| Value Added Tax | | | |
| Domestic VAT | 112,046,678,675 | (23,592,439,660) | (135,639,118,335) |
| Import VAT | 3,734,354,489,748 | 4,003,586,292,341 | 269,231,802,593 |
| Sub - Total | 3,846,401,168,423 | 3,979,993,852,681 | 133,592,684,258 |
| Exceptional Revenue | | | |
| Fuel Levy | 456,157,429,927 | 504,527,629,723 | 48,370,199,796 |
| Medical Levy | 17,469,709,418 | 15,826,915,932 | (1,642,793,486) |
| Motor Vehicle Licence | 13,685,658,938 | 20,589,032,049 | 6,903,373,111 |
| Sub - Total | 487,312,798,283 | 540,943,577,704 | 53,630,779,421 |
| Grand Total | 18,620,476,514,946 | 18,934,356,486,319 | 313,879,971,373 |

Observations on Tax Revenue Collections

An examination of accounting and other records maintained at ZRA Headquarters and ten (10) stations namely Nakonde, Kasumbalesa, Ndola Direct Tax, Kapiri Mposhi Customs, Livingstone Direct Tax, Kazungula, Chipata Direct Tax, Mwami, Chanida and Chirundu revealed the following:

a. Revenue Deficits on Some Taxes

Although ZRA recorded an overall surplus of K313,879,971,373 during the period under review, there was a total deficit of K494,970,300,550 in respect of some taxes.

b. Unaccounted for Windfall Arrears and Mineral Royalty Taxes

Out of a total amount of K1,764,170,000,000 collected as Mining Tax Arrears (Windfall Tax Arrears), an amount of K1,679,608,978,408 was traced to the bank statements leaving a balance of K84,561,021,592 unaccounted for, as of November 2012.

Similarly, out of K692,873,015,784 collected as Mineral Royalty Tax, only K247,812,078,937 was traced to the bank statements leaving a balance of K445,060,936,847 unaccounted for, as of November 2012.

c. Unpaid Tax Assessments

Assessments made during the period under review in amounts totalling K370,349,639,644 in respect of Mineral Royalty, Domestic VAT, Income Tax and PAYE, remained unpaid as of November 2012. See table below.

| Station | Tax type | Amount K |
|----------------|-----------------|------------------------|
| Headquarters | Mineral Royalty | 360,486,324,234 |
| Headquarters | Domestic VAT | 293,736,214 |
| Solwezi | PAYE | 80,869,997 |
| Kitwe | Income Tax | 4,135,103,667 |
| Kitwe | PAYE | 791,346,806 |
| Kitwe | VAT | 4,562,258,726 |
| Total | | 370,349,639,644 |

d. Reduction in Tax Arrears without Supporting Payments

Eight (8) companies at Headquarters had their Company Tax arrears amounting to K811,679,278 in 2010 reduced to K255,222,203 in 2011 without evidence of payments, authority to reverse or any statement of reconciliation.

Two hundred and twenty seven (227) companies at Headquarters and forty six (46) companies in Kitwe had their VAT arrears amounting to K98,951,535,175 in 2010 reduced by K48,979,013,498 to K49,972,521,677 in 2011. The reduction of K48,979,013,498 should have been supported by of payments, authority to reverse or any statement of reconciliation.

However, a scrutiny of payments received in 2011 revealed that, only K20,557,507,949 was actually supported by evidence of payments leaving a balance of K28,421,505,548.

e. VAT Refunds to Tax Debtors - Kitwe

VAT refunds in amounts totalling K10,102,479,093 were made despite the same taxpayers owing ZRA in various unpaid taxes totalling K14,827,741,455.

f. Customs Services Division

i. Uncollected duties on Transit

ASYCUDA has a transit module that handles transactions for Removals In Bond (R.I.Bs) and Removals In Transit (R.I.Ts) such as goods moving from one customs control area to another without duty paid but under surety of a bond issued by banks or insurance companies. Transit documents are generated at the port of entry and are acquitted at the point of exit as the goods are leaving the country. This must be done within five (5) days for R.I.Ts and thirty (30) days for R.I.Bs. The clearance of the transits on the system can only be done by the destination exit office indicated on the transit documents after checking that none of the goods that entered the country were consumed within Zambia.

An examination of records revealed that four (04) port offices namely: Livingstone, Kasumbalesa, Nakonde and Chirundu, had not collected duties guaranteed by transits amounting to K15,956,551,326 as of October 2012. Details are as tabulated below.

| Port | Total Guarantee Amount K |
|--------------|---------------------------------|
| Livingstone | 115,330,851 |
| Kasumbalesa | 981,096,165 |
| Nakonde | 10,340,323,222 |
| Chirundu | 2,723,767,403 |
| Total | 14,160,517,641 |

ii. Amounts Owed in Customs Taxes

A review of 2011 customs debt stock revealed that amounts totalling K82,379,827,092 as shown in the table below, remained uncollected as of November 2012.

| Age Group | Sum of Total K |
|--------------------|-----------------------|
| 181-365 Days | 14,359,996,368 |
| Above 365 Days | 68,019,830,724 |
| Grand Total | 82,379,827,092 |

In their response Management stated that, out of the debt of K68,019,830,724 above 365 days, First Quantum Mining and Operations Limited accounted for

K29,610,455,998, Zambezi Oil and Transport Company Limited K18,838,889,698, Tanzania Zambia Railways Authority K7,281,558,261 and unregistered tax payers K4,676,911,537. They added that, it was difficult to pursue and recover debt in instances where taxpayers were not registered as well as where both the declarant and the consignee were no longer operating as business entities.

iii. Expired Temporal Importation Permits (TIPs)

Temporal Importation Permit (TIPs) are issued for goods that come into the country and are meant to be re-exported back in an unaltered condition. When all the conditions are met and the goods return in the same state, no duties and taxes are payable.

The imported goods are supposed to be re-exported by a specific date which is captured on ASYCUDA and when the period expires, a follow up action must be instituted by the port of entry and the necessary taxes collected.

A review of 2011 Temporal Importation Permits revealed that fifty two (52) TIPs entries with amounts totalling K4,464,579,677 had expired as at 31st March 2012 as detailed below.

| Station | No. of expired TIPs | Value K |
|--------------|---------------------|----------------------|
| Kitwe | 2 | 10,862,880 |
| Chirundu | 50 | 4,453,716,797 |
| Total | 52 | 4,464,579,677 |

However, as of December 2012, there was no evidence of any follow up action on the Expired TIPs entries.

iv. Unaccounted for Duty on Motor Vehicles

A physical verification of seized motor vehicles as captured on the yard status registers in Nakonde revealed that fifty six (56) motor vehicles with an estimated Value for Duty Purposes (VDP) of K723,424,992 could not be traced to the customs yard and the station management did not provide details of the whereabouts of the vehicles.

In their response, Management stated that the challenges at Nakonde were perpetuated by the incomplete infrastructure and lack of adequate space to conduct

customs formalities in the midst of high volumes of importations. They also stated that the finding had been referred to their Internal Affairs unit as part of their internal procedures in dealing with such matters.

However as of November 2012, the fifty six (56) motor vehicles with an estimated Value for Duty Purposes (VDP) of K723, 424,992 were still missing.

v. Missing Gazetted Goods - Chirundu Border Post

Various assorted goods with Value for Duty Purposes (VDP) amounting to K9,940,000 seized during the period from 27th July 2010 to 15th August 2010 and gazetted on Gazette Notice No. 43 of 2011 were missing from the State Warehouse in Chirundu.

Although in their response Management stated that they would engage the station on the matter as well as liaise with Internal Affairs section, as of November 2012 the goods had not been recovered.

| | | |
|--------------------|------------|---|
| PROGRAMME: | 5 | Exceptional Revenue |
| | 8 | Fees and Fines |
| | | Ministry of Energy and Water Development |
| ACTIVITIES: | 010 | ERB Licence Fees |
| | 065 | Water Board Fees |

7. In the Estimates of Revenue and Expenditure for the years ended 31st December 2010 and 2011, a total provision of K27,706,583,500 was made for collection of revenue against which amounts totalling K35,537,912,011 were collected resulting in an over collection of K7,831,328,511 as shown in the table below.

| Year | Budget Provision K | Actual Collections K | Over Collection K |
|--------------|-------------------------------|---------------------------------|------------------------------|
| 2010 | 12,400,000,000 | 17,731,674,843 | 5,331,674,843 |
| 2011 | 15,306,583,500 | 17,806,237,168 | 2,499,653,668 |
| Total | 27,706,583,500 | 35,537,912,011 | 7,831,328,511 |

Accounting and Other Irregularities

An examination of revenue records pertaining to collections carried out in March 2012 at the Ministry revealed the following:

a. Non-Remittance of 20% ERB Licence Fees to Government

Contrary to the ERB Act which states that twenty percent (20%) of total license fees collected be remitted to the Treasury on a monthly basis, the ERB had not remitted amounts totalling K6,243,903,568 being twenty percent (20%) of the funds that were collected during the period under review.

b. Failure to Collect Water Board Fees Arrears

All Water Right holders and those using public water on a temporal basis without exception are required to pay for the use of the water services in Water Rights fees. Water Rights are granted for a renewable period of five (5) years.

However, a scrutiny of records at the Water Board revealed that out of K252,857,070,400 owed to the Water Board in 2011 only K2,223,667,431 was collected resulting in outstanding arrears of K250,633,402,969 as at 31st December 2011.

Debtors' circularisation exercise conducted revealed that some clients were not agreeable to the balances in amounts totalling K17,609,876,716 reflecting as outstanding against their accounts in the records at the Water Board.

In his response dated 13th July 2012, the Controlling Officer stated that efforts were being made to streamline procedures required and that such and many more areas of weaknesses were being considered in the approved Water Authority Act as the Water Board was being phased out.

| | | |
|--------------------|----------|--|
| PROGRAMMES: | 5 | Exceptional Revenue – Ministry of Finance |
| | 6 | Interest (Loans and Investments) |
| | 8 | Fees and Fines |
| ACTIVITIES: | | Various |

8. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K35,644,852,262 was made for various revenue programmes against which amounts totalling K41,755,118,871 were collected resulting in an over collection of K6,110,266,609. See table below.

| Programme | Revised Budget K | Actual K | Over / (Under) Collection K |
|---------------------------------|-----------------------------|-----------------------|--|
| Exceptional Revenue | 15,996,049,165 | 15,961,194,670 | (34,854,495) |
| Interest (loans and Investment) | 18,164,601,414 | 24,980,656,655 | 6,816,055,241 |
| Fees and Fines | 1,484,201,683 | 813,267,546 | (670,934,137) |
| Total | 35,644,852,262 | 41,755,118,871 | 6,110,266,609 |

Accounting and Other Irregularities

An examination of accounting and other records relating to the collection and reporting of revenue carried out in August 2012 revealed the following:

a. Rent of Government Premises - Uncollected Revenue

It was noted that Zambia National Commercial Bank which has been occupying part of the ground floor of the Ministry of Finance since the early 1990s, had not been paying any rentals to the Ministry resulting in loss of revenue to government. As of December 2012, no records or agreements between the Ministry and the Bank had been availed for audit.

b. Sale of Pool Houses

i. Failure to Provide Accurate Data on the Sale of Pool Houses

A review of records regarding the sale of Government houses at the Ministry of Finance and Ministry of Transport, Works, Supply and Communication revealed that the records were at variance in that whereas the database at the Ministry of Finance indicated that 13,631 houses were sold, the report at the Ministry of Transport, Works, Supply and Communication showed that 20,000 houses were sold.

In this regard, it was not possible to verify and ascertain the amounts that should have been realised from the sale and whether all the sold houses were paid for.

ii. Unaccounted for Revenue from Sale of Pool Houses

During the period from January 2010 to December 2011, a total of K2,442,634,841 was collected under the sale of pool houses out of which amounts totalling K2,037,739,998 were banked while the balance of K404,894,842 could not be traced to the bank statements and no cash was found on hand.

iii. General Receipt Books not Availed for Audit

Two (02) receipt books with receipt range 4004050 - 40044100 and 4004101 - 4004150 covering the period December 2010 to January 2011 were not availed for audit.

| | | |
|--------------------|------------|--|
| HEAD: | 8 | Fees and Fines - Ministry of Mines and Minerals Development |
| ACTIVITIES: | 015 | Fees and Surface Rental Charges |
| | 050 | Mining Licenses |
| | 093 | Other Revenues |

9. In the Estimates of Revenue and Expenditure for the years ended 31st December 2010 and 2011, a total provision of K3,890,032,103 was made against which amounts totalling K10,985,681,794 were collected resulting in an over collection of K7,095,649,691 as shown in the table below.

| Year | Budget Provision K | Actual Collections K | Over Collection K |
|--------------|-------------------------------|---------------------------------|------------------------------|
| 2010 | 1,931,518,529 | 5,500,865,426 | 3,569,346,897 |
| 2011 | 1,958,513,574 | 5,484,816,368 | 3,526,302,794 |
| Total | 3,890,032,103 | 10,985,681,794 | 7,095,649,691 |

Accounting and Other Irregularities

An examination of records carried out in March 2012 at the Ministry headquarters, Livingstone, Chipata and Kitwe Regional Mining Bureaux as well as Kitwe Mines Safety Department revealed the following:

a. Failure to collect Outstanding Area Charges

In paragraph 10 of the Auditor General's Report for the financial year ended 31st December 2008, mention was made of the failure by the Ministry to collect area charges arrears amounting to K6,293,008,954 from Mining licence holders.

A review of records carried out in March 2012, revealed that the situation had not improved as outstanding area charges had increased to K22,464,885,255.

b. Unaccounted for Revenue

Contrary to Financial Regulation No. 129 (1), out of the total collection of K347,600,000 in respect of one thousand seven hundred and forty seven (1,747) scrap metal inspection certificates, only K45,000,000 was banked while the balance of K302,600,000 could not be accounted for .

c. Missing Receipt Book - Chipata Regional Mining Bureau

Contrary to Financial Regulation No. 10 (n), one (01) general receipt book with serial numbers 1089301 to 1089350 was not availed for audit.

| | | |
|---------------------|------------|-----------------------------------|
| PROGRAMME: | 8 | Fees and Fines – Judiciary |
| ACTIVITIES : | 084 | Court and other fees |
| | 085 | Library services |
| | 086 | Fines of Court |

- 10.** In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a provision of K4,770,703,883 was made against which amounts totalling K6,235,633,453 were collected resulting in an over collection of K1,464,929,570 as shown in the table below.

| | Budget | Actual | Over / Under Collections |
|------------------|----------------------|----------------------|---------------------------------|
| | K | K | K |
| Fines of Court | 399,845,397 | 917,428,380 | 517,582,983 |
| Court Fees | 3,766,703,944 | 5,176,527,073 | 1,409,823,129 |
| Library Services | 604,154,542 | 141,678,000 | (462,476,542) |
| Total | 4,770,703,883 | 6,235,633,453 | 1,464,929,570 |

Accounting and Other Irregularities

An examination of accounting and other records relating to the collection of revenue maintained at Judiciary headquarters, Sheriff's Office and selected courts in Lusaka, Southern, Luapula and Copperbelt Provinces, carried out in September 2012 revealed the following:

a. Unaccounted for Revenue

Contrary to Financial Regulation No. 129, amounts totalling K20,497,440 collected during the period under review by various courts as shown in the table below, were unaccounted for in that there was no evidence that the money was banked and no cash was found on hand.

| Station | Amount K |
|----------------------------------|----------------------|
| Headquarters | |
| Principal Registry - Fees | 740,940.38 |
| High Court Commercial list -Fees | 6,762,000.00 |
| Small Claims -Fees | 2,146,000.00 |
| Lusaka Boma | |
| Court 5 - Fees | 1,822,800.00 |
| Kafue Local court-Fees | 371,670.00 |
| Southern Province | |
| Choma Urban Local Court-Fees | 1,089,070.00 |
| Mapanza Local Court-Fees/Fines | 3,643,960.00 |
| Luapula Province | |
| Mansa Local Court-Fees/Fines | 3,921,000.00 |
| Total | 20,497,440.38 |

b. Delayed Banking

Contrary to Financial Regulation No.121 (1), there were delays of periods ranging from 1 to 80 days in the banking of revenue by headquarters and various other courts as shown in the table below.

| Station | Amount K | No. Of Days Delayed Banking |
|---------------------------------|----------------|--------------------------------|
| Headquarters | | |
| Principal Registry | 336,067,217.38 | 1 to 12 |
| Small Claims | 21,355,000.00 | 2 to 8 |
| Chongwe Local Court-Fees | 9,790,000.00 | 1 to 36 |
| Copperbelt Province | | |
| Mufulira | | |
| Kamuchanga Local Court-Fees | 1,526,240.00 | 2 to 13 |
| Kamuchanga Local Court-Fines | 340,000.00 | 30 to 80 |
| Kitwe | | |
| Buchi I Local Court-Fines | 590,000.00 | 4 to 70 |
| Southern Province | | |
| Livingstone Local Court II-Fees | 3,330,000.00 | 1 to 8 |
| Choma Urban Local Court-Fines | 4,776,100.00 | 28 to 66 |

c. Misappropriation of Revenue

Revenues in amounts totalling K155,389,255 collected during the period under review at Lusaka Boma and Kafue local courts as shown in the table below was misappropriated in that the deposit slips supporting the banking transactions were falsified.

| Station | Amount K |
|-------------------------------|--------------------|
| Lusaka Boma | |
| Court 1 - Fees | 23,692,500 |
| Court 2 - Fees | 12,425,700 |
| Court 3 - Fees | 16,459,390 |
| Court 4 - Fees | 23,876,889 |
| Court 5 - Fees | 44,881,800 |
| Court 5 - Fines | 2,815,000 |
| Court 6 - Fees | 28,095,446 |
| Kafue Local court-Fees | 3,142,530 |
| Total | 155,389,255 |

d. Missing Accountable Documents

Contrary to Financial Regulation No. 10 (n), there were seven (7) General Receipt Books (Accounts form 40) and thirty one (31) General Revenue Cash Books (Accounts form 47B) as shown in the tables below that were not availed for audit.

General Receipt Books (Accounts Form 40A)

| Station | No. of Receipt books | Receipt Range |
|--------------------------|-------------------------|------------------------------------|
| Headquarters | | |
| Principal Registry | 1 | 3584201-3584250 |
| Lusaka Boma | | |
| Court 1 | 1 | 3523351-3523400 |
| Court 3 | 1 | 3667051-3667100 |
| Court 5 | 1 | 3394251-3394300 |
| Court 6 | 1 | 3155651-3155700 |
| Southern Province | | |
| Choma Local Court | 2 | 3157301-3157350 1135151-1135200 |
| Total | 7 | |

General Revenue Cashbooks (Accounts Form 47B)

| Station | No. of Cash Book |
|--------------------|---------------------|
| Lusaka Boma | |
| Court 6 | 1 |
| Court 5 | 10 |
| Court 4 | 10 |
| Court 3 | 10 |
| Total | 31 |

It was, therefore, not possible to ascertain the revenue that should have been collected.

PROGRAMME: 8 Fees and Fines – Road Transport and Safety Agency
ACTIVITY: 184 Road Traffic Collections

11. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011 a total provision of K214,011,487,794 was made against which K287,562,476,712 was collected resulting in an over collection of K73,550,988,918.

a. Unaccounted for Revenue

An examination of records relating to the collection and receipting of revenue at Headquarters and selected stations carried out in 2012 revealed that, Contrary to Financial Regulation Nos. 121 and 129, amounts totalling US\$4,940 and K225,896,432 collected during the period under review as shown in the table below could not be accounted for in that there was no evidence of banking and no cash was found on hand.

| Station | Stream | Amount K | Amount US\$ |
|--------------|------------------------|--------------------|----------------|
| Lumumba | ZAMTIS Collections | 176,864,954 | |
| Lumumba | Carbon Emission Surtax | 4,218,500 | |
| Nakonde | Toll Fees | | 4,940 |
| Nakonde | Road Service Licences | 44,812,978 | |
| Total | | 225,896,432 | 4,940 |

PROGRAMME: 8 Fees and Fines
Ministry of Lands

ACTIVITIES: 101 Government Rent

102 Document Fees and Registration Fees

104 Survey and Miscellaneous Fees

106 Rent of Government Premises

107 Consent Fees

108 Interest on Late Payments

109 Consideration Fees

110 Preparation Fees

12. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K79,495,952,589 was made against which amounts totalling K74,717,589,239 were collected resulting in an under collection of K4,778,363,350 as shown below.

| Description | Budget K | Actual K | Variance K |
|-------------------------------------|-----------------------|-----------------------|-------------------------|
| Ground Rent | 24,151,895,063 | 20,702,611,127 | 3,449,283,936.00 |
| Document Fees and Registration Fees | 8,868,056,920 | 8,739,183,008 | 128,873,912.00 |
| Survey and Miscellaneous Fees | 6,030,290,807 | 6,100,984,314 | (70,693,507.00) |
| Rent of Government Premises | 32,400,000 | 32,400,000 | - |
| Consent Fees | 451,127,100 | 460,065,000 | (8,937,900.00) |
| Interest on late payments | 831,808 | 539,880 | 291,928.00 |
| Consideration Fee | 39,706,491,713 | 38,406,901,210 | 1,299,590,503.00 |
| Preparation Fees | 254,859,178 | 274,904,700 | (20,045,522.00) |
| Total | 79,495,952,589 | 74,717,589,239 | 4,778,363,350.00 |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations carried out in September, 2012 revealed the following:

a. Unaccounted for Revenue

Contrary to Financial Regulation No. 129, out of a total of K2,342,892,864 collected at five (5) stations, K2,258,449,028 was banked while a balance of K84,443,836 was unaccounted for as shown in table below.

| Station | Amount Collected K | Amount Banked K | Unaccounted for Funds K |
|------------------|-----------------------|----------------------|----------------------------|
| Solwezi | 990,006,000 | 977,094,000 | 12,912,000 |
| Mansa | 417,947,975 | 379,967,099 | 37,980,876 |
| Chipata - Survey | 331,116,000 | 326,429,500 | 4,686,500 |
| Chipata - Lands | 500,303,906 | 491,044,197 | 9,259,709 |
| Mongu | 103,518,983 | 83,914,232 | 19,604,751 |
| Total | 2,342,892,864 | 2,258,449,028 | 84,443,836 |

b. Delayed Banking

Contrary to Financial Regulation No.121 (1), there were delays of periods ranging from 3 to 96 days in banking of revenue collected during the period under review at four (4) stations as shown in the table below.

| Station | Amount Delayed K | No of Days Delayed |
|-------------|---------------------|--------------------|
| Solwezi | 418,220,000.00 | 3 to 24 |
| Kabwe | 106,530,000.00 | 3 to 57 |
| Mongu | 2,097,985.00 | 12 to 96 |
| Livingstone | 10,630,000.00 | 3 to 48 |

c. Dishonoured Cheques – Ndola Office

Three (3) cheques amounting to K11,243,020 received from clients during the period under review were dishonoured and as of December 2012 they had not been replaced, contrary to Financial Regulation No. 143.

PROGRAMMES: 8 Fees and Fines

Ministry of Agriculture and Cooperatives

ACTIVITIES: Various

13. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2010 and 2011, provisions totalling K5,826,382,980 were made against which K6,497,049,211 was collected resulting in an over collection of K670,666,231 as shown in the table.

| Year | Provision K | Actual Collection K | (Under) / Over Collection K |
|--------------|----------------------|---------------------------|-----------------------------------|
| 2010 | 1,432,296,011 | 3,120,717,524 | 1,688,421,513 |
| 2011 | 4,394,086,969 | 3,376,331,687 | (1,017,755,282) |
| Total | 5,826,382,980 | 6,497,049,211 | 670,666,231 |

Accounting and Other Irregularities

An examination of revenue records maintained at the Ministry and selected stations carried out in October 2012 revealed the following:

a. Unaccounted for Revenue

Contrary to Financial Regulation No. 129, amounts totalling K202,115,092 collected at various stations during the period under review as shown in the table below, were unaccounted for in that there was no evidence of banking nor was cash found on hand.

| Station | Amount K |
|--|--------------------|
| 2011 | |
| Zambia Agricultural Research Institute(ZARI) | 147,417,300 |
| Fisheries-Solwezi | 15,438,600 |
| Fisheries-Mkushi | 1,363,200 |
| Veterinary- Siavonga | 3,192,000 |
| Veterinary- Sinazongwe | 931,800 |
| Total | 168,342,900 |
| 2010 | |
| Agriculture & Co-operatives | |
| Livingstone- Import &Export | 3,695,000 |
| Chipata-Phytosanitary | 3,578,500 |
| | 7,273,500 |
| Livestock | |
| Chilanga Fisheries | 2,321,600 |
| Livingstone Veterinary Office | 3,263,200 |
| Livingstone Fisheries Dept. | 918,625 |
| Sinazongwe Fisheries | 9,101,117 |
| Mazabuka Fisheries | 496,000 |
| Chipata veterinary | 7,618,400 |
| Mongu Fisheries | 2,779,750 |
| | 26,498,692 |
| GRAND TOTAL | 202,115,092 |

b. Delayed Banking

Contrary to Financial Regulation No.121, there were delays of periods ranging from 1 to 400 days, as shown in the table below, in banking revenue collected during the period under review.

| Station | Amount K | No. of Days |
|--|-------------|----------------|
| 2011 | | |
| Zambia Agricultural Research Institute(ZARI) | 70,675,000 | 8 to 90 |
| Veterinary - Mkushi | 885,600 | 160 to 400 |
| Veterinary - Choma | 28,962,200 | 1 to 19 |
| 2010 | | |
| Agriculture and Co-operatives | | |
| Research Institute | 204,596,000 | 14 to 118 |
| Lusaka International Airport | 120,974,500 | 2 to 58 |
| Nakonde - Imports & Exports | 16,246,000 | 2 to 43 |
| Chipata Phytosanitary | 14,027,000 | 5 to 15 |
| Livestock Section | | |
| Headquarters | | |
| Veterinary & Livestock Dept. | 302,736,000 | 3 to 44 |
| Veterinary Services | 64,945,000 | 1 to 7 |
| Provincial Offices | | |
| Livingstone Veterinary | 10,614,500 | 1 to 30 |
| Mongu Fisheries | 5,842,500 | 286 to 317 |

c. Missing Accountable Documents

- i. Contrary to Financial Regulation No. 10 (n), there were twenty (20) export permit books, nine (9) stock movement permit books, twelve (12) general receipt books (Accounts form 40) and twenty (20) stock movement permit receipts that were not availed for audit as shown in the table below.

| Station | Accountable Document Type | Receipt Range | Number |
|--------------------|--------------------------------|------------------|--------|
| Ndola | | | |
| Veterinary | Export Permit Books | 05501-06000 | 20 |
| Phytosanitary fees | General Receipt Books | 2832101-2832300 | 2 |
| Veterinary | Stock Movement Permits Books | 01001 - 01500 | 9 |
| Livingstone | | | |
| Veterinary | Stock Movement Permit Receipts | 3849-3868 | 20 |
| Solwezi | | | |
| Veterinary | General Receipt Books | 3129901 -3979750 | 10 |

- ii. Contrary to Financial Regulation No. 10 (n), seven (7) receipt books for Chilanga Fisheries and three (3) certificates for Phytosanitary services were not presented for audit as shown below.

| Chilanga Fisheries - Unpresented Receipt Books | |
|--|--------------------------|
| No. | Serial Range |
| 1 | 0350751-0350800 |
| 2 | 0350901-0350950 |
| 3 | 0351151-0351200 |
| 4 | 0351201-0351250 |
| 5 | 0351451-0351500 |
| 6 | 0351601-0351500 |
| 7 | 0351651-0351700 |
| KK International Airport - Phytosanitary services | |
| No. | Certificate Range |
| 1 | 184541- 184560 |
| 2 | 187101- 187120 |
| 3 | 188921- 188940 |

EXPENDITURE

HEAD: 04/01 Ministry of Gender in Development

UNITS: Various

PROGRAMMES: Various

ACTIVITIES: Various

14. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K18,881,780,384 was made to cater for various activities at the Ministry against which amounts totalling K17,212,741,577 were released resulting in an underfunding of K1,669,038,807.

Accounting and Other Irregularities

An examination of the financial and other records maintained at the Ministry Headquarters and visits to selected provinces carried out in July 2012 revealed the following:

a. Ministry Headquarters

i. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K20,470,000 issued to four (4) officers during the period under review had not been retired as of December 2012.

ii. Economic Empowerment for Women

In order for the Government to support the economic empowerment activities for women, the Ministry came up with a policy to disburse grants and procure hammer mills for various women groups countrywide. In this regard, during the period under review a total amount of K11,916,666,667 was released to cater for empowerment activities.

The Ministry disbursed K947,566,300 to various women groups for training in entrepreneurship skills, assist with start-up capital and facilitate expansion for existing businesses and K10,969,100,367 was used to procure hammer mills.

A scrutiny of records pertaining to the programme revealed the following:

• **Hammer Mills**

Out of the K10,969,100,367 released for the purchase of the hammer mills, K6,847,893,800 was spent leaving a balance of K4,121,206,567 unaccounted for as shown below.

| Supplier | Qty | Unit Price K | Total K |
|--------------------------|------------|-------------------------|----------------------|
| Saro Agro Industrial Ltd | 210 | 21,333,000 | 4,479,930,000 |
| Saro Agro Industrial Ltd | 12 | 19,663,650 | 235,963,800 |
| Chunlei Machinery Ltd | 100 | 21,320,000 | 2,132,000,000 |
| Total | 322 | | 6,847,893,800 |

• **Contract with Saro Agro Industrial Ltd**

In June 2011, the Ministry engaged Saro Agro Industries Limited to supply two hundred and ten (210) hammer mills at a contract price of K4,479,930,000 with a delivery period of two (2) to eight (8) weeks. The terms of the contract included among other things the following:

- **Advance Payment:** Ten percent (10%) would be paid within thirty (30) days of signing the contract against a simple receipt and a purchase guarantee for the equivalent amount in the form provided in the bidding documents or another form acceptable to the purchaser.
- **On delivery:** Eighty percent (80%) of the contract price was to be paid to the supplier upon receipt of goods and upon submission of the documents specified in the GCC Clause 12.
- **On acceptance:** The remaining ten percent (10%) of the contract price was to be paid to the supplier within thirty (30) days after the date of the acceptance certificate for the respective delivery issued by the Purchaser.
- The supplier's request for payment to be made in writing, accompanied by invoices describing as appropriate, the goods delivered and related services performed, and by the documents submitted pursuant to GCC Clause 12 and upon fulfilment of all other obligations stipulated in the contract.
- The purchaser may without prejudice to all its other remedies under the contract, deduct from the contract price, as liquidated damages, a sum not exceeding 0.5% of the undelivered price of the delayed goods or unperformed services for each week or part thereof of delay until actual delivery or performance up to a maximum deduction of 10%.

However, contrary to the terms of the contract, the Ministry paid the full contract price of K4,479,930,000 to Saro Agro Industrial Limited before any of the hammer mills could be supplied. It was also observed that, despite the supplier being paid in full, the hammer mills were not supplied in the stipulated delivery period of two (2) to five (5) weeks but were delivered fourteen (14) weeks after the signing of the contract. Further, although the contract provided for liquidated damages, the Ministry could not enforce the clause as the supplier had already been paid in full.

- **Contract with Chunlei Machinery**

On 14th June 2011, the Ministry engaged Chunlei Machinery and Electrical Limited for the supply of one hundred (100) hammer mills at a contract price of K2,132,000,000 with a delivery period of six (6) weeks.

The terms of the contract included among others:

- 100% payment upon delivery and acceptance of the goods.
- The purchaser may without prejudice to all its other remedies under the contract, deduct from the contract price, as liquidated damages, a sum not exceeding 0.5% of the undelivered price of the delayed goods or unperformed services for each week or part thereof of delay until actual delivery or performance up to a maximum deduction of 10%.

The following were observed:

- Contrary to the terms of the contract, the Ministry paid the full contract price of K2,132,000,000 to the Chunlei Machinery before the delivery and acceptance of the goods. It was also observed that, despite the supplier being paid in full, the hammer mills were not supplied in the stipulated delivery period of six (6) weeks but were delivered twelve (12) weeks after the signing of the contract. Further, although the contract provided for liquidated damages, the Ministry could not enforce the clause as the supplier had already been paid in full.
- The Contract required inspection and tests to be done prior to the shipment of goods and a final acceptance certificate issued upon delivery of the goods. In this regard, a pre-shipment certificate was to be issued by a member accredited to International Standards Organization (ISO) for the purpose of inspection for conformity to specifications.

However, contrary to the provisions of the contract, no pre-shipment certificate had been issued as of July 2012 indicating that no pre shipment inspections and tests were carried out.

b. Unaccounted for Hammer Mills

The three hundred and twenty two (322) hammer mills procured by the Ministry were to be distributed to one hundred and fifty (150) Constituencies.

Out of the three hundred and twenty two (322) hammer mills procured by the Ministry and delivered to Government Stores, two hundred and fifteen (215) were collected by Members of Parliament, forty (40) by Provincial Administrations, ten (10) were in the warehouse while the balance of fifty seven (57) costing K1,215,240,000 could not be accounted for. As of October 2012, the matter had not been reported to the Police.

c. Physical Inspection of Delivered Hammer Mills

A physical inspection in selected constituencies, carried out in July 2012, revealed the following:

Lusaka Province

Lusaka Province was allocated a total of twenty four (24) hammer mills out of which seventeen (17) were collected by the respective area Members of Parliament, leaving a balance of seven (7) which were in storage at Government Stores Headquarters. A physical verification revealed the following:

i. Matero Constituency – Unaccounted for Hammer Mills

According to the records maintained at the Ministry of Gender, two (2) hammer mills were collected by the area Member of Parliament. One (1) of the two (2) hammer mills was installed in the constituency as can be seen in picture below.



However, the whereabouts of the other hammer mill could not be established as of October 2012.

ii. Mandevu Constituency

The area Member of Parliament collected two hammer mills for use in the constituency. However, as of October 2012, the hammer mills had not been installed and were lying idle at Mandevu Area Women's Association.

iii. Kanyama Constituency

Kanyama constituency received two (2) hammer mills. A verification with the constituency office revealed that the two hammer mills distributed were both stored at the constituency office and were unused as of October 2012. See pictures below.



iv. Chongwe Constituency – Un accounted for Hammer Mills

Records at the Ministry of Gender showed that Chongwe constituency was allocated with two hammer mills. However, a verification carried out at the Constituency Office revealed that the whereabouts of the hammer mills could not be established as of October 2012.

Southern Province

The Province was allocated a total of thirty eight (38) hammer mills out of which twenty three (23) were collected by respective area Members of Parliament while fifteen (15) were collected by the Provincial Administration. A physical verification in selected constituencies revealed the following:

i. Provincial Administration

Although records at the Ministry indicated that the Provincial Administration had collected fifteen (15) hammer mills, only fourteen (14) were accounted for while one (1) was missing. Further, as of October 2012, the fourteen (14) hammer mills had not been distributed and were still in storage at Government Stores in Livingstone. See picture below.



ii. Livingstone Central Constituency

Three (3) hammer mills were distributed within Livingstone Central Constituency instead of the required allocation of two (2). No reasons were given by the Ministry for the excess distribution.

iii. Katombora Constituency

The hammer mill delivered to Maruvwa Women's Club in Silelo area was missing, as of October 2012 and the matter had since been reported to the Police.

iv. Pemba Constituency

The constituency received one (1) hammer mill which was delivered by the area Member of Parliament. However, as of October 2012, the hammer mill was missing and the matter had not been reported to the Police.

North-Western Province

North - Western province was allocated a total of twenty seven (27) hammer mills, out of which twenty three (23) had been collected by the respective Members of Parliament, and four (4) by the Provincial Administration. A physical verification in selected constituencies revealed the following:

i. Zambezi East Constituency

- **Excess Distribution**

Zambezi East constituency received a total of five (5) hammer mills instead of the recommended two (2). The reasons for the excess distribution were not given.

- **Hammer mills at the Police Station**

One (1) hammer mill meant for Luwi Iwa Nzambi Women's group had not been collected as of October 2012. It was still being kept at the police station in Zambezi. See picture below.



Hammer mill at Police Station – Zambezi

- **Un-operational Hammer Mill**

An inspection of the hammer mill delivered to Kudizoza Women's Club revealed that though it was installed, it was not being used by the Community. See picture below.



- **Hammer Mill Diverted to the Palace**

The hammer mill meant for the SDA Women's Group at Chief Kalilele's area was diverted to Chief Mujimazovu's palace. As of October 2012, the hammer mill was still at the palace.

- ii. **Solwezi West Constituency**

The hammer mill meant for Manyamama area was not delivered to the designated women's group but was instead delivered to Chief Mumema's Palace. As of October 2012, the hammer mill was still at the palace.

Copperbelt Province

The Copperbelt province was allocated a total of forty four (44) hammer mills, out of which twenty two (22) were collected by respective area Members of Parliament and the remaining twenty two (22) by the Provincial Administration. A physical verification in selected constituencies revealed that:

- i. **Provincial Administration**

Out of the twenty two (22) hammer mills collected by the Provincial Administration, fifteen (15) were still in storage at Government Stores in Ndola while seven (7) were not accounted for.

ii. Chililabombwe Constituency

Chililabombwe Constituency received two (2) hammer mills. The two (2) hammer mills were delivered to Naomi and Nakatindi women’s clubs respectively. As of October 2012, the hammer mills had not been installed. See pictures below.



Hammer mill in storage



Hammer mill at kept at the market

iii. Chingola/Nchanga Constituency

Chingola Municipal Council collected four (4) hammer mills for distribution to women’s groups in Chingola Central and Nchanga constituencies.

As of October 2012, the hammer mills had not been delivered to the intended beneficiaries and were still lying idle at the council offices.

iv. Kalulushi Constituency

A visit to the District Administration revealed that the constituency received two (2) hammer mills. As of October 2012 the hammer mills had not been installed in the constituency as the community preferred electrical hammer mills as opposed to the diesel ones. See picture below.



Hammer mill stored at private

v. Mufulira Constituency

The area Member of Parliament collected two (2) hammer mills. However, the whereabouts of the hammer mills were unknown.

vi. Luanshya Constituency

The area Member of Parliament collected two (2) hammer mills. The hammer mills were delivered and installed at Mpindu Ward Councillor's residence.

vii. Kankoyo Constituency

The area Member of Parliament collected two (2) hammer mills. However, the whereabouts of the hammer mills were unknown.

viii. Wusakile Constituency

The area Member of Parliament collected two (2) hammer mills. The hammer mills were delivered and installed at the Ward Chairman's residence. The hammer mills have since been confiscated by the law enforcement agencies.

Central Province

Central province was allocated a total of thirty two (32) hammer mills out of which twenty four (24) were collected by the area Members of Parliament while the balance of eight (8) hammer mills were still in storage at Government Stores Headquarters. A physical verification revealed the following:

i. Chisamba Constituency

Although records at the Ministry Headquarters showed that two (2) hammer mills were delivered to the Constituency, inquiries at the District Administrator's Office in Chibombo revealed that the constituency received only one (1) hammer mill. The other hammer mill was not accounted for.

ii. Kabwe Central Constituency

The Constituency received two (2) hammer mills which were distributed to Temwani and Twikatane women's clubs. However, the hammer mill delivered to Temwani women's club in Luangwa Township was retrieved by the District Administrator's office and put in storage at Government Stores warehouse (see picture below) while the hammer mill delivered to Twikatane women's club had not been installed as of October 2012.



Hammer mill stored at Govt. Stores Warehouse-Kabwe

iii. Keembe Constituency

The hammer mill which was delivered to Makoka Women's club in Chitanda ward was irregularly collected by the headwoman resulting in failure by the women's club to access the services.

iv. Mkushi (North) Constituency

Out of the two (2) hammer mills received by the Member of Parliament, one (1) was delivered to Bwafwano and Twikatane women's clubs while the other hammer mill was not accounted for.

HEAD: 11 Zambia Police - Ministry of Home Affairs

UNITS: Various

PROGRAMMES: Various

ACTIVITIES: Various

- 15.** In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a provision of K750,783,775,557 was made to cater for various activities for the Zambia Police against which a total amount of K745,226,399,237 was released resulting in an underfunding of K5,557,376,320.

Irregularities in Accounting and Management of Funds

An examination of accounting and other records maintained at the Zambia Police Headquarters and selected Divisional Offices carried out in March 2012 revealed the following:

a. Headquarters

i. Holding Workshops without Cabinet Office Authority

Contrary to Cabinet Office Circular No. 7 of 2006, the Zambia Police held workshops at private institutions and lodges without obtaining authority from

Cabinet Office. In this regard, amounts totalling K334,053,451 were irregularly spent on accommodation and allowances for officers attending the workshops.

ii. Irregular Drawings of Fuel

Contrary to Cabinet Office Circular No. 3 of 2000 which requires that officers in the ranks of Permanent Secretaries, their equivalent or above be assigned with personal to holder vehicles as well as 400 litres of fuel per month to cover for local travels undertaken within a radius of 30km, it was observed that seven (7) senior officers who were paid fuel allowances amounting to K211,520,000 also drew a total of 3,913 litres of fuel costing K32,892,015 from the pool fuel account without proper justification.

iii. Fuel Drawings by Former Inspectors General of Police

Cabinet Circular No. B.6 of 2006 outlines the retirement package for retired Defence and Security Chiefs which does not include the provision of fuel.

However, it was noted that three (3) former Inspectors General who retired between 2000 and 2008 drew a total of 2,286 litres of diesel costing K18,171,414 during the period from January to December 2011 contrary to the circular.

iv. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K410,128,250 issued to twenty two (22) officers had not been retired as of October 2012.

v. Goods Without Receipt and Disposal Details

Contrary to Public Stores Regulation No.16, stores items costing K161,339,252 purchased during the period under review could not be verified as received due to lack of appropriate supporting documentation such as goods received notes and delivery notes.

vi. Purchase of Houses in Mufulira

In November 2010, the Ministry entered into a contract with Mufulira Municipal Council for the procurement of fourteen (14) houses for the Zambia Police at a total cost of K323,729,000. The houses are located in Kansuswa residential area and consist of four (4) detached houses and ten (10) semi detached houses. The

whole amount of K323,743,000 was paid to the Council in December, 2010. It was observed that although the valuation report was prepared, no structural assessment report was availed to ascertain the status of the houses at the time of buying. A physical inspection of the fourteen (14) houses revealed that all the houses had cracks.

vii. Construction of a Forensic Laboratory in Lusaka West

In December 2009, the Ministry of Home Affairs signed a contract with Spenco Polyphase Ltd to construct an underground water tank, water supply reticulation, drainage and associated electrical works at the site of the forensic laboratory in Lusaka west at a contract sum of K9,856,323,361. The contract had a completion period of twelve (12) months from the date of signing the contract.

As of May 2012, the whole amount of K9,856,323,361 had been paid to the contractor. The following observations were made:

- **Lack of Defect Liability Clause**

The contract did not provide for a defect liability clause thereby reducing the opportunity for rectifications in case of defects.

- **Sewer ponds - 1st Phase**

There were cracks (*See picture below*) on the walkways of the sewer pond. Further, it was noted that despite the defects, the Buildings Department had recommended that the contractor be paid retention funds amounting to K311,725,160.



Cracks on concrete walkway

viii. Construction of Pump Houses and Associated Works – (2nd Phase)

In June 2011, the Ministry engaged African Brothers Corporation to site, drill and equip boreholes and to construct two (2) pump houses and associated works at a contract sum of K3,033,788,600 with a completion period of twenty four (24) weeks commencing from the date of the contract. The specific conditions of the

contract provided for a defect liability period of twelve (12) months at 5% of the contract sum. It further provided for penalties of 0.5% of the value of uncompleted works per day in the event of delays in completion of the project. As of April 2012, the contractor had been paid K606,757,720 (20%). The following were observed:

- **Delays to Complete Woks**

Contrary to the provisions of the contract, the works had been delayed by twenty four (24) weeks and the conditions of the contract regarding the payment of penalties for delays in completing works had not been invoked.

- **Physical Status**

A physical inspection carried out in May 2012 revealed that only one pump house had been constructed as shown below.



Pump House – 25/04/2012

b. Zambia Police Divisions

A follow up audit on the utilisation of funds released for General Administration in Zambia Police Divisions carried out in March 2012 revealed the following:

i. Uncompetitive Procurements

Contrary to procurement guidelines, purchases of goods and services costing K52,902,400 procured during the period under review by Luapula Division were made without obtaining three (3) competitive quotations.

ii. Irregular Fuel Drawings

Contrary to Cabinet Office Circular No. 3 of 2000 which requires that officers in the ranks of Permanent Secretaries, their equivalent or above be assigned with Personal-to-holder vehicles as well as be entitled to 400 litres of fuel per month to cover for

local travels undertaken within a radius of 30km, it was observed that officers below the ranks of Senior Assistant Commissioner of Police were paid fuel allowances amounting to K59,493,000 and also drew 34,161 litres of fuel costing K256,150,400 during the same period.

iii. Irregular Payment of Housing Allowances

In Paragraph 22 of the Auditor General's Report on the accounts for the financial year ended 31st December 2008, mention was made of the irregular payments of housing allowances to officers in the Public Service occupying either institutional or rented houses.

A review of the situation in March 2012 in Division Offices revealed that the trend had not changed in that amounts totalling K117,270,000 were paid as housing allowances to thirty four (34) officers occupying either institutional or rented houses and no recoveries had been made or the payments stopped as of March 2012 contrary to Cabinet Office Circular No. B 12 of 2010.

iv. Non Recovery of Loans and Advances

According to the Terms and Conditions of Service for Public Service, advances and loans paid to officers shall be repaid within a reasonable period of time. A review of accounting records on payment of loans and advances revealed that a total of K110,500,000 was paid to thirty one (31) officers under Copperbelt Division between January and December 2011. However, as of December 2012, recoveries had not been effected.

v. Questionable Fuel Drawings

A scrutiny of fuel coupons and ledger details showed that fuel costing K10,214,268 was drawn by vehicles belonging to the Police Service. It was however observed that, the vehicles indicated on the fuel coupon were non -runners during the periods the fuels were drawn thereby rendering the drawings questionable.

| | | |
|-------------------|-----------|---|
| HEAD: | 13 | Ministry of Energy and Water Development |
| | 01 | Headquarters |
| | 02 | Energy Department |
| | 03 | Department of Water Affairs |
| | 04 | Planning and Information |
| UNITS: | | Various |
| PROGAMMES: | | Various |
| ACTIVITIES | | Various |

16. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K688,346,431,699 was made to cater for various activities against which amounts totalling K549,803,646,803 were released resulting in an underfunding of K138,542,784,896.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry headquarters and visits to some provinces in September 2012 revealed the following:

a. Lack of a Strategic Plan

A Strategic Plan provides a strategic framework on how to achieve an organisation's goals and vision. In addition, the Ministry is required to prepare annual operational plans with specific activities aimed at achieving the set objectives in line with the Strategic Plan.

The Ministry had been operating without a Strategic Plan for the last four years since the last one expired in 2007. For a Ministry such as the Ministry of Energy which is a parent Ministry for national strategic institutions such as Zesco Limited, INDENI Oil Refinery and TAZAMA Pipelines, the absence of a strategic plan has a negative impact on the strategic direction of the Ministry in implementing Government programmes.

There was no evidence that the Ministry prepared annual operational plans whose implementation was evaluated and monitored. In this respect, the implementation of activities at Provincial level was not monitored by the Ministry Headquarters and progress reports on the activities implemented were not prepared.

b. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K292,253,472 issued to twenty seven (27) officers had not been retired as of December 2012.

c. Failure to Insure Motor Vehicles

During the period under review, two (2) motor vehicles were involved in road traffic accidents. However, the following were observed:

i. Isuzu KB 300 - GRZ 248 BX

The vehicle valued at K110,000,000 was involved in a road accident on 5th July 2011 while being driven along Great East Road. Although the Standing Accidents Board recommended on 18th July 2012 that the driver be surcharged 100% of the repair costs or his annual salary whichever is less, as of November 2012, the officer had not been surcharged. It was also observed that the vehicle was not insured.

ii. Toyota Hilux - GRZ 147 BX

The vehicle valued at K130,000,000 was involved in a road accident in November 2011 and was extensively damaged. Although the Standing Accident Board recommended on 25th June, 2012 that the driver of the vehicle be surcharged 100% of the repair costs or his annual salary as he was at fault, as of November 2012, the driver had not been surcharged. It was observed that no insurance claims could be made as the vehicle was not insured.

d. Unaccounted for Fuel

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of fuel costing K218,700,000 procured during the period under review.

e. Construction of Earth Dams

A total amount of K6,619,338,474 was provided in the Estimates of Revenue and Expenditure for the year 2011 for the construction of earth dams and the whole amount was released. The amount released was for the construction of five (5) small dams for multipurpose use such as increasing access to water for irrigation/ livestock, fisheries, flood/drought mitigation and water conservation.

The funds were disbursed as shown in the table below:

| Province | Amount K |
|--------------|----------------------|
| Central | 1,408,338,474 |
| Luapula | 1,400,000,000 |
| Eastern | 1,550,000,000 |
| Southern | 1,400,000,000 |
| Northern | 761,000,000 |
| Copperbelt | 100,000,000 |
| Total | 6,619,338,474 |

An examination of records and a physical inspection of the dams constructed in Southern, Central and Eastern Provinces carried out in August/September 2012 revealed the following:

i. Southern Province – Construction of Konkola Dam in Mazabuka

In October 2011, Kalomo Contractors was engaged to construct Konkola Dam at a contract sum of K1,196,061,180 for a duration of twelve (12) weeks.

The scope of works included site clearing, excavation and backfilling, earth works, concrete works, masonry works, spillway channel outlet works and protection works.

As of August 2012, the contractor had been paid a total amount of K1,289,745,295 which represented the full contract sum of K1,196,061,180 and an additional amount of K93,684,115 for additional works on the spillway.

Although the contractor was paid in full, a physical inspection of the works carried out in September 2012 revealed that the works had not been completed.

The outstanding works included concrete, masonry, spillway channel outlet and protection works which had not been completed thirty two (32) weeks after the end of the contract period. See picture below.



An incomplete Konkola Dam in Mazabuka

The Provincial Water Officer issued a certificate of completion, resulting in the contractor being paid in full when works had not been completed causing loss to Government.

ii. Eastern Province – Construction of Munduwi Dam in Chipata

The Provincial office received an amount of K1,400,000,000 for the construction of Munduwi Dam in Chipata. The construction works were done by the Provincial office by engaging the local community who were supervised by the site engineer from the Provincial Water Affairs Office. The funds were utilised on purchase of building materials (K619,190,000), fuel (K180,000,000) and payment for labour (K600,810,000) bringing the total amount spent as of August 2012 to K1,326,966,000.

However, the following were observed:

- **Failure to Maintain Records**

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of building materials and fuel costing K799,190,000 procured during the period under review. In this regard, it was not possible to ascertain whether all the materials procured were utilised on the project.

As of October 2012, only 5m of the 12m height had been constructed despite spending K1,326,966,000. See picture below.



An incomplete Munduwi Dam in Chipata

f. Maintenance of Dams

A total funding of K5,159,680,000 was received by the Ministry in 2011 for the maintenance of sixty two (62) dams identified in all the nine provinces for increased

access to water for irrigation/ livestock, fisheries, water supply, conservation, tourism and other uses. Out of the total amount received, a total amount of K4,808,000,000 was disbursed to the Provinces leaving a balance of K351,680,000 at headquarters which was utilised on monitoring the programme. The funds were disbursed as shown in the table below.

| Province | Amount K |
|---------------|----------------------|
| Central | 768,000,000 |
| Copperbelt | 390,000,000 |
| Eastern | 1,090,000,000 |
| Luapula | 360,000,000 |
| Lusaka | 570,000,000 |
| North Western | 590,000,000 |
| Northern | 430,000,000 |
| Southern | 160,000,000 |
| Western | 450,000,000 |
| Total | 4,808,000,000 |

An examination of records and a physical inspection of dams rehabilitated in Southern, Central and Eastern Provinces carried out in October 2012 revealed the following:

i. Eastern Province – Chaboli Dam – Wasteful Expenditure

An amount of K500,000,000 was allocated for the rehabilitation of the dam and the whole amount was spent on purchase of building materials (K125,000,000), fuel (K212,958,000) and payment for labour (K162,042,000).

The works involved rehabilitation of the main earth dam which had been washed away, site clearing, and collection of sand and construction of the main dam up to eight meters (8m).

A physical inspection of the dam in October 2012 revealed that the dam had been washed away rendering the expenditure of K500,000,000 wasteful. See picture below.



Washed away Chaboli Dam

ii. Central Province - Chikumbi Dam – Wasteful expenditure

The Provincial Office received K350,000,000 in June 2011 for the rehabilitation of the eroded spill way at the dam. A total amount of K224,200,000 was utilised on hire of equipment for a period of fourteen (14) days from Pamwaka Agencies, a contractor. The balance was utilised on purchase of fuel (K47,730,000), purchase of materials (K29,938,000) and payment of allowances (K38,288,000) leaving a balance of K9,844,000 as of October 2012.

Although the funds were received in June 2011, works only commenced on 9th November 2011, five months later. On 21st November 2011, Pamwaka Agencies retrieved their equipment from the site due to rains, on an understanding that the equipment was to be brought back on site after the rainy season.

A physical inspection of the works in October 2012 revealed that the spill way which was back filled had been washed away rendering the expenditure of K340,156,000 wasteful. See picture below.



Chikumbi dam with washed away spill way

g. Groundwater Resources Development for Drought Prone Cholera Areas

The Ministry received a total amount of K3,600,000,000 for the drilling of boreholes in Eastern, Lusaka, Central, Southern, Luapula, Northern and Western Provinces. In this regard, K1,409,000,000 was disbursed to the Provinces for drilling of one hundred and one (101) boreholes while K1,254,979,642 was utilised to purchase borehole equipment such as casing pipes (K748,664,000), fuel for borehole drilling (K248,777,300) and allowances for monitoring and other related activities (K257,538,342) leaving a balance of K936,020,358 as of August 2012.

The funds were disbursed to the Provinces as shown in the table below.

| Province | Amount K | No. of Boreholes |
|-----------------|----------------------|-----------------------------|
| PWO Northern | 114,000,000 | 10 |
| PWO Eastern | 187,500,000 | 15 |
| PWO Central | 125,000,000 | 10 |
| PWO Southern | 125,000,000 | 10 |
| PWO Luapula | 187,500,000 | 15 |
| PWO Western | 125,000,000 | 10 |
| PWO Lusaka | 95,000,000 | 11 |
| PWO Northern | 450,000,000 | 20 |
| Total | 1,409,000,000 | 101 |

A visit to selected districts in Southern, Central and Eastern Provinces carried out during the period from August to October 2012 revealed the following:

i. Southern Province – Works Not Commenced

The Provincial Office received K125,000,000 in June 2011 to drill ten (10) boreholes in the districts. A total amount of K39,271,422 was utilised on payment of allowances for borehole siting leaving a balance of K85,728,578 still in the bank account as of November 2012.

It was observed that although ten (10) sites were identified for drilling in Kazungula and Livingstone no boreholes had been drilled under the programme as of November 2012.

Inquiries made at the Provincial Office revealed that the Province has had no drilling rig since 2010.

ii. Eastern Province – Incomplete Works

The Provincial Office received K187,500,000 in June 2011 to drill fifteen (15) boreholes in the province. The funds were utilised on purchase of fuel and payment of allowances for drilling and monitoring of boreholes.

However, as of September 2012, only three (3) out of the fifteen (15) boreholes had been drilled and all the funds had been spent on the three (3) boreholes.

iii. Central Province – Incomplete Works

A funding of K125,000,000 was received in May 2011 to drill ten (10) boreholes in the Province. The funds were utilised on purchase of fuel (K53,756,000), payment of allowances (K44,370,000) for borehole drilling and purchase of spare parts (K26,874,000) for drilling equipment.

A verification of the works done in October 2012 revealed that only four (4) out of the ten (10) boreholes had been drilled and all the funding received had been spent.

h. Water Resource Development for Health, Education and Strategic Institutions

An amount of K2,231,540,000 was received for the drilling of boreholes. A total amount of K2,170,000,000 was disbursed to the provinces leaving a balance of K61,540,000 which was spent on monitoring of the programme. The funds were disbursed to the provinces to facilitate the works as shown in the table below.

| Province | Amount K | No. of Boreholes |
|-----------------|----------------------|-----------------------------|
| PWO Central | 125,000,000 | 10 |
| PWO C/belt | 1,325,000,000 | 106 |
| PWO Eastern | 125,000,000 | 10 |
| PWO Lusaka | 95,000,000 | 10 |
| PWO Luapula | 62,500,000 | 5 |
| PWO Northern | 125,000,000 | 10 |
| PWO N/Western | 125,000,000 | 10 |
| PWO Southern | 62,500,000 | 5 |
| PWO Western | 125,000,000 | 10 |
| Total | 2,170,000,000 | 176 |

A visit to selected districts in Southern, Central and Eastern Provinces carried out during the period from August to October 2012 revealed the following:

- **Southern Province – Incomplete Works**

The Provincial office was funded an amount of K62,500,000 to drill five (5) boreholes at strategic institutions in Southern Province. A total of K50,860,000 was utilised on payment of allowances for drilling and pump installation leaving a balance of K11,640,000 still in the bank account.

It was observed however that as of October 2012, out of the five (5) boreholes funded, only one (1) had been drilled in Kalomo.

- **Eastern Province – Incomplete Works**

The Provincial Office received K125,000,000 for drilling ten (10) boreholes in the Province. The funds were utilised on payment of allowances (K35,000,000) and purchase of fuel (K90,000,000).

A physical inspection carried out in October 2012 revealed that only four (4) out of ten (10) boreholes had been drilled from the funding received.

i. Groundwater Resources for Trachoma Control

The Ministry received an amount of K1,000,000,000 for construction of fifty (50) boreholes for mitigation of trachoma in Southern Province (Gwembe, Choma, Sinazongwe) North western Province (Kabompo and Chavuma) and Eastern Province in Nyimba.

A total amount of K625,000,000 was disbursed to the three provinces for borehole drilling leaving a balance of K375,000,000 which was utilised at headquarters on purchase of casing pipes and hand pumps. The funds were disbursed as shown in the table below.

| Province | Amount K | Number of Boreholes Planned | Actual Boreholes Drilled |
|---------------|--------------------|--------------------------------|-----------------------------|
| Southern | 175,000,000 | 14 | 0 |
| Eastern | 125,000,000 | 10 | 4 |
| North Western | 325,000,000 | 26 | 0 |
| Total | 625,000,000 | 50 | 4 |

As can be seen from the table above, only four (4) out of the fifty (50) boreholes that were funded were drilled.

A visit to selected districts in Southern Province and discussions held with affected villagers revealed that the failure to implement the programme had a negative impact on the communities in that they continued to draw water from unsafe sources and from long distances. See picture below.



A shallow dirty well at Mukaila Village in Choma where the community draws water

Interviews with the Provincial Water Affairs Officer in Choma revealed that the failure by the Province to drill boreholes as planned was due to the fact that the Province has had no drilling rig since 2010.

j. Eastern Province

The K125,000,000 funding was received in June 2011 to drill ten (10) boreholes. The funds were utilised on purchase of fuel (K82,896,000) and payment of allowances (K42,104,000) for borehole drilling. Out of the ten (10) boreholes planned, eight (8) were drilled out of which four (4) boreholes yielded water and four (4) were dry.

| | | |
|---------------------|------------|--|
| HEAD: | 15/ | Ministry of Home Affairs |
| DEPARTMENTS: | 01 | Headquarters |
| | 03 | Passport and Citizenship |
| | 04 | Archives |
| | 05 | Immigration |
| | 06 | National Registration |
| | 08 | Research and Information Department |
| UNITS: | 01 | Human Resource and Administration |
| | 02 | Internal Audit |
| | 04 | Accounts Unit |
| | 06 | Procurement and Supplies Unit |
| | 12 | Infrastructure development |
| PROGRAMMES: | | Various |
| ACTIVITIES: | | Various |

17. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K157,006,635,623 was made to cater for various activities against which amounts totalling K121,891,791,982 were released resulting in an underfunding of K35,114,843,641 as shown in the table below.

| Head | Departments | Total Authorized Provision K | Released K | Balance K |
|--------------|------------------------|---------------------------------|------------------------|-------------------------|
| 15/01 | Headquarters | 74,968,543,582 | 73,657,398,135 | (1,311,145,447) |
| 15/03 | Passport & Citizenship | 6,450,282,816 | 4,510,358,325 | (1,939,924,491) |
| 15/04 | Archives | 2,116,085,933 | 813,559,085 | (1,302,526,848) |
| 15/05 | Immigration | 25,957,232,493 | 4,567,586,426 | (21,389,646,067) |
| 15/06 | National Registration | 45,364,773,510 | 37,944,546,830 | (7,420,226,680) |
| 15/08 | Reserch & Information | 2,149,717,289 | 398,343,181 | (1,751,374,108) |
| Total | | 157,006,635,623 | 121,891,791,982 | (35,114,843,641) |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters, Passport and Citizenship, Immigration and National Registration departments carried out in March 2012 revealed the following:

a. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, there were no receipts and disposal details in respect of various stores items costing K505,282,661 procured during the period under review.

b. Non Recovery of Loans and Advances

Recoveries in respect of loans and advances in amounts totalling K263,900,000 paid to sixteen (16) officers had not been effected as of December 2012, contrary to Terms and Conditions of Service for the Public Service.

c. Construction of the National Registration Offices

In November 2009, the Ministry engaged Risbel Enterprises to construct National Registration Offices in Kapiri Mposhi and Luangwa at a total contract price of K6,330,170,325 (Kapiri Mposhi – K3,074,445,907 and Luangwa – K3,255,724,418).

During the financial years ended 31st December 2009, 2010, and 2011 amounts totalling K4,342,916,114 were released to cater for the construction of the National Registration Offices against provisions of K6,327,995,682 as shown in the table below.

| Period | Budget Provision K | Releases K |
|--------------|-----------------------|----------------------|
| 2009 | 2,000,000,000 | 2,000,000,000 |
| 2010 | 2,163,543,682 | 1,000,000,000 |
| 2011 | 2,164,452,000 | 1,342,916,114 |
| Total | 6,327,995,682 | 4,342,916,114 |

A review of contracts and other documents in March 2012 and a physical inspection of the office blocks carried out in September 2012 revealed the following:

i. Kapiri Mposhi Office Block

On 19th November 2009, the Ministry engaged Risbel Enterprises to construct an office block for National Registration Department in Kapiri Mposhi at a contract price of K3,074,445,907 with a completion period of thirty one (31) weeks.

As of November 2012, the contractor had been paid a total amount of K1,925,352,605. It was observed that the contract period was extended on three (3) occasions with the new completion date of 23rd December 2011. Despite the new completion date having lapsed on 23rd December 2011, as of December 2012, the following works were still outstanding:

- Construction of the car park had not been completed,
- Only the first coat of paint had been applied,
- Some window panes had not been fitted,
- Installation of the ceiling board had not been completed, and
- Plumbing works had been done partially.



Incomplete Ceiling

ii. Luangwa Office Block

On 5th November 2009, the Ministry engaged Risbel Enterprises to construct an office block for National Registration Department in Luangwa at a contract price of K3,255,724,418 with a completion period of eight (8) months.

As of November 2012, the contractor had been paid a total amount of K1,781,470,190. It was observed that the contract period was extended on two (2) occasions with the new completion date of 24th February 2012. Despite the new

completion date having lapsed, as of December 2012 the following works were still outstanding:

- Plumbing works
- Construction of the car park
- Fitting of window frames and panes
- Floor tiling
- Fitting the ceiling board
- Painting inside and outside
- Completing the electrical works as only conduit pipes had been installed.



Luangwa National Registration Office



Incomplete Ceiling

HEAD: 15/01 **Ministry of Home Affairs - Headquarters**
UNIT: 12 **Infrastructure Development**
PROGRAMME: 08 **Prisons Infrastructure Development- PRP**
ACTIVITIES: **Various**

18. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K13,928,000,000 was made to cater for Prison Infrastructure Development against which K9,856,819,618 was released, resulting in underfunding of K4,071,180,382 as shown in the table below.

| Activity | Provision K | Releases K | Under Funding K |
|-------------------|-----------------------|----------------------|------------------------|
| 01 Completion of | 4,500,000,000 | 2,500,000,000 | (2,000,000,000) |
| 02 Construction - | 800,000,000 | 800,000,000 | - |
| 03 Construction – | 1,000,000,000 | 1,000,000,000 | - |
| 04 Departmental | 4,500,000,000 | 3,505,819,618 | (994,180,382) |
| 05 General Prison | 2,128,000,000 | 1,500,000,000 | (628,000,000) |
| 07 Sinking | 1,000,000,000 | 551,000,000 | (449,000,000) |
| TOTAL | 13,928,000,000 | 9,856,819,618 | (4,071,180,382) |

An examination of accounting and other records maintained at the Ministry Headquarters, Prisons and Reformatory Departments carried out during the period from January to July 2012, revealed the following:

a. Construction of Administration, Reception and Duty Rooms - Kalabo State Prison

On 14th September 2010, Kuso General Dealers was engaged to construct an administration block, duty room and reception block, at a contract price of K918,703,639 at Kalabo State Prison. The contract period was for twenty one (21) weeks from 27th September, 2010 to 27th February, 2011.

As of July 2012, the works had not been completed seventy (70) weeks beyond the expected completion date. Meanwhile the contractor had been paid a total amount of K800,316,691.

A physical inspection of the project carried out in July 2012, revealed that the following works were outstanding:

- Painting
- Fixing of window handles
- Plumbing and sanitary installations
- Electrical installations
- Ceramic floor tiling
- Construction of spoon drains, apron and pavings



Administration block.



Incomplete Reception



Cracks developing on the Verandah at the Reception

b. Construction of Luwingu State Prison - Northern Province

In December, 2010 the Provincial Administration entered into three (3) contracts with Pamoja contractors, Pamaco Construction Company Ltd and Cornerstone Heritage for various construction works as detailed below:

i. Construction of Security Fence, Kitchen, Dining Hall and Borehole - Lot 1

On 6th December 2010, Pamoja Construction Limited was engaged to construct a security fence, kitchen, dining hall and a borehole at a contract price of K1,048,520,694 with a completion period of ninety (90) days.

As of June 2012, the works had not been completed ninety one (91) days beyond the expected completion date and the contractor had been paid amounts totalling K380,042,622.

A physical inspection of the project revealed that the following works were still outstanding:

- **Security Wire Fence**

The concrete on the ground around the prison where the barbed wire rests and the fixing of the gate on the main entrance had not been done.

- Drilling of a borehole and mounting of overhead tank had not been done

- **Kitchen and Dining Hall**

- Wire ceiling of Kitchen
- Fixing of kitchen wood
- Fixing of Seven (7) doors and electrical pots
- Connection of electricity

ii. Construction of two (2) Ablution Blocks and three (3) Cell Blocks

On 6th December 2010, Pamaco Construction Limited was engaged to construct two (2) ablution blocks and three (3) cells at a contract price of K1,797,217,928 with a completion period of one hundred and fifty (150) days.

As of June 2012 the works had not been completed three hundred and sixty five (365) days beyond the expected completion date and the contractor had been paid a total amount of K1,006,175,919.

A physical inspection of the project revealed that the following works were still outstanding:

- Fixing of ten (10) doors in each ablution block and three doors in each cell
- Connection of electricity.

c. Congested Prisons

According to the UN standard Lusaka remand, Mwembeshi Open Air and Lusaka Central prisons were supposed to hold a total number of 111, 55 and 327 inmates respectively.

A visit to the prisons in June 2012 revealed that they had more inmates than the required stipulated UN standard number as shown in the table below.

| Prison | Prison Capacity (UN Standard) | Actual No. Inmates (Lock In) | Excess Inmates |
|--------------------|-------------------------------|------------------------------|----------------|
| Lusaka Remand | 111 | 502 | 391 |
| Mwembeshi Open Air | 55 | 178 | 123 |
| Lusaka Central | 327 | 1,197 | 870 |

The congested prisons therefore posed a risk to health and were contrary to UN human rights standards.

HEAD: 15 / 02 Ministry of Home Affairs-Prisons and Reformatories

PROGRAMMES: Various

ACTIVITIES: Various

- 19.** In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total authorised provision of K16,918,690,738 was made to cater for General Administration and Other Emoluments against which a total amount of K12,616,188,649 was released leaving a balance of K4,302,502,089 as shown in the table below.

| Department | Original Budget K | Supplementary K | Total Budget K | Released K | Over/ (Under Funding) K |
|---------------|-----------------------|--------------------|-----------------------|-----------------------|-------------------------------|
| Prisons HQ | 10,923,080,622 | 16,163,260 | 10,923,080,622 | 9,169,346,876 | (1,753,733,746) |
| Lusaka | 771,770,956 | - | 771,770,956 | 398,343,181 | (373,427,775) |
| Copperbelt | 1,022,190,153 | - | 1,022,190,153 | 485,163,007 | (537,027,146) |
| Central | 722,027,536 | - | 722,027,536 | 416,905,777 | (305,121,759) |
| Northern | 707,439,796 | - | 707,439,796 | 425,602,410 | (281,837,386) |
| Western | 506,376,654 | - | 506,376,654 | 328,704,063 | (177,672,591) |
| Eastern | 566,026,924 | - | 566,026,924 | 346,539,462 | (219,487,462) |
| Luapula | 526,046,472 | - | 526,046,472 | 328,142,416 | (197,904,056) |
| North Western | 549,801,943 | - | 549,801,943 | 329,811,275 | (219,990,668) |
| Southern | 623,929,682 | - | 623,929,682 | 387,630,182 | (236,299,500) |
| Total | 16,918,690,738 | 16,163,260 | 16,918,690,738 | 12,616,188,649 | (4,302,502,089) |

Accounting and Other Irregularities

An examination of accounting and other records maintained at Prisons Headquarters and Regional Offices, carried out in July 2012, revealed the following:

a. Unretired Imprest

Contrary to Financial Regulation No 96, imprest in amounts totalling K42,650,000 issued to six (6) officers during the period under review had not been retired as of October 2012. See table below.

| Regional Office | No. of Officers | Amount K |
|----------------------|-----------------|-------------------|
| Headquarters - Kabwe | 2 | 36,295,000 |
| Western Province | 4 | 6,355,000 |
| Total | 6 | 42,650,000 |

b. Questionable Retirement of Imprest

Receipts in respect of fuel imprest retirements involving five (5) transactions at Headquarters in Kabwe in amounts totalling K11,019,065 were questionable in that the fuel receipts were not issued by the purported filling stations. It was also observed that the fuel drawing were more than the vehicles' fuel tank capacity.

c. Irregular Payment of House Rental

According to Public Service Management Division Circular No B.9 of 2008 housing allowance shall only be paid to employees who are not accommodated by Government.

It was however observed that twenty (20) officers, who were in receipt of housing allowance had their house rentals paid for by the Prisons. In this regard, the payment of K160,249,191 in respect of house rentals was irregular in that the officers also received

housing allowances in amounts totalling K86,918,315 during the same period. See table below.

| Regional Office | No. of Officers | Housing Allowance Paid K | Rent Paid K |
|------------------------|------------------------|-------------------------------------|------------------------|
| Southern | 15 | 65,818,315 | 86,175,000 |
| Copperbelt | 5 | 21,100,000 | 74,074,191 |
| Total | 20 | 86,918,315 | 160,249,191 |

d. Unaccounted for Food Stuffs

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of food rations costing K129,750,000 (22.9 tonnes) distributed by the Ministry to Mwembeshi Open Air Prison (17.2 tonnes) and Lusaka Remand Prison (5.7 tonnes).

In addition, food rations costing K19,090,000 sent by Kaoma Prisons to Nyango Open Air Prison had no receipt and disposal details

HEAD:

- 17 /01 Ministry of Foreign Affairs - Headquarters**
- 39 Zambia Anti-Personnel Mine Action Centre**
- 40 Development and International Organisations**
- 41 Protocol Department**
- 42 Political Affairs**

UNITS: Various

PROGRAMMES: Various

ACTIVITIES: Various

20. During the financial year ended 31st December 2011, a budget provision of K66,076,609,615 was made in the Estimates of Revenue and Expenditure to cater for Headquarters, Zambia Anti-Personnel Mine Action Centre, Development and International Organizations, Protocol and Political Affairs at the Ministry against which a total amount of K55,475,032,983 was released, resulting in an underfunding of K10,601,576,632.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry carried out in March 2012 revealed the following:

a. Unvouched Expenditure

Contrary to Financial Regulations No. 52 and 65 (1), there were thirty four (34) payment vouchers in amounts totalling K882,127,363 that were either missing or inadequately supported as summarized below:

| S/No. | Description | No of Transactions | Amount K |
|-------|---------------------------------|--------------------|--------------------|
| 1 | Missing Payment Vouchers | 27 | 787,506,863 |
| 2 | Inadequately Supported Payments | 7 | 94,620,500 |
| | Total | 34 | 882,127,363 |

b. Irregular Payments

There were weaknesses in the way payments relating to allowances were processed and paid. In particular, the requirements of Foreign Service Regulations, Conditions of Service, Financial Regulations and Government Circulars were in some instances not followed. In this regard, the following were observed:

i. Foreign Service Allowances

Foreign Service Regulation and Conditions of Service numbers 37(i), 38(i), 40(i), 42(i) (ii), 43(i) (ii), 45(i) and 47(i) stipulate that Representation, Cost of Living, Entertainment, Spouse, Child, and Education Allowances should be paid to an officer whilst resident and on duty at a Foreign Mission/Station to enable him/her fulfill official obligations. In February 2011, nine (9) officers who were based at the Mission in Tripoli, Libya were evacuated back to Zambia due to the civil war that broke out in that country. However, the officers continued receiving Foreign Service allowances while in Zambia. In this regard, a total amount of K1,532,376,763 was irregularly paid to the officers for a period of six (6) months following their evacuation back to Zambia. As of October 2012, the monies paid to the officers had not been recovered.

Although in his response dated 31st July, 2012 the Controlling Officer stated that authority to pay these allowances was obtained from the Secretary to the Cabinet, there was no evidence to this effect.

ii. Failure to Capture Transactions Via IFMIS

The Integrated Financial Management and Information System (IFMIS) was rolled out and implemented in the Ministry in January 2011. The implementation

of the IFMIS was in line with government policy on the utilisation and management of Public Funds. The implementation of the system implied that all transactions during the period were supposed to be processed and paid via the system. However, out of expenditure amounting to K284,500,370,506 in respect of general administration only expenditure amounting to K8,284,739,548 was processed through the system implying that the Ministry was circumventing the system.

c. Revolving Fund Account

i. Non Recovery of Loans and Advances

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of loans and advances paid to fourteen (14) officers in amounts totalling K132,440,000 had not been effected as of October 2012.

ii. Failure to Recover Advances in Full

There were instances where the recoveries of loans were understated either through the understating of the recovery amounts or periods. In this regard, out of amounts totalling K53,908,000 paid to thirteen officers as advances, only amounts totalling K36,619,575 were recovered leaving a balance of K17,288,425 outstanding. As of October 2012 the amount outstanding had not been recovered.

d. Weaknesses in the Management of Imprest

i. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K1,118,593,320 issued to one hundred and three (103) officers had not been retired as of October 2012.

ii. Questionable Retirements

- Retirements in respect of imprest totalling K332,016,098 issued to seventeen (17) officers were questionable in that there was no evidence that the tours were undertaken as neither photocopies of the stamped passports nor boarding passes were attached as proof that the tours were undertaken.

- Retirements in respect of imprest totalling K484,030,414 issued to thirty five (35) officers to facilitate payments of allowances were questionable in that they were not supported by acquittal sheets.
- Retirements in respect of standing imprest totalling K15,329,290 were questionable in that they were not adequately supported by receipts rendering the amounts retired questionable.

e. Uncompetitive Procurements

Contrary to procurement guidelines, purchases of goods and services in amounts totalling K97,678,587 involving seven (7) transactions were made without obtaining competitive quotations.

f. Unaccounted for Stores

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of various stores items costing K106,046,383 procured during the period under review.

HEAD: 17/02 Ministry of Foreign Affairs–Mission Abroad– Lubumbashi

PROGRAMMES: Various

ACTIVITIES Various

- 21.** In the 2010 and 2011 Estimates of Revenue and Expenditure, provisions totalling K11,491,348,241 were made to cater for activities at the Mission, against which amounts totalling K9,197,438,772 were released as shown below.

| Year | Budget/ Provision K | Released K |
|--------------|------------------------------------|-----------------------|
| 2010 | 5,083,843,309 | 4,635,651,242 |
| 2011 | 6,407,504,932 | 4,561,787,530 |
| Total | 11,491,348,241 | 9,197,438,772 |

Accounting and Other Irregularities

An examination of the accounting and other records maintained at the Ministry and the Mission carried out in May 2012 revealed the following:

a. Poor Management of Property

The Mission has a total number of seven (7) properties. These consist of the Chancery, the Residence and five (5) staff houses. A scrutiny of property files and physical inspection of the properties revealed the following:

i. The Chancery - 54/58 Corner of Ruwe /Lufira

During the inspection of the premises, it was observed that one of the offices is occupied by AMREZA, an Association for Zambian residents in Katanga Province. The Association has been occupying the office since the establishment of the consulate in the 1980s. Efforts by the Mission to evict the Association from the office as evidenced by the letter dated 6th June 2011 to the Permanent Secretary Ministry of Foreign Affairs have proved futile as the Association is claiming unspecified sums of money that the Zambian Community contributed in the 1960s.

ii. The Residence - 26 Luvula

Although the building was rehabilitated in 2009, water proofing on the roofs of the residence and servants quarter were poorly done in that it was peeling off and allowing water to sip through the structures. Further, the exterior part of the structures requires painting and other works such as repairing the guard room and the driveway.

iii. Staff Houses

The Mission has five (5) staff houses namely; 6 Tshinyama Avenue, 1332 Kapenda Avenue, 18 Kamayola Avenue, 6 Lundula Avenue and 25 Biyayi Avenue. A physical inspection of the houses revealed the following:

- All the houses were in a dilapidated state due to some serious structural failures in the roof fabrics which has resulted in severe leakages. The roofs of most of the structures were made of clay tiles which are now old and have shifted due to weaknesses in the frames. See picture below:



- There were cracks in most of the houses. See picture below.



b. Delayed Replacement of Title Deeds

In Paragraph 18 of the Auditor General's Report for the financial year ended 31st December, 2009, mention was made of the missing title deeds for all the seven (7) properties. In their Report for the Fifth Session of the Tenth National Assembly, the Public Accounts Committee directed that a progress report be submitted regarding the replacement of the title deeds.

However, as of May, 2012 the title deeds had not been replaced.

c. Rehabilitation of Properties

In Paragraph 18 of the Auditor General's Report for the financial year ended 31st December, 2009, mention was made of the inadequate budget provisions and lack of expert supervision on the rehabilitation of Mission properties by Innovex Consulting Pty Ltd engaged to carry out the rehabilitation at the total cost of K2,809,465,199 (US\$531,592.28). In their Report for Fifth Session of the Tenth National Assembly, the Public Accounts Committee urged the Controlling Officer to adhere to the provisions of the Public Finance Act No. 15 of 2004 which prohibits committing

government to expenditure in excess of money appropriated by Parliament and further urged the Controlling Officer to ensure that the project was completed.

A review of the situation carried out in May 2012 revealed the following:

- i.** The contract was terminated by the Mission on 25th January 2011 after legal advice from Yabili and Partners, a law firm based in Lubumbashi. According to the law firm, although the Consulate engaged Innovex Consulting Pty Ltd to rehabilitate the properties, the Contractor was not registered in Congo and there was no evidence produced to show the contractor's past performance record in the construction industry in Congo DR. Therefore, the rationale of engaging a Contractor who was not registered to undertake rehabilitation works for the Mission properties was irregular.
- ii.** The contractor, Innovex Consulting Pty Ltd, has contested the decision to terminate the contract and is demanding to be compensated US\$156,849.25 (K784,245,000) comprising US\$26,609.13 (10% retention); US\$63,791.07 (12% additional project task executed); and US\$66,449.04 (25% project cancellation fee).
- iii.** Although the matter had not been resolved with Innovex Consulting Pty Ltd, it was observed that the Mission applied to the Ministry to single-source a Chinese contractor, New Era Investment, to complete the works at an estimated cost of K5 billion (USD\$1 million).

HEAD: 17/03 Ministry of Foreign Affairs - Mission Abroad - Washington

PROGRAMMES: Various

ACTIVITIES: Various

- 22.** In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a provision of K14,188,161,217 was made to cater for various activities at the Mission against which a total amount of K11,449,034,924 was released resulting in an under funding of K2,739,126,293.

In addition, the Mission budgeted to collect amounts totalling K5,096,000,000 (US\$1,000,000) in 2011 from passport issuance, travel documents and visas against which amounts totalling K2,453,071,000 (US\$481,360) were collected resulting in an under collection of K2,642,929,000.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry and the Mission carried out in June 2012 revealed the following:

a. Payment of Education Allowance Without Authority

On 16th December 2011, the Permanent Secretary granted authority to the Second Secretary (Personal Secretary) to receive education allowance for her dependant with effect from 1st January 2012.

It was however observed that, the officer was paid K1,829,790 (\$364.5) on 25th October 2011 before Authority was granted and as of October 2012 the amount had not been recovered.

b. Failure to Recover Security Deposit

i. In July 2010, the Mission paid K27,898,000 (US\$5,800) as security deposit for the Ambassador's residence which was refundable to the Mission upon the Ambassador vacating the house. Although, the Ambassador vacated the house in 2011, the security deposit had not been recovered as of October 2012.

ii. According to the Ministry of Foreign Affairs, Circular No. 17 of 2011 security deposit paid by Government on behalf of the officers rented houses shall be treated as an advance to the respective officers and be recovered in six (6) monthly installments.

Contrary to the Circular, in July 2011, recoveries in respect of security deposit for the Ambassador's residence amounting to K38,480,000 (US\$8,000) had not been effected as of October 2012.

c. Properties

The Mission has five (5) properties comprising the Chancery and four (4) houses.

A physical inspection carried out in June 2012 revealed the following:

i. Chancery – 2419 Massachusetts Ave

The roof was damaged causing leakages in some offices and the building generally required renovations. See picture below.



Damaged Ceiling in First Secretary (Political)'s office

ii. 2300 Wyoming Ave

The house was dilapidated and required urgent attention. See pictures below.



Damaged Ceiling Boards in the interior of the house

iii. Wasteful Expenditure on Rentals

Due to the failure by the Mission to rehabilitate the official residence, the Ambassador in 2010 moved into a rented house. As at June 2012, the Mission had spent a total of K773,169,175 (\$149,177) in rentals for the residence. This expenditure is wasteful as it could have been avoided had the rehabilitation works been completed.

HEAD: 17/05 Ministry of Foreign Affairs - Mission Abroad – Lilongwe

UNITS: 2 Administration

PROGRAMMES: Various

ACTIVITIES: Various

23. In the Estimates of Revenue and Expenditure for the financial years ended 31st December, 2010 and 2011, provisions of K4,643,291,813 in 2010 and K4,903,184,872 in 2011 were made to cater for various activities at the Mission against which amounts totalling K5,882,271,151 in 2010 and K4,299,672,605 in 2011 were released resulting in excess funding of K1,238,979,338 in 2010 and an underfunding of K603,512,267 in 2011.

Further, the Mission had budgeted to collect amounts totalling K673,005,316 in 2010 and 2011 from passport issuance, travel documents and visas against which amounts totalling K401,832,931 were collected as detailed in the table below.

| Period | Budgeted collections K | Actual Collections K | Variance K |
|---------------|-----------------------------------|---------------------------------|-----------------------|
| 2010 | 336,502,658 | 154,368,862 | 182,133,796 |
| 2011 | 336,502,658 | 247,464,069 | 89,038,589 |
| Totals | 673,005,316 | 401,832,931 | |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters and at the Mission carried out in May 2012 revealed the following:

a. Use of Revenue Without Authority

According to existing arrangements, transfer of funds from the Revenue to the Operational Account can only be made upon written authority from the Ministry Headquarters. The Ministry in turn deducts the equivalent amount from the Mission's funding.

It was however observed that amounts totalling K206,249,682 (US\$61,705) were transferred from the Revenue Account to the Main Account during the period from January 2010 to March 2012 without authority. As of October 2012 the amount had not been reimbursed.

b. Repairs and Maintenance of Residence

In September 2010, the Mission engaged a contractor to carry out repairs and maintenance works at the Residence at the contract sum of K55,588,776 (US\$10,548). Included in the scope of work was the repair of the leaking roof and the ceiling. As of May 2012, the contractor had been paid in full.

A review of records and physical inspection of the property carried out in May 2012 revealed that, there was no completion certificate to support the payment and the roof was leaking. See pictures below.



Damaged roof at Residence

c. Painting of Non Mission Properties

During the period under review the Mission spent amounts totalling, K35,881,431 (US\$7,683.39) on the painting of private properties that the mission was renting on behalf of its officers. However, there were no recoveries made from the rentals in respect of the payments made to various landlords.

d. Wasteful Expenditure.

In January, 2011 the Mission constructed a shelter for the generator at the Residence at the cost of K2,911,931 (US\$623.54). However, as of May 2012, the generator had not been moved into the shelter because the shelter was small. See pictures below.



Unusable generator house

HEAD: 17/06 Ministry of Foreign Affairs - Mission Abroad - London

PROGRAMMES: Various

ACTIVITIES: Various

24. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2010 and 2011, a total provision of K37,848,656,929 was made to cater for various activities against which amounts totalling K28,295,977,368 were released as detailed below.

| Year | Total Authorised K | Total released K | Variance K |
|--------------|-----------------------|-----------------------|-----------------|
| 2010 | 18,112,157,655 | 14,020,999,006 | (4,091,158,649) |
| 2011 | 19,736,499,274 | 14,274,978,362 | (5,461,520,912) |
| Total | 37,848,656,929 | 28,295,977,368 | |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in May 2012, revealed the following:

a. Internal Control Weaknesses

i. Irregular Payment of Penalty Fees

In April and May 2012, the Mission paid penalty parking charges amounting to K11,701,691 (£1,710) to Westminster Borough and Royal Borough of London on behalf of officers and drivers who breached traffic laws and regulations. As of October 2012, the money had been recovered.

ii. Unclaimed Rental Security Deposits

During the period under review the Mission entered into lease agreements with various Landlords for renting of houses for the Mission diplomatic staff. In accordance with the lease agreements, the Mission paid security deposits amounting to K197,444,063 (£25,539) which were refundable upon vacating the property. However, despite some properties having been vacated as far back as 2010, the Mission had not claimed the security deposits as of October 2012.

b. Unsupported Payments

i. Unsupported Wages and Overtime

Contrary to Financial Regulation No. 45, payments in amounts totalling K1,155,733,722 (£183,753) in respect of wages and overtime paid to locally engaged staff were not supported by acquittal or payment sheets.

ii. Local Staff Engaged without Written Contracts

During the period under review, the Mission engaged the services of three (3) local staff and paid amounts totalling K142,343,432 (£168,056). However, Contrary to Foreign Service Regulation No.163, the rates of pay and conditions of service of the locally engaged staff were not approved by the Permanent Secretary and there were no written contracts.

c. Procurement of Specialised Stationery on Behalf of State House

During the period from December 2010 to March 2011, the Ministry instructed the Mission to procure various specialised stationery in amounts totalling K286,776,973 (£38,256) on behalf of State House. The arrangement was that funds used to procure the stationery by the Mission would be refunded by State House at a later date. However, as of October 2012, the funds had not been refunded.

d. Wasteful Expenditure – Airport VIP Service Charges

Senior Government officials travelling on business class are entitled to use the business class lounge facilities provided by the respective airlines at the airports they are transiting through. It was, however, observed that various officials travelling to or transiting through London were foregoing these facilities and were instead demanding for VIP services which were attracting a charge of £400 per person. To this end, during

the period from March 2010 to December 2011, the Mission had spent amounts totalling K218,242,172 (£31,003) on VIP service charges.

In this regard, the expenditure of K218,242,172 (£31,003) on VIP service charges was wasteful in view of the fact that officials were not using the business class lounge facilities provided without extra charge by the airlines as part of the business class package and were instead opting for expensive VIP facilities.

e. Inadequately Supported Payments

Contrary to Financial Regulation No. 52, there were twenty-four (24) payment vouchers in amounts totalling K140,617,812 (£19,876) which were not supported by relevant documentation such as receipts.

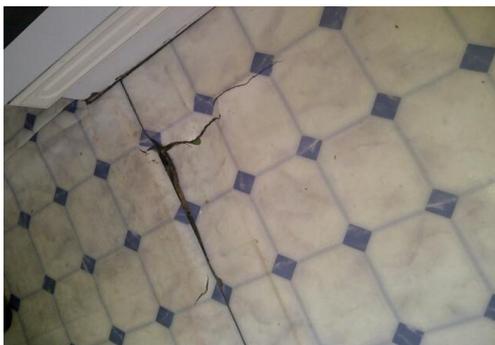
f. Unrecovered Salary Advance

Contrary to Terms and Conditions of Service for Public Service, recoveries in respect of salary advances amounting to K46,252,001 (£5,773) paid to four (4) officers during the period under review had not been effected as of May 2012.

g. Inspection of 13 Foscoote Road, Hendon NW4

In paragraph 19 (c) (iii) of the Auditor General Report for the financial year ended 31st December 2009, mention was made of the state of disrepair of this house.

A physical inspection carried out in May 2012 revealed that the situation had remained the same in that the outstanding works had not been completed. See pictures below.



Worn out floor tiles



Falling off wooden window sills

h. Irregular Payment on the Provision of Security Services

During the period under review the Mission paid amounts totalling K41,331,180 (£6,000) for security services to S.M. Lewis for the office and residence. However, as

of May 2012, there was no contract entered into with the security firm. In this regard, the payments totalling K41,331,180 (£6,000) made to the security firm were irregular.

HEAD: 17/30 Ministry of Foreign Affairs - Mission Abroad – Dar-es Salaam

UNIT: 2 Human Resource and Administration

PROGRAMME: Various

ACTIVITIES: Various

25. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2010 and 2011, provisions of K7,486,217,972 and K8,426,117,918 were made respectively to cater for various activities against which amounts totalling K6,058,885,341 and K4,910,744,556 respectively, were released resulting in under funding of K1,427,332,631 in 2010 and K3,515,373,362 in 2011.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in May 2012 revealed the following:

a. Revenue

i. Weaknesses in Reporting Revenue

During the period under review the Mission collected amounts totalling K1,243,747,156 (US\$256,871.55) from the issuance of Travel Documents Identity (TDIs) fees, passport fees, rentals and visa fees as shown in the table below.

| Year | Amount Collected | |
|--------------|-------------------------|-------------------|
| | K | US \$ |
| 2010 | 881,087,757 | 182,697.00 |
| 2011 | 362,659,399 | 74,174.55 |
| Total | 1,243,747,156 | 256,871.55 |

Although the Mission collected amounts totalling K362,659,399 (US\$74,174.55) in 2011, only K267,490,810 (US\$54,709.99) was reported to Ministry of Finance as revenue collected by the Mission resulting in an understatement of revenue by K95,168,589 (US\$19,464.56).

ii. Delays in Banking Revenue

Contrary to Financial Regulation No.121, there were delays of periods ranging from 1 to 68 days in banking of revenue at the Mission as shown in the table below.

| Year | Amount | | Delays in Days |
|------|------------|--------|-------------------|
| | K | US\$ | |
| 2010 | 6,687,814 | 11,160 | 1 to 22 |
| 2011 | 17,126,539 | 4,290 | 1 to 68 |

iii. Failure to Maintain a Debtors' Ledger for the Rent Receivable

During the period under review, the Mission rented out office space to eight (8) tenants at the Chancery. It was however observed that due to poor debt policy management, as of October 2012 the Mission was owed K542,037,011(US\$103,958).

b. Expenditure

i. Unsupported Payments

Contrary to Financial Regulation No. 52, there were thirty six (36) payments in amounts totalling K222,216,835 (K86,715,693 in 2010 and K135,501,142 in 2011) made during the period under review that had no supporting documents such as quotations, invoices and local purchase orders.

ii. Unaccounted for Stores

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of stores items costing K74,737,532 procured during the period under review.

iii. Failure to Follow Procurement Procedures

Contrary to the Zambia Public Procurement Act of 2008;

- During the period under review, the Mission purchased goods and services costing K273,325,370 without obtaining three (3) competitive quotations.
- In April and June 2011, the Mission paid Pamo Holdings amounts totalling K254,962,500 for the transportation of personal effects for the recalled diplomats (Deputy High Commissioner and First Secretary) without the authority of the Ministerial Procurement Committee.

iv. Failure to Include Diplomatic Clause in Lease Agreement

Contrary to Foreign Service Regulations 115(iii), there was no diplomatic clause in the lease agreement regarding the notice for termination of agreement in respect of the rented house of the Deputy High Commissioner.

In this regard, the Mission entered into a lease agreement which stipulated that rentals be paid in twelve (12) months in advance and that the lessee would not be refunded if termination of the lease was done by the lessee. Consequently, rentals covering a period of three (3) months totalling K50,820,000 were forfeited to the Lesser when the Deputy High Commissioner vacated the house.

c. Mission Properties

The Mission owns eight (8) properties consisting of the Chancery, the Residence and six (6) staff houses.

A physical inspection of the properties conducted in May 2012 revealed the following:

i. The Chancery

Apart from the fourth (4th) floor occupied by the Mission, other floors have remained in a deplorable state as they have cracks and the walls have never been painted.

ii. The Residence

Although the Official residence was recently rehabilitated, the balcony was flooding and the water was flowing into the house. In addition, the driveway was not well maintained resulting in pools of water collecting. See pictures below.



The unpaved surroundings of the Residence

The servant's quarters were also dilapidated.



Some unserviceable and obsolete items stacked at the servant's quarters

iii. Plot No. 396 Toure Drive Masaki

The house was dilapidated and had worn out wooden doors and kitchen cupboards and damaged door frames. In addition, portions of the ceiling board had fallen off. See pictures below.



iv. Plot No. 22 Ocean Road

The roof was leaking and the guest toilet on the ground floor was not connected to the sewer pipe.

HEAD: 17/13 Ministry of Foreign Affairs - Mission Abroad – Gaborone

PROGRAMMES : Various

ACTIVITIES : Various

26. In the Estimates of Revenue and Expenditure for the financial years ended 31st December, 2010 and 2011, provisions of K4,948,413,282 in 2010 and K4,795,463,364 in 2011 were made to cater for various activities at the Mission against which amounts totalling K5,668,810,459 in 2010 and K4,872,682,071 in 2011 were released resulting in an over funding of K720,397,177 in 2010 and K77,218,707, in 2011.

Further, the Mission had budgeted to collect amounts totalling K673,005,316 in 2010 and 2011 from issuance of passports, Travel Document Identity (TDI) and visas against which amounts totalling K598,067,032 were collected as detailed in the table below.

| Period | Budgeted Collections K | Actual Collections K | Under/ (over) Collections |
|--------------|---------------------------|-------------------------|---------------------------|
| 2010 | 336,502,658 | 350,444,149 | (13,941,491) |
| 2011 | 336,502,658 | 247,622,883 | 88,879,775 |
| Total | 673,005,316 | 598,067,032 | |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry and the Mission carried out in May 2012 revealed the following:

a. Revenue - Failure to Reimburse Revenue

During the year under review, the Mission utilised a sum of K145,998,815 (US\$30,768) from the Revenue Account. However, as of May 2012, no reimbursement had been made.

b. Mission Properties

The Mission had a total number of nine (9) properties consisting of the Chancery, the Residence and seven (7) staff houses.

A physical inspection of properties carried out in May 2012 revealed the following:

i. The Chancery – 1118 – 1119 – Main Mall, Gaborone

- The roof was leaking causing damage to the ceiling and the carpets in the High and Deputy High Commissioners' offices. See picture below.



Worn out carpet

- The office space that was occupied by the now defunct Zambia Airways has remained vacant for a period of eighteen (18) years and is now in a deplorable state as shown in the pictures below.



Damaged ceiling due to roof leakages



Broken toilet/sink



Damaged stair case

ii. Plot No. 4703/105 – Mongana Close

The house had cracks on the walls. See pictures below:



Cracks on the wall

HEAD: 17/24 Ministry of Foreign Affairs- Mission Abroad – Maputo

UNIT: 2 Human Resource and Administration

PROGRAMME: Various

ACTIVITIES: Various

27. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2010 and 2011, provisions of K4,367,423,853 and K6,677,673,991 were made respectively to cater for various activities against which amounts totalling K5,203,793,166 and K4,869,665,787 were released resulting in an overfunding of K836,369,313 in 2010 and an underfunding of K1,808,008,204 in 2011.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry and the Mission carried out in May 2012 revealed the following:

a. Delays in Banking Revenue

Contrary to Financial Regulation No.121, there were delays of periods ranging from one (1) to eleven (11) days in banking of revenue at the Mission as shown in the table below.

| Year | Amount | | Delays |
|------|-----------|-------|---------|
| | K | US \$ | |
| 2010 | 7,098,970 | 1,472 | 3 to 11 |
| 2011 | 3,354,026 | 686 | 1 to 5 |

b. Irregular Payments of Gratuities to Locally Engaged Staff

Contrary to the Local Conditions of Services of 2009 and Foreign Service Regulations and Conditions of Service of 2007, fourteen (14) locally engaged staff were irregularly paid gratuities amounting to K67,379,640 in respect of their one (1) year contracts.

c. Wasteful Expenditure

In October 2011, an amount of K2,418,253 was spent on the purchase of a fax machine to be used by the High Commissioner's Secretary. However, as of November 2012, the machine was not being used as it was considered not suitable for the office. In this regard, the expenditure of K2,418,253 incurred on the fax machine was wasteful.

HEAD: 17/26 Ministry of Foreign Affairs - Mission Abroad - Windhoek

PROGRAMMES: Various

ACTIVITIES: Various

28. In the Estimates of Revenue and Expenditure for the financial years ended 31st December, 2010 and 2011, provisions of K5,021,437,362 and K5,346,781,185 respectively were made to cater for various activities at the Mission against which amounts totalling K4,890,267,595 in 2010 and K4,104,695,725 in 2011 were released resulting in an under funding of K131,169,767 and K1,242,085,460 respectively.

Further, the Mission budgeted to collect amounts totalling K673,005,316 in 2010 and 2011 from issuance of passports, Travel Document Identities (TDIs) and visas and from rentals against which amounts totalling K570,178,229 were collected resulting in an under collection of K102,827,087 as shown in the table below.

| Period | Budgeted collections K | Actual Collections K | Variance K |
|--------------|---------------------------|-------------------------|--------------------|
| 2010 | 336,502,658 | 136,629,436 | 199,873,222 |
| 2011 | 336,502,658 | 433,548,794 | (97,046,136) |
| Total | 673,005,316 | 570,178,229 | 102,827,087 |

Accounting and Other Irregularities

An examination of financial and other records maintained at the Ministry Headquarters and the Mission carried out in May 2012 revealed the following:

a. Revenue

i. Unaccounted for Revenue

Financial Regulation No. 129, revenue collected on 11th December 2008 amounting to K5,859,360 (US\$1,111) was only brought to account in the General Revenue Cash Book in 2010.

Further, although the amount was entered in the General Revenue Cash Book for 2010, the funds could not be accounted for in that there was no evidence that the money was banked and no cash was found on hand.

ii. Failure to Collect Rent Arrears

A scrutiny of records relating to rentals in respect of five (5) offices rented out at the Chancery revealed that the mission had rent arrears in amounts totalling K206,003,080 (US\$39,089.74), some of which had been outstanding for periods of up to four (4) years. Details are in the table below.

| Name of Tenant | Amount K | Amount US\$ | Period |
|--------------------------------|--------------------|------------------|----------|
| Chuzanda Motorways | 15,695,000 | 2,978.17 | 2 months |
| Forum for the Future of Africa | 19,856,000 | 3,767.74 | 3 years |
| Totti Consultants CC | 9,125,000 | 1,731.49 | 2 years |
| Home Fun Discounters Traders | 133,163,680 | 25,268.25 | 3 years |
| Clemsa Consultants | 28,163,400 | 5,344.09 | 4 years |
| Total | 206,003,080 | 39,089.74 | |

iii. Missing Receipt Books

Contrary to Financial Regulations No. 10 (n), the Mission had failed to produce seven (7) receipt books for audit. See table below.

| No | Serial No. From | To |
|----|-----------------|---------|
| 1 | 0025751 | 0025800 |
| 2 | 0025451 | 0025500 |
| 3 | 0025651 | 0025700 |
| 4 | 0025701 | 0025750 |
| 5 | 0024051 | 0024100 |
| 6 | 0024401 | 0024450 |
| 7 | 0024651 | 0024700 |

iv. Failure to Reconcile the Revenue Account

Financial Regulation No.138 requires accounting officers to prepare and submit monthly bank reconciliations to the Secretary to the Treasury. However, contrary to the regulation, no reconciliation statements were prepared for the revenue accounts during the period under review. In this regard, it was not possible to identify thirty nine (39) debits involving amounts totalling K478,712,056 (US\$90,837).

b. Expenditure

i. Unsupported Refunds

During the period under review, the Mission refunded five (5) officers amounts totalling K22,984,118.30 (US\$4,862.97) in respect of medical expenses. However, there were no receipts to support the refunds.

ii. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, payment vouchers in amounts totalling K44,521,423.10 (US\$8,594.83) involving ten (10) transactions were not availed for audit.

c. Properties

The Mission has seven (7) properties consisting of the chancery and six staff houses.

A physical inspection of selected properties carried out in May 2012 revealed the following:

i. The Residence – 1 George Hunter Street, Olympia

The main house had broken pillars, cracks on the walls and stairs, dilapidated swimming pool and damaged tiles in the guest wing as shown below.



Cracked pillars, outside walls, stairs and the damaged tiles in the Guest wing

ii. House No. 14 Lydia Street – Ludwigsdorf

The house was in a deplorable condition as the exterior walls were cracked, bathroom cabinets were damaged, main bedroom window was broken and the wall fence had collapsed. See pictures below.



Damaged Bathroom cabinets and broken window in the main



Collapsed Wall fence

iii. 93 – Gever Street Ludwigsdorf

The ceiling board in one of the bedrooms was damaged due to water leakages from the roof, the carpets were worn out and the swimming pool was in a state of disrepair. See pictures below



Damaged carpet and leaking ceiling board

iv. 17 Veronica Street Ludwigsdorf

The ceiling board in the servant's quarters was damaged due to water seeping through. See picture below:



Damaged ceiling board

HEAD: 17/27 Ministry of Foreign Affairs - Mission Abroad - Brussels

PROGRAMMES: Various

ACTIVITIES: Various

- 29.** In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2010 and 2011, provisions of K11,260,993,020 and K17,272,494,087 were made respectively to cater for the various activities at the Mission against which amounts totalling K11,975,606,271 in 2010 and K12,766,802,532 in 2011 were released resulting in an over funding of K714,613,251 in 2010 and an under funding of K4,505,691,555 in 2011.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry and the Mission carried out in June 2012 revealed the following:

a. Unretired Imprest

Contrary to Financial Regulation No. 96(1), imprest in amounts totalling K15,316,142 (€1,822.83) issued to five (5) officers during the period under review had not been retired as of December 2012.

b. Irregular Payment of Education Allowance

According to Foreign Service Regulation and Terms and Conditions of Service No. 48(ii), an officer whose child is in college/University and below the age of twenty one years, shall be eligible to receive 50 per cent of the Education Allowance.

Contrary to the regulation, the First Secretary Trade was paid amounts totalling K56,531,250 (US\$8,437) as education allowance for a child who was not in college.

c. Irregular Payment of Representational, Entertainment and Extra Accreditation Allowances

According to Foreign Service Regulation and Terms and Conditions of Service No. 56, an officer who is called on duty/consultation to Zambia shall not exceed fourteen (14) days. If the period is exceeded, the officer shall not be entitled to Representational, Entertainment and Extra-Accreditation Allowances.

The Ambassador travelled to Lusaka from the 2nd to the 27th of April 2011 to attend the Heads of Mission Conference. At the end of the conference, the Ambassador extended her stay by ten days.

Contrary to the regulation, the Ambassador was irregularly paid full allowances of K6,922,316 (€994.30) as Representation, Entertainment and Extra Accreditation Allowances.

d. Irregular Payment of Cost of Living Allowances

According to Foreign Service Regulation and Terms and Conditions of Service No. 59, on arrival at a foreign Mission/Station, an officer shall be entitled to subsistence allowance for the duration of up to five (5) nights to enable him/her meet hotel expenses. Further, Foreign Service Regulation and Terms and Conditions of Service No. 59(iii), states that, during the period of an officer's stay in a hotel at a Foreign Mission/Station, he/she shall not be eligible to receive Cost of Living Allowances.

Contrary to the regulation, the Defence Attache who arrived at the Mission on 15th August 2011 was accommodated in a hotel for a period of forty (40) days and whilst in the hotel the officer was irregularly paid K19,411,875 (€3,937.50) in September 2010 as Cost of Living Allowances.

e. Non recovery of Insurance Payments

According to Foreign Service Regulation and Terms and Conditions of Service No. 80, Government shall pay fifty percent of the insurance cover for transporting the baggage by surface.

In this regard, the Mission paid amounts totalling K22,950,233 (€3,642.90) for insurance of goods for an officer who had been recalled and another officer who had been transferred. However, as of October 2012, the Mission had not recovered K11,475,116 (€1,821.45), being fifty percent (50%) of the insurance cost.

f. Failure to Recover Utility Bills Contributions

According to Foreign Service regulations and Conditions of Service No. 53(i)(ii)(iii) Government shall pay eighty percent (80%) of water and electricity bills for the Head of Mission and Head of Missions shall be paid telephone entitlement to enable them settle their residential and mobile phone bills.

During the period under review, the Mission paid K5,992,436 for utility bills in full and K9,883,557 for telephone in respect of the head of Mission's residence. The settling of telephone bills at the Ambassador's residence was irregular. Further, the Mission failed to recover K1,198,487 (€183.21) from the Ambassador being twenty percent (20%) contribution towards utility bills.

g. Failure to Recover Security Deposits

The Mission had an arrangement with landlords whereby a Green Saving Account was opened in the name of the lessee with a bank in order to deposit the rent guarantee for each house rented for its diplomats. In this case, neither party could have access to the funds without the written authority of the other party.

The Mission paid K36,850,000 (€5,500) as rent guarantee for houses rented for the Counsellor (Political and Administration) and Counsellor (Economy). Though the two officers vacated their residences in September 2011, as of October 2012, the Landlord

had not released the rent guarantee due to an outstanding amount of K106,530 (€15.90) owed by the Counsellor (Political and Administration).

h. Failure to Rehabilitate the Residence – 260 Dreve Richele, Waterloo.

A physical inspection carried out in June 2012 revealed that the house which was not occupied was in a dilapidated state as shown in the pictures below.



Peeling ceiling Board in the Lounge



Falling ceiling Board in basement

In a letter dated 26th April 2012, the Ministry of Foreign Affairs, External Trade and Development Cooperation Federal Public Service, Belgium wrote to the Mission raising concern over the state of the house and requested the Mission to do everything possible to remedy the situation.

However as of October, the Residence had not been rehabilitated.

HEAD: 17 / 30 **Ministry of Foreign Affairs - Mission Abroad - Harare**
UNIT: 2 **Human Resource and Administration**
PROGRAMME: **Various**
ACTIVITIES: **Various**

30. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2010 and 2011, provisions of K5,856,158,287 and K6,950,531,778 were made respectively to cater for various activities against which amounts totalling K7,410,357,445 and K5,518,077,034 were released resulting in an overfunding of K1,554,199,158 in 2010 and an underfunding of K1,432,454,744 in 2011.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry and the Mission carried out in May 2012 revealed the following:

a. Revenue

i. Weaknesses in Reporting of Revenue

During the period under review the Mission collected amounts totalling K1,186,511,425 (US\$ 244,150) from the issuance of Travel Document Identities (TDIs), passports and visas and from rentals as shown in the table below.

| Year | Amount Collected | |
|--------------|----------------------|----------------|
| | K | US \$ |
| 2010 | 521,451,194 | 108,125 |
| 2011 | 665,060,231 | 136,025 |
| Total | 1,186,511,425 | 244,150 |

Although the Mission collected amounts totalling K665,060,231 (US\$136,025) in 2011, only K660,235,172 (US\$135,038) was reported to the Ministry of Finance as revenue collected by the Mission resulting in an understatement of revenue of K4,825,059 (US\$987).

ii. Delays in Banking Revenue

Contrary to Financial Regulation No.121, there were delays of periods ranging from 1 to 9 days in banking of revenue at the Mission as shown in the table below.

| Year | Amount US \$ | Delays |
|------|-----------------|--------|
| 2010 | 5,720 | 1 to 9 |
| 2011 | 14,965 | 1 to 7 |

iii. Lack of Tenancy Agreements

Although the Mission collected amounts totalling K741,240,000 (US\$154,425) in rentals during the period under review, the Mission did not have lease agreements with any of its twenty three (23) tenants, contrary to Foreign Service Regulations and Conditions of Service No.115. In this regard, it was not clear on what basis the rentals were being charged in the absence of lease agreements.

b. Failure to Follow Procurement Procedures

Contrary to the Zambia Public Procurement Act of 2008:

- i.** During the period under review, the Mission procured a Land Rover Discovery at a cost of US\$90,168 without the authority from the Ministerial Procurement Committee.
- ii.** In January 2010, the Mission engaged and paid Lumaune Freight Services amounts totalling K163,005,640 (US\$34,756) to transport personal effects of the third Secretary Accounts without authority from the Ministerial Procurement Committee.

In November 2011, the Ministry authorised the Mission to spend K52,290,000 for the transportation of personal effects of the recalled High Commissioner. It was however observed that, the Mission spent K58,419,438 (US\$11,487) resulting in an unauthorised expenditure of K6,129,438.

It was also not clear why there were significant differences in the transportation costs of the High Commissioner's effects (US\$11,487 in 2011) and those of the Accountant (US\$34,756 in 2010) from the same Mission.

- iii.** During the period under review, the Mission procured goods and services costing K123,532,610 without obtaining three (3) competitive quotations.

c. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items costing K10,650,634 procured during the period under review.

d. Failure to Review the Rental Charges

In Paragraph 79 of the Public Accounts Committee's report for the First Session of the Eleventh National Assembly, mention was made of the excess residential properties of which eight were rented out to Zambians who were resident in Zimbabwe on a care taker role. The tenants were only made to pay token rentals ranging from US\$240 to US\$350 per month which according to the Committee was too low for the houses located in low density areas. The Committee was informed that the Mission was unable to charge market rates due to the restrictions placed by diplomatic norms.

The Committee recommended that the Ministry should work with the Mission to raise the rentals for the excess properties being rented to Zambians to a reasonable level as what was being charged was unreasonably low. The Committee also recommended that the Government should consider giving the responsibility of leasing out excess properties in its Missions Abroad to a parastatal company that could charge market prices.

Contrary to the recommendation, as at December 2012, the Mission had not reviewed the rental fees and had continued charging uneconomical rentals.

HEAD: 17/31 Ministry of Foreign Affairs – Mission Abroad - Berlin

PROGRAMMES: Various

ACTIVITIES: Various

31. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2010 and 2011, provisions of K8,826,033,053 and K11,716,927,189 respectively were made to cater for various activities at the Mission against which amounts totalling K12,490,243,573 in 2010 and K11,411,869,559 in 2011 were released.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry and the Mission carried out in June 2012 revealed the following:

a. Wasteful Expenditure - Vor Schorhor 23 Berlin – Pankow

In paragraph 28 of the Report of the Auditor General on the Accounts for the financial Year 31st December 2009, mention was made of the poor state of the building.

In their Report for the Fifth Session of the Tenth National Assembly, the Public Accounts Committee urged the Controlling Officer to urgently look into the matter and provide the Committee with a progress report on the action taken.

During the period under review, the Mission spent amounts totalling K459,521,366 (€73,823.80) in respect of electricity, heating, security and insurance for the building at Vor Schorhor 23 Berlin, Pankow. The building which was acquired in 2001 and was supposed to be used as the Chancery, has never been occupied, as it is in a state of disrepair.

In this regard, the expenditure of K459,521,366 (€73,823.80) incurred on maintenance of the building from which the Mission is not deriving any benefits was wasteful.

HEAD: 17/33 Ministry of Foreign Affairs – Mission Abroad - Pretoria

PROGRAMMES: Various

ACTIVITIES: Various

32. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2010 and 2011, total provisions of K16,798,152,724 were made to cater for various activities against which amounts totalling K18,608,679,963 were released resulting in an overfunding of K1,810,527,239 as shown in the table below:

| Year | Total Authorised K | Total released K | Variance K |
|--------------|-----------------------|-----------------------|----------------------|
| 2010 | 8,149,062,136 | 9,888,297,498 | 1,739,235,362 |
| 2011 | 8,649,090,588 | 8,720,382,465 | 71,291,877 |
| Total | 16,798,152,724 | 18,608,679,963 | 1,810,527,239 |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry and the Mission carried out in May 2012 revealed the following:

a. Internal Control Weaknesses

i. Uncollected Passports

Eighty three (83) Zambian passports issued during the period from January to September 2011, remained uncollected as of May 2012 posing a risk of passports falling into wrong hands.

ii. Conflict of Interest – Approval of Payments for Medical Expenses

Foreign Service Regulation No. 103 states that the Head of Mission shall approve medical expenses for all officers and their families except those pertaining to himself or herself and members of his or her family which shall be certified by the Head of Chancery before payment is made. Contrary to the regulation, two (2)

former High Commissioners were paid allowances and refunds for medical bills in amounts totalling K88,283,603,953 (US\$17,781,189) involving sixteen (16) transactions which were approved by themselves.

b. Unapproved Payments

Contrary to the Financial Regulation No.48, payments in amounts totalling K221,959,969 (US\$44,704) were made without being approved by the High Commissioner/responsible officers.

c. Payments of Rentals in Excess of Entitlement

Contrary to Schedule J of the Foreign Service Regulations and Conditions of Service, amounts totalling K329,963,970 (US\$66,458) instead of K315,277,500 (US\$63,500) were paid as house rentals on behalf of four (4) officers resulting in an overpayment of K14,686,967 (US\$2,958) as shown in the table below.

| Officer's Title | Details | Entitlement US\$ | Amount Paid US\$ | Overpayment US\$ | Overpayment in ZMK |
|------------------|---|---------------------|---------------------|---------------------|-----------------------|
| First Secretary | Rentals for the month of Novemeber 2010 | 3,000 | 3,260 | 260 | 1,291,397 |
| Second Secretary | One month rentals plus one month security deposit | 5,000 | 5,988 | 988 | 4,905,420 |
| Second Secretary | Rentals for 11 months | 27,500 | 27,698 | 198 | 983,070 |
| Third Secretary | Rentals for 14 months | 28,000 | 29,512 | 1,512 | 7,507,080 |
| Total | | 63,500 | 66,458 | 2,958 | 14,686,967 |

As of May 2012, the amounts overpaid had not been recovered.

Although in her response dated 27th September 2012, the Controlling Officer stated that amount overpaid had been recovered in full from the affected officers, there was no documentary evidence to this effect.

HEAD : 17/36- Ministry of Foreign Affairs – Mission Abroad - Paris
PROGRAMMES : Various
ACTIVITIES : Various

33. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2010 and 2011, provisions of K8,401,425,476 and K11,224,419,404 were made respectively to cater for the various activities at the Mission against which amounts totalling K12,667,618,972 in 2010 and K9,886,761,967 in 2011 were released resulting in an over funding of K4,266,193,496 in 2010 and an under funding of K1,337,657,437 in 2011.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry and the Mission carried out in June 2012 revealed the following:

a. Revenue - Improper Use of VISA Receipt Books

The mission had two (2) distinct types of VISA receipt books of single and double entry charges at US\$50 and US\$80 respectively. However, there were some instances where the receipting of VISA fees for US\$50 was made on the receipts for US\$80 by merely cancelling the prescribed figure and inserting the US\$50 in ink. This was done despite the Mission being in possession of the correct Visa receipt books.

In addition, the use of receipt books was not consistent with the order of dates and the sequence of the receipt book.

The alterations on the receipt books and the inconsistency in the order of their issuance posed a risk of fraud.

b. Expenditure

i. Questionable Retirement of Imprest

In March 2011, the Ambassador was paid accountable imprest of K11,499,350 (€2,000) to facilitate his movements during the UNESCO Heads of Missions Conference in Lusaka. A scrutiny of records revealed that, although the whole amount was retired, a total of K7,684,633 was questionable in that some receipts had no details of the vehicles which had drawn fuel.

ii. Unaccounted for Stores

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of stores items costing K15,203,289 (€2,337.54) procured during the period under review.

iii. Property Management

The Mission has two (2) properties, the Chancery located at 18 Avenue de Tourville 75007 and the Residence located at 51 Route de Montesson Le Vesnet. The following were observed:

- **The Chancery - 18 Avenue de Tourville 75007**

The Chancery is a five storey building consisting seventeen (17) offices of which ten (10) are occupied while the remaining seven (7) offices have been vacant since the building was purchased in 2007.

A physical inspection of the building had cracks and frontage required painting. The wall tiles were faded and all the interior walls from the lobby up to the fifth floor were dirty. The sewerage pipe in the basement was also leaking. See pictures below.



Cracked Walls



Leaking sewer

- **The Residence - 51 Route de Montesson Le Vesnet**

At the main house, there were leakages in the dining room and kitchen and cracks on the walls and stairs leading to the basement.



Broken toilet connector

The ceiling board at the guest house was damaged due to leakages while the toilet connector pan was broken.

HEAD: 17/37 Ministry of Foreign Affairs- Mission Abroad- Rome

PROGRAMMES: Various

ACTIVITIES: Various

34. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2010 and 2011, provisions of K8,240,340,360 and K13,620,444,585 were made respectively to cater for the various activities at the Mission against which amounts totalling K9,357,037,734 in 2010 and K11,706,470,242 in 2011 were released resulting in an over funding of K1,116,697,474 in 2010 and an under funding of K1,913,974,343 in 2011.

Accounting and Other Irregularities

An examination of the accounting and other records maintained at the Ministry and the Mission carried out in June 2012 revealed the following:

a. Unretired Imprest

Contrary to Financial Regulation No. 96(1), imprest in amounts totalling K9,320,258 (€1,597.20) issued to seven (7) officers during the period under review had not been retired as of October 2012.

b. Irregular Payment of Child Allowances

According to Foreign Service Regulation and Terms and Condition of Service No. 45(i), Child Allowance shall be paid to an officer to enable him/her meet incidental expenses in respect of a child under the legal custody of the officer at a Foreign Mission/Station.

However, four (4) officers whose children were staying in Zambia, irregularly drew child allowances totalling K67,924,000 (US\$14,400) for their children.

c. Failure to Recover Utility Bills Contribution

According to Foreign Service Regulations and Conditions of Service number 53(i) (ii) (iii) Government shall pay 60% of heating charges in America, Asia Europe and the Middle East, 80% of water and electricity bills for the Heads of Mission and Head of Missions shall be paid Telephone Entitlement to enable them settle their residential and mobile phone bills.

It was however observed that, though the Mission paid amounts totalling K29,806,749 (€4,731.23) for water, electricity, gas and phone bills on behalf of the Ambassadors' residences during the period under review, only K15,739,290 (€2,498.30) was recovered from the Ambassadors' allowances leaving a balance of K14,067,459 (€2,232.92).

d. Irregular Approval of Payment Beyond Authorised Threshold

According to Procurement Regulations, the Mission Procurement Committee has authority to approve payments up to K50 million. Any procurement above K50 million should be referred to the Ministry Procurement Committee for Authority.

Contrary to this requirement, the Mission Procurement Committee authorised the payment of K72,541,664 (€10,846.04) in January 2012 to Esso Italiano for fuel which was beyond their threshold.

e. Failure to Claim Security Deposit

The Mission entered into an agreement for the lease of Villa Via Oscar Chilesotti 14 for the Second Secretary(Accounts) at a monthly rate of K11,970,000 (€1,900). According to the agreement, the Mission was required a security deposit of K35,910,000 (€5,700) which was equivalent to three (3) months rent and was refundable upon vacating the house.

It was however observed that, though the tenancy agreement expired in February 2011 the security deposit had not been recovered as of October 2012.

f. Properties

The Mission has three (3) properties consisting of the Chancery at Via Ennio Quirino Visconti, the Residence at Via Della Mendola 68 and one house in Lisbon Portugal.

An examination of records relating to the properties and a physical inspection revealed that the Residence's (Via Della Mendola 68) driveway was damaged due to the roots of two (2) big trees growing under it. The roots were also posing a risk to the main house as they were growing towards it.

HEAD: 17/45 Ministry of Foreign Affairs – Mission Abroad – Luena

PROGRAMMES: Various

ACTIVITIES: Various

35. In the Estimates of Revenue and Expenditure for the Financial Years ended 31st December 2010 and 2011, provisions totalling K12,278,363,331 were made to cater for various activities at the Mission against which amounts totalling K10,086,767,735 were released as shown in the table below.

| Year | Budget/ Provision K | Released K | Variance K |
|--------------|------------------------------------|-----------------------|-----------------------|
| 2010 | 6,363,314,487 | 4,822,472,829 | (1,540,841,658) |
| 2011 | 5,915,048,844 | 5,264,294,906 | (650,753,938) |
| Total | 12,278,363,331 | 10,086,767,735 | |

Accounting and Other Irregularities

An examination of the accounting and other records maintained at the Ministry and the Mission carried out in May, 2012 revealed the following:

a. Failure to Reimburse the Revenue Account

Circular No.21/2011 issued by the Ministry of Foreign Affairs states that missions are allowed to use monies from their respective revenue accounts but are required to reimburse the revenue account when funding for the activity is received.

In this regard, in March 2011, the Mission transferred an amount of K46,771,607 (US\$9,791) from the Revenue Account to the Dollar Account to facilitate payment of

travel expenses for the Consul General to attend Heads of Mission Conference in Lusaka.

However, as of May, 2012, the Revenue Account had not been refunded despite the Mission having received funding for the conference.

b. Wasteful Expenditure on Rentals - The Residence (14th Street, Nzanji Area)

The Mission spent amounts totalling K180,000,000 (US\$36,000) on rentals of the Residence for the period from November 2011 to May 2012.

However, the Residence was not occupied during the same period, thus rendering the expenditure wasteful.



The Residence

HEAD: 19/01 Office of the Vice President – Disaster Management and Mitigation Unit

UNITS: 01 Human Resources and Administration

PROGRAMMES: Various

ACTIVITIES: Various

36. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K82,937,136,203 was made to cater for various activities against which amounts totalling K81,428,727,438 were released resulting in an underfunding of K1,508,408,765.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Office of the Vice President – Disaster Management and Mitigating Unit in Lusaka carried out in March 2012 and subsequent verifications in selected provinces carried out in June 2012 revealed the following:

a. Unretired Imprest

Contrary to Financial Regulation No. 96, which requires that imprest be retired within 48 hours after the purpose for which it was issued has been fulfilled, imprest in amounts totalling K34,482,000 issued to three (3) officers during the period under review had not been retired as of December 2012.

b. Provinces

i. Northern Province

Mwiluzi Bridge did not cover the entire width of the river rendering it unusable. See pictures below.



Mwiluzi Bridge – Mporokoso District Northern Province

ii. Central Province

A bridge at Muteteshi River in Kapiri Mposhi was poorly done and was slowly being washed away as can be seen in the picture below.



Muteteshi Crossing Point (Kapiri Mposhi District)

It is clear from the observations above that there was wasteful expenditure and that the works will have to be redone.

HEAD: 29 Ministry of Local Government and Housing

UNITS Various

PROGRAMMES: Various

ACTIVITIES: Various

37. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K328,398,867,421 was made to cater for various activities against which amounts totalling K327,691,577,602 were released.

Accounting and other Irregularities

An examination of accounting and other records pertaining to the year under review maintained at the Ministry headquarters and a visit to selected districts in April 2012 revealed the following:

a. Unvouched Expenditure

Contrary to Financial Regulation Nos.52 and 65, there were twenty five (25) payments in amounts totalling K940,412,827 made during the period under review that were unvouched in that the payment vouchers had no supporting documents such as invoices, receipts, local purchase orders and acquittal sheets as shown in the table below.

| Category | No. of Transactions | Amount K |
|------------------------------|----------------------------|--------------------|
| Unsupported payment vouchers | 13 | 426,365,147 |
| Unacquitted payment vouchers | 12 | 514,047,680 |
| TOTAL | 25 | 940,412,827 |

b. Unaccounted for fuel

During the period under review, a total amount of K1,870,817,375 was released for fuels and lubricants. Out of the total amount released, the Ministry paid K1,603,478,268 to ten (10) filling stations for the supply of fuel, oil and lubricants.

However only fuel costing K1,216,139,388 could be accounted for while the balance of K387,338,880 could not be accounted for as there were no records made available for audit.

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 K486,843,200 procured during the period under review.

d. Unretired Imprest

Contrary to Financial Regulation No. 96 which requires that imprest be retired within 48 hours after the purpose for which it was issued has been fulfilled, imprest in amounts totalling K300,725,000 issued to ten (10) officers during the period under review had not been retired as of October 2012.

e. Failure to Submit Expenditure Returns

Institutions getting grants from the Ministry are required to account for the funds by submitting expenditure returns to the Ministry. However, there were nine (9) institutions that received grants totalling K155,000,000 that failed to account for the funds they received as they did not submit any expenditure returns.

f. Payments Made Without Authority

Cabinet Office Circular No. 7 of 2006 requires Controlling Officers to seek prior authority from the Secretary to Cabinet before holding seminars, workshops and conferences outside the government meeting facilities. However, contrary to the circular, the Ministry held various seminars, workshops and conferences outside government meeting facilities at a total cost of K374,171,300 without obtaining authority from the Secretary to the Cabinet.

g. Failure to Recover Loans and Advances

Contrary to the Terms and Conditions of Service for the Public Service, as of December 2012, recoveries in respect of loans and advances totalling K188,466,666 had not been effected.

h. Misapplication of Funds - K6, 520,853,625

A scrutiny of accounting records for the period under review at the Ministry headquarters revealed that a total of K6,520,853,625 which was meant for capacity building for local authorities was applied on payment of contribution arrears to the

Zambia Congress of Trade Unions (ZCTU) and the Zambia United Local Authority Workers' Union (ZULAWU). Consequently, the capacity building programme for local authorities was not undertaken.

Further, the payments to the unions were questionable as there were no records to show the Ministry's indebtedness to the institutions.

i. Procurement of Motor Vehicles - K4,062,974,560

During the period under review, a total of K4,062,974,560 was paid to Starbell International (Z) Ltd for the procurement of eighty five (85) motor vehicles for distribution to chiefs. However, the Ministry failed to provide procurement documents such as tender documents, bids received, tender evaluation reports, award notice, contracts signed with the supplier and acceptance certificates. In this regard, the procurement was irregular as it was not subjected to competitive bidding as required by the Zambia Public Procurement Act. Further, there were no records to show that the said vehicles were delivered.

j. Variation of Funds without Treasury Authority - K8,044,000,000

A scrutiny of accounting records for the period under review at the Ministry Headquarters revealed that a total of K8,044,000,000 which was meant for grants to councils was diverted to pay retirees under the Department of Housing and Infrastructure Development and for procurement of vehicles under the Department of House of Chiefs. A further scrutiny of records revealed that the funds were varied without authority from the Secretary to the Treasury and consequently Choma Central, Chimba Milonga and Chavuma Constituencies did not receive their CDF and Capital Grants. (See table below).

| Station | Provision K | Amount Released K | (Under) / Overfunding K | Brought Forward K | Available Funds K |
|--------------|----------------------|-------------------------|-------------------------------|-------------------------|-------------------------|
| PACO | 1,388,909,606 | 1,824,613,839 | 435,704,233 | 42,029,934 | 1,866,643,773 |
| Livingstone | 402,741,303 | 412,012,289 | 9,270,986 | 7,843,896 | 419,856,185 |
| Mazabuka | 367,107,463 | 585,761,296 | 218,653,833 | 4,389,582 | 590,150,878 |
| Monze | 328,352,052 | 309,509,305 | (18,842,747) | 4,204,492 | 313,713,797 |
| Choma | 470,849,240 | 402,382,322 | (68,466,918) | 11,651,483 | 414,033,805 |
| Kalomo | 328,741,265 | 421,622,320 | 92,881,055 | 468,601 | 422,090,921 |
| Total | 3,286,700,929 | 3,955,901,371 | | 70,587,988 | 4,026,489,359 |

HEAD: 31/02 Ministry of Justice - Attorney General's Chambers
PROGRAMME: 10 Legal Costs
ACTIVITIES: 01 Compensations and Awards

38. The Ministry of Justice is charged with the responsibility of administering the Compensation and Awards policy of government. The Ministry regulates all the activities pertaining to General Compensation.

The Attorney General as a legal advisor of government represents the Government in the courts of law. When judgment is passed against the government, a copy of the judgment is forwarded to the Ministry of Justice with a recommendation for payment. Once the payment is made; the cheque is forwarded to the Attorney General's chambers for onward transmission to the lawyers representing the claimant. In this regard, the government provides for the budget of Compensation and Awards under the Ministry of Justice (MOJ) every year.

In the Estimates of Revenue and Expenditure for the Financial Year ended 31st December 2011, a total authorised provision of K207,636,000,000 was made to cater for compensations and awards against which a total of K197,136,000,000 was released. In addition, amounts totalling K18,000,000,000 were brought forward from 2010 bringing the total funds available to K215,136,000,000. Out of the total amount available of K215,136,000,000 amounts totalling K205,929,849,797 were spent on payments of compensations and awards leaving a balance of K9,206,150,203 unutilised.

Given below are the details of the movements of the debt on compensation and awards:

| Details | Amount K |
|--|------------------------|
| Balances as of 1st January 2011 | 552,230,117,786 |
| Compensation cases received and interest on outstanding claims | 106,702,867,271 |
| Total debt for the year | 658,932,984,957 |
| Less: Payment during the year | 205,929,849,797 |
| Outstanding Claims at 31/12/11 | 453,203,135,160 |

Observation on the Management of Compensation and Awards

An examination of accounting and other records maintained at the Ministry for the financial year ended 31st December 2010 and 2011 revealed the following:

a. Inadequate Funding

A review of the records revealed that, the outstanding claims in respect of compensation and awards had accumulated to K552,230,117,786 as at 31st December 2010, however only K215,136,000,000 was provided for in the Estimates of Revenue and Expenditure

for 2011 resulting in an under provision of K337,094,117,786. Compensation claims attract interest at ruling bank rates.

b. Judgments Entered in Default

There were a number of cases where judgments were entered in default. This was as a result of the Ministry’s clients (Government Departments) failing to provide necessary information to the Attorney General’s Chambers for them to effectively defend the cases in the Courts of Law. This has resulted in the Government paying compensations for cases which could have been successfully defended.

c. Failure to Provide Supporting Documents

Contrary to Legal Practitioners’ Act (Laws, Volume 8 Cap. 30), amounts totalling K188,217,584,148 were paid to four (4) law firms without supporting documents such as legal bills or High Court judgment consent. See table below.

| S/N | Name of Law firm | Amount paid K |
|-----|------------------------------|------------------------|
| 1 | Mutemwa and Mutemwa Chambers | 20,335,671,057 |
| 2 | Lukona Chambers | 157,264,229,112 |
| 3 | Enias Chulu | 8,817,683,980 |
| 4 | Mulenga Mundashi | 1,800,000,000 |
| | | 188,217,584,149 |

HEAD: 33 Ministry of Commerce, Trade and Industry

UNITS: Various

PROGRAMME: Various

ACTIVITIES: Various

39. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K73,921,285,308 was made to cater for various activities against which amounts totalling K63,185,752,200 were released resulting in an underfunding of K10,735,533,108.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry carried out in August 2012 revealed the following:

a. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, sixty six (66) payment vouchers in amounts totalling K8,247,622,745 made during the period under review were not availed for audit.

b. Failure to Reconcile Bank and Cash Book Transactions

A review of bank reconciliation statements relating the general administration account revealed the following:

- i. A total amount of K85,459,169 for the period from January to June 2011 was reflected as unknown credits on the bank statement.

However, as of December 2012, no investigations were carried out to determine the source of the credits and no corrective action had been taken.

- ii. The reconciliation statement for the period March to November 2011 reflected payments in amounts totalling K281,454,923 to foreign organisations (ACP Secretariat and BO comm) that were debited to the Ministry's account during the period under review. It was observed that the transactions were not supported by any documentation.

c. Standing Imprest - Missing Petty Cash Vouchers

Contrary to Financial Regulation No. 65, petty cash payment vouchers in amounts totalling K50,682,019 were not availed for audit.

d. Unretired Imprest

Contrary to Financial Regulation No.96, imprest in amounts totalling K3,094,496,007 issued to eighty six (86) officers during the period under review had not been retired as of December 2012.

e. Unaccounted for Stores

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of stores items costing K1,003,497,079 procured during the period under review.

f. Undelivered Stores

In December 2011, the Ministry paid Expeditory (Z) Limited K100,035,000 for the supply of ten (10) laptops and other IT equipment. However, there was no formal agreement signed between the two parties and as of December 2012, the laptops paid for had not been delivered.

It was also observed that, despite Expeditory (Z) Limited not delivering the ten (10) laptops paid for in 2011, the Ministry went ahead and paid the same company K177,424,320 in March 2012 for the supply of extra ten (10) laptops and other IT equipment.

As of December 2012, all the laptops paid for had not been delivered.

g. Failure to Follow Procurement Procedures

In September and December 2011, the Ministry procured repair and maintenance services for the printers, photocopiers and telephone receivers in amounts totalling K31,470,000 without following tender procedures in that no competitive quotations were obtained. Details are shown below.

| Date | Name | Cheque No. | Amount K | Details |
|------------|------------------|------------|-------------------|---|
| 22/09/2011 | Multilink Print | 13239 | 21,850,000 | Repair and Servicing of copier, printers and supply of telephone receiver |
| 23/12/2011 | Novetech Limited | 13580 | 9,620,000 | Repair and Servicing of Laserjet Printer |
| | Total | | 31,470,000 | |

h. Irregularities in Management of Workshop/ Conference Facilities Costs

- i.** On 30th August 2011, the Ministerial Procurement Committee granted the Planning and Information directorate authority to hire conference facilities from Aninas Lodge at a total cost of K64,436,400. The Ministry instead paid the Lodge K84,916,960 resulting in an additional payment of K20,482,560 without the Committee's approval.

In addition, the payment of K84,916,960 was made against a bill of K75,325,950 resulting in an overpayment of K9,593,010 which had not been recovered as of December 2012.

- ii.** Contrary to procurement guidelines which stipulates that approval of Procurements above K50,000,000 were supposed to be approved by the

Ministry's Procurement Committee, the Ministry procured conference facilities from Ndozo Lodge at a cost of K82,364,940 without the approval by the Ministerial Tender Committee.

i. Management of Transport

i. Non Reconciliation of Fuel Ledger to Fuel Statements

The Ministry maintained fuel ledgers in which fuel purchases and withdraws were recorded. Although the ledger showed a debit balance of K71,504,122 as of December 2011 the fuel statement showed a credit balance of K85,650,745. As of December 2012, the two figures had not been reconciled.

ii. Coupon Numbers Appearing More than Once on the Fuel Statement

A scrutiny of the fuel statements for the period September 2011 to March 2012, revealed that fifty nine (59) fuel coupons in amounts totalling K23,080,191 were debited more than once on the Ministry's account resulting in losses amounting to K40,811,018 through unauthorised debits to the accounts.

iii. Fuel Drawn by Unknown Vehicles

Fuel costing K32,022,780 was drawn from the Ministry account using coupons which did not belong to the Ministry as coupon serial numbers were different from those issued to the Ministry by the filling station

j. Lack of Expenditure Returns on Grants

A total of K27,083,333,334 was disbursed as grants to institutions under the Ministry of Commerce, Trade and Industry. However, no expenditure returns were submitted to the Ministry.

k. Misapplication of Infrastructure Funds

During the period under review, amounts totalling K1,960,110,061 were released for infrastructure development. However, the whole amount was applied on activities not related to infrastructure development such as dismantling of arrears and payment of air tickets among others.

I. Review of Internal Audit Report

A review of the internal audit report referenced **MCTI/71/22/1c** dated 18th July 2012 revealed the following:

i. Non recovery Loans and Salary Advances

Contrary to the Terms and Conditions of Service, recoveries of loans and advances in amounts totalling to K572,440,000 paid in 2010 and 2011 had not been effected as of December 2012.

ii. Partial Recoveries on Household Loans

In accordance with the Government Loan Policy, the principal and the interest amounts should run concurrently on the payslip until the loans are fully recovered or paid off. However, it was observed, that only interest was partially recovered in respect of loans totalling K175,000,000 paid to three (3) officers as shown in the table below.

| Date | Payee | Cheque No | Amount K | Interest Recovered K | Interest Recovery Period |
|-------------|---------------------|------------------|---------------------|-------------------------------------|-------------------------------------|
| 26/02/2010 | Phyllis C Chuma | 917 | 80,000,000 | 733,333 | July 2010 to May 2011 |
| 6/4/2010 | Patricia Kapasa | 933 | 50,000,000 | 458,333 | July 2010 to May 2011 |
| 7/5/2010 | Siazongo Siakalenge | 949 | 45,000,000 | 187,500 | July 2010 to Nov 2011 |
| | Total | | 175,000,000 | 1,379,167 | |

HEAD: 37 Ministry of Finance

UNITS: Various

PROGRAMMES: Various

ACTIVITIES: Various

- 40.** In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K1,514,184,205,474 was made to cater for various activities against which amounts totalling K1,676,959,365,433 were spent resulting in an over expenditure of K162,775,159,959 as detailed in the table below.

| Department | Budget K | Supplementary K | Total Authorised Budget K | Expenditure K | Over/ (Under) Expenditure K |
|--|------------------------|------------------------|---------------------------------|--------------------------|-----------------------------------|
| Human Resources and Administration | 359,264,877,757 | 100,734,680,221 | 459,999,557,978 | 402,962,425,889 | 57,037,132,089 |
| Budget Office | 6,904,488,384 | 900,000,000 | 7,804,488,384 | 5,968,197,054 | 1,836,291,330 |
| Centralised Computer Services | 8,547,216,058 | 5,494,545,600 | 14,041,761,658 | 12,218,651,800 | 1,823,109,858 |
| Financial Management and Accounting | 359,198,704,045 | 614,075,173,287 | 973,273,877,332 | 1,205,734,901,809 | (232,461,024,477) |
| Investment and Debt Management | 5,876,960,705 | 600,000,000 | 6,476,960,705 | 4,519,601,559 | 1,957,359,146 |
| Internal Audit | 8,422,537,368 | 200,000,000 | 8,622,537,368 | 7,565,600,223 | 1,056,937,145 |
| Economic Management | 7,823,192,415 | 455,000,000 | 8,278,192,415 | 7,122,596,213 | 1,155,596,202 |
| National Planning | 13,044,322,090 | 4,663,000,001 | 17,707,322,091 | 14,517,457,851 | 3,189,864,240 |
| Monitoring and Evaluation | 6,953,985,698 | | 6,953,985,698 | 6,066,476,543 | 887,509,155 |
| National Policy and Programme Implementation | 6,775,521,845 | 4,250,000,000 | 11,025,521,845 | 10,283,456,492 | 742,065,353 |
| TOTALS | 782,811,806,365 | 731,372,399,109 | 1,514,184,205,474 | 1,676,959,365,433 | (162,775,159,959) |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters carried out in August 2012 revealed the following:

a. Weakness in the Preparation and Production of Financial Statements

According to the Financial Regulation No. 10, accounting officers are required among other responsibilities to:

- Ensure that books of accounts are correctly posted and kept up to date, and
- Prepare and dispatch promptly all financial statements and returns in the prescribed format.

In addition, the IFMIS guidelines require MPSAs to produce their financial statements for any given financial year within four (4) months after the end of the financial year i.e. January to April of the following year.

Contrary to the regulation and guidelines, the Ministry only produced its Financial Statement 'C' for the accounts for 2011 in October 2012.

b. Unsupported Payment

A total amount of K4,183,286,760 was paid on 18th November 2011 to Shorthorn Printers Ltd in respect of an outstanding bill for printing and delivery of accountable documents. However, contrary to Financial Regulation No. 52, the payment was not supported with relevant documents such as an invoice or delivery notes.

c. Undelivered Pay Statements from 2011 Purchase Order

In March and July 2011, the Ministry paid Rank Industries Ltd a total amount of K2,154,692,000 for the supply and delivery of 5,750 boxes of A4 - 4 ply Pay Statements and 2,400 boxes of A3 – 3 ply pay statements. However, as of October 2012, pay statements costing K1,119,358,000 (1,831 boxes of A4 – 4 ply – K484,605,760 and 2,400 A3 payment statement - K634,752,240) had not been delivered.

Although the Ministry continued to engage Rank Industries Ltd for the supply and delivery of pay statements, the company had not delivered pay statements costing K239,754,800 procured in 2009 as of October 2012.

d. Contract Not Fully Executed

On 28th December 2011, the Ministry engaged Bemkel Enterprises for the delivery and installation of internet banking facilities and generators at the Passport Offices in Chipata, Kabwe, Livingstone and Lusaka at a contract price of K573,413,060.

Time Technology was also engaged on the same date for the installation of the same facilities at Ndola Passport Office at the contract sum of K124,814,782. The contracts were for a period of four (4) to six (6) weeks commencing December 2011 to March 2012.

However, as of October 2012 four (4) generators and one (1) 5 KVA Uninterrupted Power Supply unit had not been delivered and the generator houses were not constructed. See table below.

| Office | Outstanding work |
|-------------|-----------------------------------|
| Chipata | 02 Generators and Generator house |
| Kabwe | 01 Generator and Generator house |
| Livingstone | 01 Generator and Generator house |
| Ndola | 5 KVA Uninterrupted Power Supply |

e. Unacquitted Allowances

Contrary to Financial Regulations No.45 (3), payments in amounts totalling K331,500,000 in respect of allowances had not been acquitted as of October 2012.

f. Non-Recovery of Loan Repayments from Loan Beneficiaries

Recoveries in respect of loans paid to twenty (20) officers in January 2011 in amounts totalling K1,967,295,000 had not been effected as of November 2012.

HEAD: 37/09 Ministry of Finance – Central Statistical Office

UNIT: Various

PROGRAMME: Various

ACTIVITIES: Various

- 41.** In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K77,127,624,096 was made to cater for the operations of the Department against which amounts totalling K60,320,891,814 were released resulting in an underfunding of K16,806,732,282.

Accounting and Other Irregularities

An examination of the accounting and other records maintained by Central Statistical Office Headquarters and selected provincial offices carried out in August 2012 revealed the following:

a. Non Recovery of Loans and Advances

Contrary to Terms and Conditions of Public Service, recoveries in respect of loans and advances in amounts K281,753,600 paid to various officers during the period under review had not been effected as of October 2012.

b. Non Remittance of Tax

Contrary to the Income Tax Act, Cap 323 of the Laws of Zambia, tax in amounts totalling K68,967,950 in respect of leave terminal benefits, salary arrears, long service bonus and leave days commutations had not been remitted to Zambia Revenue Authority as of October 2012.

c. Failure to Deduct Tax

Contrary to the Income Tax Act, Cap 323 of the Laws of Zambia, amounts totalling K468,248,357 paid in respect of leave terminal benefits, salary arrears, long service bonus and leave days commutation were made without deducting the Pay As You Earn tax due to ZRA.

d. Missing Payment Vouchers - Headquarters

Contrary to Financial Regulation No.65, fifty six (56) payment vouchers in amounts totalling K1,974,019,541 were not produced for audit.

e. Unretired imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K5,793,844,802 issued to sixty two (62) officers had not been retired as of October 2012, as shown in the table below.

| Station | No. of Officers | Amount |
|--------------|-----------------|----------------------|
| Headquarters | 19 | 5,741,498,352 |
| Chipata | 3 | 33,676,450 |
| Ndola | 3 | 18,670,000 |
| Total | 62 | 5,793,844,802 |

f. 2010 Census Materials - Unaccounted for Bicycles and Mattresses

In paragraph 34 of the Auditor General's Report on the accounts for the financial year ended 31st December 2010, mention was made of the weaknesses in accounting for bicycles and mattresses procured for the 2010 Census for Population and Housing. In particular, it was observed that most districts could not account for a number of bicycles and mattresses delivered to them for use during the exercise.

Mention was also made of delays in the distribution of the materials after the exercise despite Cabinet Office instructions to distribute the materials according to a set criterion while in other instances, districts officials had acted unilaterally and distributed the materials without authority.

A review of the situation in May 2012 in selected districts revealed that, contrary to Cabinet Circular Minute of 2011 that spelt out the criterion for the distribution of the materials and tasked the Provincial Permanent Secretaries to coordinate the distribution process, most districts could not provide details of how the materials were distributed.

In this regard, out of 1,993 bicycles and 1,972 mattresses found in stock during the audit of 2010 accounts in the selected districts, only 558 bicycles and 432 mattresses were accounted for while 1,445 bicycles and 1,540 mattresses costing K722,500,000 and K308,000,000 respectively could not be accounted for as of November 2012, as they were not in stock and had no disposal details.

HEAD: 45 Ministry of Community Development Mother and Child Health

UNITS: Various

PROGRAMMES: Various

ACTIVITIES: Various

42. In the Estimates of Revenue and Expenditure for the Financial Year ended 31st December 2011, a total authorised provision of K134,872,278,796 was made to cater for various activities at the Ministry against which amounts totalling K132,971,209,751 were released.

Irregularities in Accounting for Funds

An examination of accounting and other records maintained at the Ministry headquarters and a visit to nine (9) districts namely Livingstone, Kazungula, Kalomo, Monze Chipata, Katete, Kabwe, Kapiri Mposhi and Mkushi in April 2012 revealed the following:

a. General Administration

i. Unsupported Payments

Contrary to Financial Regulation No. 52, payments in amounts totalling K278,258,326 in respect of four (4) payment vouchers made during the year under review were not supported by bills or invoices.

ii. Irregular Payment of Medical Bills

During the period from February to December 2011, the Ministry paid a total amount of K169,247,281 in respect of medical bills incurred by members of staff even though government regulations do not provide for settling of medical bills on behalf of staff. It was further noted that the payments were neither supported by medical bills nor invoices. In this regard, the payments were irregularly made.

Although in her response dated 13th July 2012, the Controlling Officer stated that the scheme had since been discontinued, the funds had not been recovered as of October 2012.

iii. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K102,369,500 issued to ten (10) officers during the period under review had not been retired as of August 2012 .

iv. Irregular Payment of Sitting Allowances

During the year under review, a total amount of K1,509,195,000 was paid to officers as sitting allowance for various activities such as officers updating the payroll, management meetings, updating of FMS and updating confirmation of officers among others. However, the payments were made without approval from Secretary to the Cabinet, contrary to the provisions of Cabinet Circular No.19 of 2003 and No.7 of 2006.

b. Social Safety Net – Misapplication of Funds

The objective of the Social Safety Net Programme is to assist stranded persons outside the Public Welfare Assistant Scheme (PWAS) programme. The Ministry received a total funding of K1,083,794,017 to implement the programme.

Contrary to the provisions of the Appropriation Act of 2011, amounts totalling K605,750,994 were applied on payment of school fees for vulnerable children in the districts, purchase of stationery, fuel, cleaning materials and payment for commutation of leave days. The balance of K477,249,006 was disbursed to the districts to assist clients. However, as of March 2012, there were no expenditure returns from the districts on how the K477,249,006 was utilised .

c. Public Welfare Assistance Scheme (PWAS)

The Public Welfare Assistance Scheme (PWAS) is a social assistance programme aimed at alleviating the problems of the poorest and most vulnerable people in Zambia.

The Ministry received a total funding of K8,015,680,000 which was the budgeted amount in 2011 to implement the programme. A total of K6, 972,398,443 was disbursed to the districts leaving a balance of K1,043,281,557 at headquarters.

The following were observed:

i. Irregular Retention of Funds by the Ministry Headquarters

According to the implementation guidelines, 93% of the funding received was supposed to be disbursed to the districts. Contrary to the guidelines, it was observed that the Ministry disbursed K6,972,398,443 (87%) to the districts and provinces instead of K7,454,582,400 (93%). In this regard, only K561,097,600 (7%) was to be retained at Headquarters. The extra amount of K482, 183,957 was therefore irregularly retained at Headquarters (K1,043,281,557 less K561,097,600) .

ii. Misapplication of Funds

Out of the total amount of K1,043,281,557 which was retained at Headquarters, an amount of K713,635,683 was utilised on monitoring, leaving a balance of K329,645,874 which was utilised on unrelated activities such as purchase of food stuffs for Chikumbi Children's Home and purchase of air tickets.

d. Street Children - Misapplication of Funds

The Ministry received a total funding of K2,484,000,000 to implement the Street Children Programme. The funds were required to pay grants to District Street Children Committees and NGO's providing services to street children.

A total amount of K1,281,326,165 was disbursed to twenty eight (28) District Street Children Committees leaving a balance of K1,202,673,835 which was utilised at Headquarters on monitoring (K279,131,390), construction of a hostel (K103,307,224) and K820,237,221 which was utilised on unrelated activities such as payment of wages and purchase of food stuffs for Chikumbi and Mfulira Street Children Homes and purchase of air tickets and workshops.

e. Women Development

The objective of the Women Development Programme is to empower women's groups and associations with low capacity household. The women are assisted with a grant to enable them engage in various income generating projects such as piggery, goat keeping, beekeeping and gardening amongst others.

In 2011, the Ministry received a total funding of K15,000,000,000 to implement the programme. The funds were utilised on payment of grants to two thousand (2,000) women clubs (K6,861,831,877), purchase of equipment (K6,074,055,500) and administration (K512,787,518) of the programme leaving a balance of K1,551,325,105 at Headquarters.

The following were observed:

i. Misapplication of Funds

The balance of K1,551,325,105 retained at headquarters was utilised on unrelated activities such as monitoring, purchase of fuel for other departments, payment of commutation of leave days and long service bonuses and sitting allowances.

ii. Distribution of Equipment

Contrary to the programme's guidelines which required that the equipment procured for women's clubs be distributed directly to the clubs, the Ministry distributed equipment costing K2,988,515,386 to Members of Parliament for onward distribution to the clubs. However, there was no evidence that the clubs received the equipment as they did not acknowledge receipt.

iii. Inadequately Supported Payments to Club

According to the guidelines, the clubs seeking support were required to submit an application form, registration certificate, a copy of the club's constitution, a list of members of the club, project proposal and a valid bank account.

However, fifty three (53) clubs which did not meet the criteria set above were irregularly paid a total amount of K175,880,000.

f. Districts

i. Failure to Carry Out Monitoring Activities

The table below shows the number of women clubs funded for various income generating activities such as farming, pig and chicken rearing, gardening and farming in the selected districts visited.

| District | No. of Clubs funded | Amount K |
|---------------|---------------------|--------------------|
| Livingstone | 12 | 47,000,000 |
| Monze | 27 | 62,254,000 |
| Kazungula | 31 | 79,000,000 |
| Kalomo | 41 | 103,600,000 |
| Chipata | 29 | 86,470,000 |
| Katete | 29 | 119,358,000 |
| Kabwe | 72 | 220,670,000 |
| Kapiri Mposhi | 17 | 34,500,000 |
| Mkushi | 28 | 102,000,000 |
| Total | 286 | 854,852,000 |

Twenty (20) clubs were visited in Livingstone, Monze, Kazungula, Kabwe, Mkushi, Kapiri Mposhi. The Clubs were involved in various income generating activities such as poultry and cattle rearing.

According to guidelines for the implementation of the programme, the responsibilities of the District Offices were to carry out monitoring and evaluation of the clubs and to provide technical assistance to the clubs amongst others.

However a review of the records revealed that these activities were not being done.

ii. Payments to Clubs not on Lists from the Districts

According to the guidelines, the clubs were required to submit their project proposals to the district offices for recommendation and verification as to whether the clubs had all the requirements such as application forms, registration certificates and proof of the bank account.

However, there were one hundred and four (104) clubs that were paid amounts totalling K366,880,000 whose project proposals had not been recommended by the district offices to the Ministry Headquarters for payment. Out of the clubs paid, only 32 clubs collected their cheques (K123,000,000), while 72 clubs did not collect their cheques (K243,880,00) which had since become stale.

g. Misapplication of Funds - Learning Resource Centre

Amount totalling K250,000,000 was received to rehabilitate infrastructure in the community skills centres and sub-centres in Provinces to enhance service delivery. It was observed that the funds were applied on unrelated activities such as administration, grants to women clubs, graduation ceremonies and tuition fees for members of staff. Consequently the skills centres had not been rehabilitated.

h. Food Security Pack Programme (FSP)

The objective of the programme is to empower the targeted vulnerable but viable farming households to be self-sustaining through improved productivity and household food security and thereby contribute to poverty reduction.

During the period under review the programme was funded a total of K15,000,000,000 which was utilised as shown in the table below.

| Details | Amount K |
|----------------------------|-----------------------|
| Purchase of inputs | 8,203,371,000 |
| Purchase of motor vehicles | 2,542,125,000 |
| Administration | 988,192,000 |
| Disbursement to Districts | 2,405,000,000 |
| Other expenditure | 856,758,558 |
| Total | 14,995,446,558 |

The following were observed:

i. Misapplication of Funds

- During the period, the Ministry procured nineteen (19) motor vehicles at a total cost of K2,542,125,000 from CFAO Zambia Ltd fifteen (15) and Hazida Motors four (4) for the Food Security Programme and Women Empowerment Programme.

However, there was no budget line under the Food Security Pack programme for the purchase of motor vehicles.

- A total amount of K856,758,558 was utilised on unrelated activities such as purchase of furniture for Namushakende Skills Training Centre, purchase of equipment for women empowerment and payment of hotel bills and a grant to the Lunda Cultural Association.

ii. Distribution of Farming Inputs in the Districts

During the period under review inputs costing K8,203,371,000 were distributed to fourteen thousand four hundred (14,400) beneficiaries.

According to existing arrangements, beneficiaries of the Food Security Pack Programme were supposed to pay back 40 kilogrammes of maize for every pack received. A test check to ascertain whether beneficiaries were paying back was

carried out in eight (8) districts detailed in the table below where one thousand six hundred and ninety (1,690) persons had benefited from the programme.

| District | Maize seed (1x10Kg) | Fertilizer (50Kg'sx2) | No. of Beneficiaries |
|--------------|------------------------|--------------------------|-------------------------|
| Monze | 200 | 500 | 200 |
| Kazungula | 250 | 600 | 250 |
| Livingstone | 190 | 190 | 190 |
| Chipata | 200 | 400 | 200 |
| Katete | 200 | 400 | 200 |
| Kabwe | 200 | 500 | 250 |
| Mkushi | 200 | 400 | 200 |
| Kapirimposhi | 200 | 400 | 200 |
| Total | 1,640 | 3,390 | 1,690 |

However, due to poor record keeping it was not possible to verify whether the beneficiaries had paid back to the programme as required. Further, it was also not possible to verify the utilisation of K866,000,000 that was disbursed to the districts for identification of beneficiaries, distribution of inputs and monitoring of the beneficiaries as cash books were not maintained.

HEAD: 46/07 Ministry of Health - Clinical Care & Diagnostics Services
UNIT: 01 Clinical Care and Diagnostic Services
PROGRAMMES: 08 Health Service Delivery
ACTIVITIES: 02 Outreach Clinical Services

43. In the year 2010, the Zambian government decided to procure mobile health units/sets to complement the static health facilities in the rural and other areas of Zambia in order to improve the health delivery services.

The main objective was to eliminate all barriers, such as economic, geographic or cultural, that prevent people from having access to the medical care system, promoting a major equity within society, providing a good medical service, educating people in health matters and further lower the health system costs as less people get ill due to preventive action.

Each citizen was expected to have access to this basic health care package regardless of where they live. The Mobile Health Unit system was a specially designed vehicle to be adaptable to the rural area requirements and geographically rough terrain.

The Mobile Health Unit was to have four (4) different departments with five (5) special medical vehicles which were to offer services similar to a Second Level Hospital.

The mobile Health Units were to target a total of 8,705,562 rural populations to access the health facility, as detailed in the table below.

| Province | Total Population (2010) | Rural | Urban | % | % |
|---------------|-------------------------|---|------------------|----------|----------|
| | | (Estimated Mobile Facility Target Population) | | Rural | Urban |
| Central | 1,386,628 | 1,053,682 | 332,946 | 0.76 | 0.24 |
| Copperbelt | 2,088,146 | 462,330 | 1,625,816 | 0.22 | 0.78 |
| Eastern | 1,744,430 | 1,590,433 | 153,997 | 0.91 | 0.09 |
| Luapula | 1,064,422 | 925,539 | 138,883 | 0.87 | 0.13 |
| Lusaka | 1,768,205 | 321,365 | 1,446,840 | 0.18 | 0.82 |
| Northern | 1,662,240 | 1,428,365 | 233,875 | 0.86 | 0.14 |
| N/Western | 808,046 | 708,724 | 99,322 | 0.88 | 0.12 |
| Southern | 1,706,468 | 1,344,858 | 361,610 | 0.79 | 0.21 |
| Western | 989,348 | 870,266 | 119,082 | 0.88 | 0.12 |
| Zambia | 13,217,933 | 8,705,562 | 4,512,371 | 6 | 3 |

Estimated Mobile Facility Target Population, 2010

The project was to be financed through a US\$53,000,000 concessional loan obtained from the EXPORT – IMPORT Bank of China by the Zambian government through the Ministry of Finance.

The loan had the following conditions:

- i. The maturity period for the repayment of the loan would be fifteen (15) years,
- ii. The Loan would be paid in Renminbi lawful currency of China,
- iii. Grace period would be five (5) years,
- iv. Interest rate would be two (2) percent per annum,
- v. Other Loan costs: Commitment Fee (0.075%) on the basis of the un-drawn amount of the Loan, and
- vi. Management Fee: 1% on the basis of the total amount of the loan.

For the Loan Agreement to be approved, the following conditions were to be required:

- i. Financial Requirement: The loan to be World Bank's International Development Agency (IDA), Loan conditions.
- ii. Experience and Competence: The Bidder was to provide information on, past performance and experience in Mobile Health Services provision and management, and
- iii. Experience and Technical Capacity: The Bidder was to furnish documentary evidence of having previously, in the last three (3) years, supplied not less than the

equivalent of the same quantity of the similar goods to other countries, and that after sales service would be provided in the purchaser's country.

In addition to the loan, in the Estimates of Revenue and Expenditure for the year 2011, a provision of K8,281,550,172 was made to cater for outreach activities related to Mobile Hospital Services and the whole amount was released.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministries of Health and Finance carried out in June 2012, revealed the following:

a. Lack of Feasibility Study to Implement the Programme

Good procurement practice requires that at pre-solicitation stage, the following should be done by the procuring entity:

- A need recognition (feasibility study in this case)
- Notice of intent to procure
- Development of specifications
- Award criteria

However, no feasibility study was carried out on the mobile hospitals and the sustainability of the services once procured.

b. Tender and Award of Contract to AVIC International Limited (AVIC)

During the period under review, the Director General of the Zambia Public Procurement Authority (ZPPA) granted the Ministry of Health authority to invite bids from at least six (6) bidders to tender for the supply and delivery of the Mobile Health Services. The Bids were for Lot 1 and Lot 2 consisting of the following Provinces:

| Under Lot 1 | Under Lot 2 |
|-------------------------------------|---|
| 5 (Sets) for Rural Provinces | 4 (Sets) for Urban to Peri Urban Provinces |
| Northern | Lusaka |
| Luapula | Copperbelt |
| North – Western | Central |
| Eastern | Southern |
| Western | |

Three (3) Companies were invited to bid for the tender and they submitted their bids as follows:

Summary of Bids Received

| No. | Bidder | Country of Origin | Bid Sum (US\$) | Lot | Completion Period |
|-----|---------------------|-------------------|----------------------------|-----------|-------------------|
| 1 | Med-1 Partners | USA | US\$152,859,175.00 | (1 and 2) | 36 weeks |
| 2 | Yeti Motors Limited | South Korea | US\$1,943,000.00 /Per Unit | | 6 months |
| 3 | AVIC | China | US\$53,000,000.00 | Lot 1 | 20 Weeks |
| | | | US\$22,835,300.00 | Lot 2 | 24 Weeks |

After the evaluation of the bids by the Evaluation Committee, two (2) companies were recommended to the Zambia Public Procurement Authority (ZPPA) for award. The companies were AVIC for Lot 1 at a contract sum \$53,000,000 and Med 1 Partners of USA for Lot 2 at a contract sum \$102,831,406, subject to satisfying the following conditions:

- Strengthening of the nine (9) Vehicle Service Departments in Provincial Centers where Mobile Health Vehicles were to be serviced by equipping and training of Personnel,
- Submission of a Cost Benefit Analysis per year for Mobile Health Services,
- AVIC was to calculate and come up with operational costs on fuel, maintenance costs figures,
- The Bidder was to furnish documentary evidence of having previously in the last three (3) years supplied not less than the equivalent of the same quantity of the similar goods to other countries, and that after sales service would be provided in the purchaser's country, and
- The supplier must have the technical capacity to manufacture the required quantities of the goods or, if the supplier is an agent, he or she should have the original manufacturers' authorisation as a dealer or distributor for the goods to be provided in Zambia.
- The supplier was to provide the original manufacturers' authorisation as a dealer or distributor for the medical equipment and instead he outsourced from other medical equipment manufacturers, supplied together with vehicles such as laboratory, x-ray equipments, among others.

According to the correspondence obtained from the Ministry, the ZPPA granted a "No Objection" to award contracts to two companies namely, AVIC for Lot 1 at a contract sum of US\$55,325,240 and Med-1 Partners for Lot 2 at a contract sum of US\$102,833,050.

In this regard, the Ministry entered into contracts with AVIC at a contract sum of US\$53,000,000 on 21st May 2010 for Lot 1 and Med-1 Partners for Lot 2 at a contract sum of US\$102,831,406 on 18th June 2010. However, the contract with Med-1 Partners did not materialise as the Ministry failed to secure funds.

According to the contract signed with AVIC, the company was to supply mobile health vehicles, medicines, spare parts, training of Ministry of Health Personnel, medical support by providing medical services team and technical support.

The contract further provided for twenty seven (27) medical service teams experts for services in Zambia for two (2) years, twelve (12) technicians for service in Zambia for two (2) years and twenty (20) trainees from the Ministry of Health for training in China and additional nine (9) theatre nurses for two-years in Zambia.

In November, 2010 the Ministry of Health sent a team of twenty (20) officers comprising sixteen (16) medical and four (4) technical staff drawn from various directorates for training in China for a period of 30 days from 19th November to 23rd December, 2010. The cost of strengthening the vehicle service centres for maintenance and servicing of mobile health vehicles was also included in the contract but the amount was not indicated.

According to the technical specifications on the satellite communication systems, each mobile health unit was to be equipped with a set of satellite phones that would provide transmission service of e-mail, data, image, file and video phone. Each unit was also to be equipped with a laptop computer. On the laboratory, mini theatre, dispensary and x-ray motor units, the vehicles were to be fitted with equipment befitting the functions of the vehicles.

The contract was for a period of twenty (20) weeks from the time of signing the loan agreement in May 2010 and payments to the AVIC were to be made as follows:

- i.** Forty five (45%) percent of the contract price being US\$23,850,000 would be paid within forty five (45) days of signing the contract as an advance payment,
- ii.** Twenty percent (20%) of the contract price being US\$10,600,000 of the goods shipped would be paid within forty five (45) days of submission of documents,
- iii.** Twenty five percent (25%) being US\$13,250,000 within forty five (45) days of receipt of goods, and

- iv. Ten percent (10%) being US\$5,300,000 would be maintained as retention fee and payable after two (2) years of commissioning and acceptance.

The following were however observed:

- i. Irregular Award of the Contract**

The Ministerial Evaluation Committee recommended to ZPPA for the award of the contract subject to satisfying the conditions as above.

However, the Ministry entered into the contract with AVIC at a total contract sum of US\$53,000,000 despite the fact that AVIC did not meet all the conditions given by the Evaluation Committee.

- ii. Failure to Develop Specifications By the Ministry**

It is generally accepted good procurement practice that the procuring institution develops specifications for the goods that they want to procure. It is also good practice that, at the contract performance and administration stage, goods must be inspected upon delivery and an acceptance certificate signed by the buyer, the supplier and a witness. This is intended to ensure that goods of the right quality and quantity are delivered and also minimises conflicts.

However, the Ministry did not develop the specifications of the mobile hospitals that were to be procured. Instead, this was left to the supplier. In addition, there was no evidence that an acceptance certificate was issued. Therefore, it was not possible to determine whether the units supplied were in the right quantities and specifications.

- iii. Failure to submit the Contract to the Attorney-General.**

According to Clause (e) of the Public Procurement Act of 2008, before a contract is approved by ZPPA, it must be sent to the Attorney-General for legal opinion.

However, the contract signed with AVIC was not submitted to the Attorney – General for a legal opinion contrary to the provisions of the ZPPA Act.

- iv. Failure to attach Local Technicians to Service Mobile Health Units**

The contract signed with AVIC stated that AVIC would be responsible for carrying out maintenance of the equipment in Zambia for a period of two (2) years. The contract further stated that the Ministry would assign a number of their

technicians to work with AVIC. The purpose of this was for AVIC to transfer the technical knowledge to the Zambian technicians.

However, as of October 2012, there had been no local technicians assigned to work with AVIC technical team.

v. Failure to Provide Documentation - Medical Consumables (Drugs)

According to the contract, an amount of US\$6 million was included in the contract for the supply of medicine and other consumable medical appliances.

However, as of December 2012, no records had been availed for audit regarding the supply of the same.

vi. Non - Delivery of Equipment.

Some of the components of the mobile hospital vehicles such as satellite phones, LCD projector, speakers, gas cylinders, dental instruments, electrical colposcopy (equipment for cervical cancer screening & biopsy), tents and ultra sound printers among others, though paid for, had not been delivered as of December 2012. Although the contract provided for liquidated damages, there were no claims made in this regard.

In addition, some equipment such as laptop computers, satellite phones, electrical colposcopy among others initially delivered to the provinces were missing

vii. Non Functioning Equipment

A physical inspection carried out in the nine (9) provincial offices in July, 2012, revealed that various medical equipment which included urine analyser, field heat hand washing equipment, dental treatment steriliser fitted in the mobile hospital vehicles among others, were not functioning.

viii. Lack of a Sustainability Strategy

Although the concept for the mobile hospitals was good, there was no maintenance strategy that had been developed by the Ministry to ensure the sustainability of the service. The contract included spares and maintenance for two years only. The long term strategy of sustaining the mobile hospitals was non-existent.

ix. Unexplained Expenditures

In the Estimates of Revenue and Expenditure for 2011, a budget provision of K8,281,550,172 was made under Programme 08 Health Services Delivery Activity 002, Outreach Clinical Services under Department 07 Clinical Care & Diagnostic Services. The funds were to be used for outreach activities for mobile hospital services.

It was observed that although financial records at the Ministry of Health showed that a total amount of K6,704,021,846 (mobile hospital services - K3,704,021,846 and other outreach activities - K3,000,000,000) had been spent as of 31st December 2011, a scrutiny of the Statement “C” for the year then ended revealed that a total expenditure of K8,261,550,172 was incurred on outreach programmes. The difference of K1,557,528,326 could not be explained.

x. Non Production of Reports.

During the year ended 31st December 2010, the Ministry of Health constituted among others, four (4) Committees which went to China to ascertain whether the mobile health equipment to be procured could be used successfully in the Zambian environment, arrange training of local staff on the proper operation and maintenance of the equipment and carry out a pre-shipment inspection. The Ministry also appointed another committee in January, 2011 to monitor and evaluate the use of Mobile Health Units in Zambia.

In this regard, amounts totalling K81,689,735 were paid to various officers in respect of allowances. However, as of December, 2012, no reports had been produced.

The reports are critical as they make an invaluable input in making strategic decisions.

c. Cost of Running the Mobile Health Services Versus the Number of Patients Seen

During the period under review, the Ministry through the Provincial Offices undertook forty nine (49) outreach activities using the Mobile Hospitals at a total cost of K4,102,080,831 as shown in the table below.

Analysis of Expenditure for Outreach Activities

| Province | Period | District Visited | No. of outreach | Total K | Average Cost per Outreach K |
|--------------|-------------------------|--|-----------------|---------------|-----------------------------|
| Western | Sept, 2011 – June, 2011 | Mongu, Senanga, Kaoma and Shangombo | 4 | 764,438,620 | 191,109,655 |
| Eastern | June & September, 2011 | Chadiza, Lundazi, Chama, Chipata, Mambwe, Katete, Petauke and Nyimba | 8 | 307,826,950 | 38,478,369 |
| Northern | May & November 2011 | Mungwi, Mbala, Isoka, Mpika, Chilubi, Chinsali and Kasama | 7 | 883,994,043 | 126,284,863 |
| Luapula | July, 2011 – May, 2012 | Chiengi, Samfya, Kawambwa, Milenge, Mwense | 8 | 1,251,739,260 | 156,467,408 |
| Central | May – August, 2011 | Serenje, Chibombo, Mumbwa | 8 | 155,955,000 | 19,494,375 |
| NorthWestern | | Solwezi, Mufumbwe, Kasempa, Zambezi, Chavuma, Kabompo | 6 | 134,737,570 | 22,456,262 |
| Lusaka | May & September, 2011 | Chongwe, Chongwe, Mwembeshi and Kafue | 4 | 219,844,388 | 54,961,097 |
| Southern | May & August, 2011 | Kazungula and Kalomo | 3 | 226,875,000 | 75,625,000 |
| Copperbelt | May – June, 2011 | Masaiti | 1 | 159,670,000 | 159,670,000 |
| | | | 49 | 4,105,080,831 | |

From the table above, it can be seen that other than in Central, Eastern, North Western, and Lusaka Provinces where it cost the Government between K19,494,375 and K54,961,097 on average for one outreach, it cost the Government on average between K75,625,000 and K191,109,655 in the rest of the provinces to undertake one outreach.

d. High Cost of Running the Marine equipment

The marine equipment such as ambulances and boats delivered to various districts to conduct marine services were either not operational or were rarely used due to inadequate funding to the Provincial Health Offices to run the equipment. In Western Provinces for instance, seven (7) boats were delivered, two (2) each in Mongu, Senanga, Kalabo and one (1) in Lukulu.

An interview with the officers in Senanga revealed that the boats were rarely used because of the high operational costs. At the time of inspection in Senanga and Lukulu districts in August, 2012, the boats were found parked at the harbor. See pictures below.



Ambulance and Passenger boats parked at the harbor in Senanga and Lukulu

e. Inadequate Trained Manpower

Interviews carried out in August, 2012 with staff at the Provincial Office and the Doctors in charge during the outreach in Shangombo revealed that there was a shortage of experts on the Mobile Health Services.

Despite the fact that the Units provided services equivalent to those provided at a second level hospital, they lacked specialists.

f. Payments Made to the Supplier

According to the loan re-payment schedule obtained from the Ministry of Finance and National Planning (IDM) Section, the Government will pay a total of CN¥432,088,153.02 equivalent to US\$63,449,069.99 by the year 2025 to EXPORT - IMPORT BANK OF CHINA. The amount comprises of Principal (CN¥361,000,000) (US\$53,010,279.00) and Interest (CN¥71,088,153.02) (US\$10,454,140).

As of June, 2012 a total of CN¥6,984,580 equivalent to (US\$1,112,624.96) had been paid by the Ministry of Finance and National Planning (MoFNP) as interest. The funds were paid from the MoFNP Loans and Investment account and remitted between 14th March, 2011 and 23rd February, 2012 to EXPORT - IMPORT BANK OF CHINA. See table below.

Payments to EXIM BANK

| Name of Creditor/Payee | Due Date | Principal(US\$) | Interest US\$ | Total |
|-------------------------|----------|-----------------|---------------------|---------------------|
| Mobile Hospital Project | 21.03.11 | - | 141,460.27 | 141,460.27 |
| ‘‘ | 21.09.11 | - | 452,974.17 | 452,974.17 |
| ‘‘ | 21.03.12 | - | 518,190.52 | 518,190.52 |
| Total | | | 1,112,624.96 | 1,112,624.96 |

It is not clear why the Ministry of Finance and National Planning had commenced repayment when the agreement clearly specified that there was a grace period of sixty (60) months before commencement of repayment.

HEAD: 46/11 Ministry of Health – Copperbelt Province

UNIT: 12 Ronald Ross General Hospital

PROGRAMMES: 1 Personal Emoluments

8 Health Service Delivery

9 Health Systems Management

Activities: Various

44. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2010 and 2011, provisions totalling K25,117,178,793 were made to cater for various activities at the Hospital against which amounts totalling K26,558,225,081 were released (K12,430,954,944 in 2010 and K14,127,270,137 in 2011).

In addition, medical and school fees totalling K3,568,924,878 were collected by the Hospital and Nursing School during the period under review. See table below.

| Entity | 2010 | 2011 | Total |
|-------------------|----------------------|----------------------|----------------------|
| Hospital | 412,056,552 | 1,001,035,426 | 1,413,091,978 |
| School of Nursing | 1,068,184,900 | 1,087,648,000 | 2,155,832,900 |
| Total | 1,480,241,452 | 2,088,683,426 | 3,568,924,878 |

Accounting and Other Irregularities

A scrutiny of accounting and other records maintained at the Hospital carried out in July 2012 revealed the following:

a. Missing Payment Vouchers

Contrary to Financial Regulation No.65, nine (9) payment vouchers in amounts totalling K23,083,000 were not produced for audit.

b. Unsupported Payments

Contrary to Financial Regulation No. 52, twenty two (22) payments in amounts totalling K25,066,849 made during the period under review had no supporting documents such as receipts, invoices and local purchasing orders among others.

c. Failure to Recover Salary Advances

During the period from January 2010 to May 2011, salary advances in amounts totalling K8,750,000 were paid to ten (10) officers from the Grant account. However, as of

November 2012, recoveries had not been effected, contrary to Terms and Conditions of Service for the Public Service.

d. Irregular Payment of Subsistence Allowance

According to Section 155 (a) of 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 requirement, amounts totalling K43,880,000 were irregularly paid to forty six (46) officers as loading and offloading allowances on first appointment.

e. Unretired Imprest

Contrary to Financial Regulation No.96, imprest in amounts totalling K23,053,500 issued to nine (9) officers during the period under review had not been retired as of December 2012.

f. Irregular Use of Accountable Imprest

According to Financial Regulation No. 86 (c), accountable imprest is issued to facilitate the purchase of goods and services whose value cannot be ascertained at the time of issue.

It was, however, observed that imprest in amounts totalling K782,133,360 was issued to twenty six (26) officers for the procurement of goods and services instead of paying directly to the suppliers. Further, no competitive quotations were obtained.

g. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, drugs and medical supplies, general stores, food staffs and equipment costing K64,356,100 procured during the period under review had no receipt and disposal details.

h. Failure to Fill Staff Establishment

During the period under review, the Nursing School had shortages of lecturing staff as shown in the table below.

| Staff | Authorised Establishment | Actual Strength | Variance |
|----------------------|--------------------------|-----------------|-----------|
| Clinical Instructors | 14 | 8 | 6 |
| Tutors | 15 | 3 | 12 |
| Totals | 29 | 11 | 18 |

As of December 2011, the Nursing School were operating below its authorised establishment in that the strength of clinical instructors and tutors stood at 8 and 3 respectively as opposed to the required numbers of 14 and 15 respectively.

HEAD: 51 Ministry of Communications and Transport

UNITS: Various

PROGRAMMES: Various

ACTIVITIES: Various

45. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K179,575,810,470 was made to cater for various activities against which amounts totalling K164,542,802,772 were released resulting in an underfunding of K15,033,007,698.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters carried out during the period April to August 2012 revealed the following:

a. Unretired Imprest

Contrary to Financial Regulation No. 96 (1), imprest in amounts totalling K160,665,500 issued to six (6) officers during the period under review had not been retired as of December 2012.

b. Irregularities in the Purchase of Fire Tenders

In Paragraph 37 of the Report of the Auditor General on the accounts for the financial year 2010, mention was made of the irregularities in the procurement of seventeen (17) Titan fire fighting equipment and nine (9) Iveco Trauma Ambulances at a contract price of K124,739,221,445 (US\$26,700,000).

A review of the situation for the financial year 2011 revealed that Government had failed to adhere to the terms of the payment stipulated in the contract, consequently the supplier claimed and was paid K46,754,302,800 (US\$8,989,289) in penalties.

c. Contract to Supply Fire Tenders by Carmichael International Limited

On 5th June 1996, the Ministry engaged Carmichael International to supply eight (8) fire tender trucks at a contract price of (£3,447,040). However, due to the government's failure to meet its obligations as stipulated in the contract, only two (2) fire tenders had been delivered as of December 2012.

It was observed that due to changes in vehicle specifications, the contracted models became obsolete and in 2009, the contract price was adjusted upwards from £3,447,040 to £7,500,000. Further, the supplier claimed an escalation fee of £1,106,070 bringing the amount due to the supplier to £8,606,070 out of which £1,190,279.60 had been paid as of October 2012 leaving a balance of £7,415,790 for the six (6) fire tenders not supplied.

d. Upgrading of Kasaba Bay Run Way

The Government in 2009 through the Ministry decided to construct a new international airport at Kasaba Bay on the shores of Lake Tanganyika in Northern Province. The existing 1.5 km bituminous runway meant for landing small aircrafts was to be replaced by an international airport capable of accommodating a Boeing 737-800 jet airliner.

In order to minimise on the cost, the government decided to use its own equipment by engaging the Rural Roads Unit (RRU). The estimated cost of the project was K63,425,412,512.

In the Estimates of Revenue and Expenditure for the years 2009 to 2011 a total amount of K24,610,000,000 was provided for the project and the whole amount was released as shown below:

| Year | Budget K | Released K |
|--------------|-----------------------|-----------------------|
| 2009 | 1,000,000,000 | 1,000,000,000 |
| 2010 | 5,010,000,000 | 5,010,000,000 |
| 2011 | 18,600,000,000 | 18,600,000,000 |
| Total | 24,610,000,000 | 24,610,000,000 |

In addition, the Ministry varied K10,000,000,000 from Mbala Airport, K7,720,603,318 from Kasama and Solwezi Airports and there was K8,000,000,000 supplementary funding in 2010 bringing the total funds available for the project to K50,330,603,318.

A private consulting firm, Ng'andu Consulting Limited, was engaged as a contractor and consultant/supervisor at a contract price of K63,425,412,512 later revised to K71,829,466,640. The contract price of K71,829,466,640 was K21,498,863,322 over and above the K50,330,603,318 available for the project. The contract agreement was signed on 11th December 2009 with the expected completion period of one year (12th December, 2010) later revised to 30th July 2011.

In addition, it was noted that the Government having decided earlier on to hire and use the RRU which had the equipment to do the job at a contract sum of K63,425,412,512, they proceeded to enter into a contract with Ng'andu Consulting which provided among other things that the contractor was to hire plant and equipment and workers from RRU at a price of K20 billion. The rationale of hiring the contractor who was later to use the RRU equipment and labour when the RRU could have done the job was questionable.

Further, the following irregularities were observed:

- Although the contractor had been paid a total of K50,330,603,313, he had not paid RRU and Global Limited for the hire of plant and equipment, as of December 2012.
- The certified completion works by the Chief Engineer Buildings Department, RRU totalled K64,061,114,440 from 2009 to October 2011, out of which the contractor was paid K50,330,603,321 leaving K13,730,511,117 outstanding.
- A total of K1,292,984,923 was claimed by the contractor in August 2011 as interest due to delayed payments in that the claims had not been paid as of September 2012. The total interest claims are detailed below:

| Cert No. | Month Certified | Month Paid | Amount Certified | Amount Paid | Balance | Time elapsed | Interest |
|----------|-----------------|------------|------------------|---------------|---------------|--------------|----------------------|
| 4 | Sep-10 | Oct-10 | 5,462,235,144 | 795,322,220 | 4,666,912,924 | 1 | 81,670,976 |
| 4 | Sep-10 | | 4,666,912,924 | | 4,666,912,924 | 4 | 326,683,904 |
| 4 | Sep-10 | Feb-10 | 4,666,912,924 | 3,193,083,318 | 1,473,829,606 | 6 | 154,752,108 |
| 5 | Nov-10 | | 7,208,547,400 | | 7,208,547,400 | 4 | 504,598,318 |
| 6 | Dec-10 | | 4,675,856,780 | | 4,675,856,780 | 2 | 163,654,987 |
| 7 | Feb-10 | | 3,521,407,360 | | 3,521,407,360 | 1 | 61,624,628 |
| | | | | Total | | | 1,292,984,921 |

A visit to the project site in August 2012 revealed that the works had not been completed and the RRU and Global had demobilised due to non payment for the hire of equipment by the contractor. There was however, no provision in the contract for liquidated damages for non performance.

e. District Aerodromes

During the period under review a total amount of K3,939,432,900 was funded for the rehabilitation of aerodromes in the whole country. Out of the amount funded, amounts totalling K736,240,000 were disbursed to eight (8) provinces while Headquarters retained the balance of K3,203,192,900.

It was, however, observed that the amount retained at Headquarters was applied on unrelated activities.

In his response dated 12th September 2012, the Controlling Officer stated that the Ministry used the funds on other activities with a view of reimbursing the amount when funded. Unfortunately the funding never came.

Site visits carried out in selected Districts of Western and Southern Provinces revealed the following:

- **Provincial Administration - Western Province**

An amount of K150,000,000 was received by the Provincial Administration in April, 2011, for the rehabilitation of district aerodromes. In this regard, the Provincial Administration released K135,000,000 as imprest in the names of the District Commissioners for the rehabilitation of the aerodromes in their districts as detailed below:

| Date | Payee | Amount K |
|--------------|----------------|---------------------|
| 01.06.11 | DC - Shangombo | 20,000,000 |
| 01.06.11 | DC - Mongu | 15,000,000 |
| 01.06.11 | DC - Sesheke | 15,000,000 |
| 01.06.11 | DC - Lukulu | 15,000,000 |
| 01.06.11 | DC - Kalabo | 15,000,000 |
| 01.06.11 | DC - Kaoma | 15,000,000 |
| 01.06.11 | DC - Senanga | 10,000,000 |
| 01.06.11 | DC - Senanga | 30,000,000 |
| Total | | 135,000,000 |

The balance of K15,000,000 was retained at Provincial Administration for monitoring.

The following were observations:

- **Shangombo - Lack Of Receipt and Disposal Details for Fuel**

An amount of K20,000,000 was paid to Shangombo district as imprest for rehabilitation of the helipad. Out of the released amount, K11,937,000 was used to purchase 1,500 litres of fuel and the balance of K8,063,000 used for purchase of various tools.

Although the works were done, there were no disposal details in respect of 1,500 litres of fuel costing K11,937,000.

- **Senanga District – Unretired Imprest**

In June 2011, the District Commissioner was issued with imprest of K40,000,000 for the rehabilitation of the aerodrome.

However, inquiries with the District Administrative Officer revealed that in fact that the aerodrome were rehabilitated free of charge by the contractors working on the Senanga-Sesheke road as part of their corporate social responsibility.

As of December 2012, the imprest issued to the District Commissioner had not been retired.

- **Sesheke District**

In June, 2011, an imprest of K15,000,000 was issued to the District Commissioner for the rehabilitation of Sesheke Airstrip.

An inquiry at the District Commissioner's Office revealed that the Prisons Department was engaged to carry out vegetation clearance along the runway.

As of December 2012, the imprest issued to the District Commissioner had not been retired.

- **Kalabo District**

In June 2011, an amount of K15,000,000 was paid in form of imprest to the District Commissioner for the rehabilitation of the runway.

A review of the monitoring and inspection reports maintained at the Department of Civil Aviation Office in Mongu revealed that the funds had

been used to rehabilitate the roof for the fire hangar which was blown off instead of working on the runway and vegetation control on the airfield.

It is clear from the above that the practice of issuing imprest to District Commissioners for rehabilitation works has a potential risk of funds not being used for the intended purposes as the affected District Commissioners had failed to account for the funds resulting in deductions from their terminal benefits.

HEAD: 65/ Ministry of Science, Technology and Vocational Training
04 Vocational Education and Training

UNIT: 2 Entrepreneurship Development

PROGRAMME: 11 Support to TEVET Fund

ACTIVITY: 02 Kabwe Trades Training Institute

46. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2010 and 2011, a total provision of K1,800,000,000 was made to cater for various activities at the Kabwe Trades Training Institute against which amounts totalling K1,638,536,189 were released resulting in an underfunding of K161,463,811 as shown in the table below.

| Year | Authorised Provision K | Amount Released K | Under/ (Over) K |
|--------------|---------------------------|----------------------|-----------------------|
| 2010 | 900,000,000 | 738,536,189 | 161,463,811 |
| 2011 | 900,000,000 | 900,000,000 | - |
| Total | 1,800,000,000 | 1,638,536,189 | 161,463,811 |

Further, the Institute received amounts totalling K13,711,716,800 from tuition fees and other sources as shown in the table below.

| Funding Source | 2011 K | 2010 K | Total K |
|------------------|----------------------|----------------------|-----------------------|
| Tuition Fees | 4,781,095,547 | 7,425,360,101 | 12,206,455,648 |
| Examination Fees | 455,458,000 | 374,763,000 | 830,221,000 |
| ZSIC | 263,035,731 | 412,000,400 | 675,036,131 |
| Total | 5,499,591,289 | 8,212,125,511 | 13,711,716,800 |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Institute carried out in May 2012 revealed the following:

a. Failure to Disburse Funds

Out of a total amount of K1,638,536,189 released by the Ministry of Finance as a grant to the Institute, amounts totalling K1,415,036,010 were disbursed to the Institute while the balance of K223,500,129 was retained at the Ministry headquarters.

b. Missing Receipt Books

Contrary to Financial Regulation No. 10 (n), ten (10) receipts books were not availed for audit. See details below.

| Book | Serial Numbers |
|-------------|-----------------------|
| 1 | 20301-20350 |
| 2 | 20551-20600 |
| 3 | 22151-22200 |
| 4 | 22301-22350 |
| 5 | 22351-22400 |
| 6 | 22401-22450 |
| 7 | 22501-22550 |
| 8 | 22601-22650 |
| 9 | 23951-24000 |
| 10 | 24201-24250 |

c. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K474,784,950 issued to thirty three (33) officers during the period under review had not been retired as of October 2012.

d. Unsupported Payments

Contrary to Financial Regulation No.52 (1), two hundred and ninety seven (297) payments amounting to K1,893,406,900 were not supported by documents such as receipts, local purchase orders and quotations among others.

e. Irregular Payment of Allowances

Further, one hundred and thirty six (136) payments amounting to K618,816,225 were irregularly paid as allowances and fringe benefits to various officers at the Institute.

However, these allowances and fringe benefits were not supported by conditions of service.

f. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details for various stores items costing K1,033,535,862 procured during the period under review.

g. Failure to Remit Taxes

Contrary to Income Tax Act Cap 323, amounts totalling K511,202,546 in respect of PAYE deducted from various employees in 2010 and 2011 was not remitted to ZRA as of March 2012. Consequently, the Institute was surcharged K10,440,000 as penalty and K112,177,819 as interest on the unpaid tax.

As of December 2012, the amount due to ZRA had not been paid.

h. Failure to Recover Salary Advances

In 2011, amounts totalling K38,365,000 were paid to fourteen (14) officers as salary advances. However, as of December 2012, recoveries had not been effected.

| | | |
|--------------------|------------|---------------------------------|
| HEAD: | 77/ | Ministry of Defence |
| | 01 | Headquarters |
| | 05 | Defence Medical Services |
| | 09 | Research and Planning |
| UNITS: | | Various |
| PROGRAMMES: | | Various |
| ACTIVITIES: | | Various |

47. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K298,741,894,180 was made to cater for various activities at the Ministry against which a total amount of K303,760,178,223 was released as shown in the table below resulting in an overfunding of K5,018,284,043.

| Head | Budget Provision K | Releases K | Under/ (Over) funding K |
|--------------------------|-------------------------------|------------------------|--|
| Defence Headquarters | 189,224,627,290 | 180,205,580,179 | (9,019,047,111) |
| Defence Medical Services | 5,291,111,376 | 4,682,883,617 | (608,227,759) |
| Research & Planning | 104,226,155,514 | 118,871,714,427 | 14,645,558,913 |
| Total | 298,741,894,180 | 303,760,178,223 | 5,018,284,043 |

The over funding of K5,018,284,043 was not supported by any supplementary provision.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters carried out in June 2012 revealed the following:

a. Procured goods Not Supported with User Requisitions

According to existing procurement procedures on goods and services, the user departments are required to compile and submit a schedule of requirements including specifications to the procurement unit for processing.

It was observed that goods costing K2,509,952,050 were procured without user sections requesting for the items making the whole procurement process questionable.

b. 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 K107,068,500 procured during the period under review.

c. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K253,090,765 issued to various officers during the period under review had not been retired as of October 2012.

d. Construction of Housing Units for Defence

On 28th December 2009, the Ministry engaged China National Machinery Industry Corporation, for the construction of 4,527 housing units for defence personnel at a total contract price of \$430,000,000 at six (6) sites as detailed below.

| S/No. | Province | Name of Site | No. of Housing Units |
|-------|--------------|---------------------------|----------------------|
| 1 | Lusaka | Lusaka East for OP | 191 |
| 2 | Lusaka | Twin Palm for ZAF | 1001 |
| 3 | Lusaka | Makeni For ZNS | 105 |
| 4 | Lusaka | L85 for Zambia Army | 2830 |
| 5 | Central | Kabwe - Chindwin Barracks | 275 |
| 6 | Copperbelt | Mufulira | 125 |
| | Total | | 4527 |

The contract was for a period of two years from the date of site possession.

As of June 2012, the Ministry had made a total payment of USD\$196,248,639 to the contractor leaving a balance of USD\$233,751,360.92.

However, the following observations were made:

i. Non Adherence to Contract Terms and Conditions

Article 6 of the contract, General Obligations required the Owner (Government) to give access and possession of the site to the contractor. The article also required the Owner to connect electricity communications, water supply and other utilities, up to mutually agreed points within the land mark of the site. Notwithstanding the above provisions, and in accordance with the implementation schedule, the article further required the Owner to:

- Remove and complete the relocation and resettlement of all the residents and informal settlers living on the site;
- Remove existing obstacles which will affect the implementation of the project, including trees, shelter and building facilities from the site and/or within the land mark;
- Remove existing bridges piers, if necessary up to the riverbed within the time required, pursuant to the implementation schedule; and
- Complete the site levelling in accordance with requirement

Contrary to the above provisions, the contractor cleared all the six (6) sites for the construction of the housing units and claimed a total amount of US\$2,332,623.38 for the works which were certified by the Director of Buildings - Ministry of Works and Supply.

Further, contrary to Section 58 of the Public Procurement Act of 2008, the Ministry allowed the Contractor to carry out the extra works of clearing the six

(6) sites for the construction of the housing units without consulting the Attorney General.

ii. Rehabilitation of Bon Accord Building for Zambia Army in Livingstone.

On 27th May 2008, the Ministry engaged Status Freight Services Limited to rehabilitate Bon Accord Hotel in Livingstone at a contract price of K1,882,030,400 with a completion period of twenty four (24) weeks commencing 22nd June 2008.

The scope of works included chiselling and mending walls, fixing conduit pipes and cabling, testing overhaul of sewer and water reticulation, among others.

As of October 2012, the Contractor had been paid an amount of K253,635,000 for the first stage of the completion of the contract. However, due to the delays in settling the contractor's claims, the contractor had abandoned the Project.

A physical inspection carried out in July 2012 revealed the following:

- The iron sheets that were removed from the roof had not been replaced
- The shelves in all the rooms that were removed had not been replaced
- The door frames that were removed from the hotel had not been replaced
- Overhaul of sewer and water reticulation had not been done
- T & g ceiling that had been removed had not been replaced
- Fixing of conduit pipes and cabling not completed
- Chiselling for electric cables had not been completed



Part of the roof of the Hotel - 09/07/2012

It is evident from the above that if no action is taken by the Ministry, the rehabilitation works will not be completed on time and the rehabilitation costs will escalate.

HEAD: 77/02 Ministry of Defence – Zambia Army
UNITS: 06 Administration Branch
07 Operations & Training Branch
08 Logistics Branch
PROGRAMMES: Various
ACTIVITIES: Various

48. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total authorised provision of K692,562,360,157, was made to cater for various activities against which amounts totalling K748,828,890,133 were released resulting in excess funding of K56,266,529,976 as shown in the table below.

| Programme | Budget Provision K | Releases K | Over/ (Under) Funding K |
|----------------------|-------------------------------|------------------------|--|
| Administration | 569,612,552,158 | 626,638,295,833 | 57,025,743,675 |
| Operation & Training | 25,445,376,088 | 27,232,568,056 | 1,787,191,968 |
| Logistics Branch | 97,504,431,911 | 94,958,026,244 | (2,546,405,667) |
| Total | 692,562,360,157 | 748,828,890,133 | 56,266,529,976 |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Zambia Army and a visit to selected units carried out in September 2012 revealed the following:

a. Unaccounted for Funds

During the period under review, a total amount of K4,849,519,716 was withdrawn in cash to facilitate the payment of outstanding claims. It was however, observed that out of the withdrawn amount, a total amount of K4,159,006,644 was supported by acquittal sheets while a balance of K690,513,072 could not be accounted for in that, there was no cash found on hand and there was no evidence that the funds were deposited in the account.

b. Loan Revolving Fund - Non Recovery of Advances.

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of loans and advances in amounts totalling K313,000,000 paid to one hundred and fifty seven (157) officers had not been effected as of December 2012.

c. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K711,253,360 issued to various officers during the period under review had not been retired as of December 2012.

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 K1,478,991,369 procured during the period under review as shown in the table below.

| Details | Amount K |
|----------------------------|----------------------|
| General Stores | 629,096,249 |
| Drugs and Medical Supplies | 348,185,600 |
| Fuel | 196,396,600 |
| Spare Parts | 31,354,420 |
| Food Rations - Chipata | 273,958,500 |
| Total | 1,478,991,369 |

e. Unsupported Payments to Landlords

According to lease agreements signed between the Zambia Army and its Landlords, the Zambia Army, through the Maintenance Section was responsible for undertaking repairs to damaged rented houses upon vacation or during the period of occupation by Army staff. In cases where the Maintenance Section was unable to carry out the repairs, the Section was required to make an assessment of the repairs required and based on the assessment the Army would pay the landlord to carry out the repairs.

However, without assessments from the Maintenance Section, the Army paid amounts totalling K208,330,130 to various landlords for the repairs of the houses.

In the absence of the assessment reports it was not possible to ascertain the basis on which the payments were made.

f. Purchase of Properties

i. Stand Number 385 Mansa

In June 2010, the Zambia Army procured a house at a price of K350,000,000. As of February 2011, the full price had been paid to the seller.

However, there was no valuation of the property carried out prior to the purchase. It was therefore not clear as to how the price of K350,000,000 was arrived at. As of December 2012, the title had not passed to the Army.

A physical inspection carried out on 15th November 2012, revealed that the house was in a poor state as the fascia board was falling off and there was no running water. See the pictures below.



Front view of



Fascia board falling

ii. Kabwata Maintenance Yard

In October 2008, the Zambia Army entered into an agreement with Nkwazi Cooperative Savings and Credit Society Limited to procure a property in Kabwata area for use as a museum.

The Army paid for the property in two (2) instalments of K240,000,000 each in November 2008 and February 2011. Consequently, in March 2011, Nkwazi Cooperative Savings and Credit Society Limited surrendered the title deeds to the Army.

However, as of December 2012, the Army had not commenced the process of change ownership and the original plan of using the property as a museum had been abandoned.

g. Construction of a Cook House

During the period from June 2010 to December 2011, the Army received a total amount of K800,000,000 for the construction of a cook house at Mushili barracks in Ndola. The funds were meant for the procurement of building materials while the labour component was to be provided by the Engineering Directorate of the Army.

As of December 2011, a total amount of K786,155,883 had been spent on purchase of building materials.

However, it was observed that, out of the building materials purchased, various materials costing K217,992,650 procured in 2010 and 2011 from various suppliers had not been delivered as of December 2012.

A physical inspection carried out in October 2012 revealed that the cook house had been constructed up to super structure level while the following works were still outstanding:

- Construction of the septic tank
- Fixing of window frames and window panes
- Plastering inside and the outside, flooring and screeding
- Painting both inside and outside
- Carpentry works

See the picture below.



h. Electrification Project - Kaoma

In May 2011, the unit received an amount of K35,000,000 for electrification of Chisuzi and Chavula Army compounds in Kaoma.

The funds were meant for purchasing electrical materials and treated poles while the labour was to be provided by the Army.

A physical inspection carried out in October 2012 revealed that instead of using the recommended treated poles, untreated cut trees were used to support the electricity cables thereby posing danger to the residents. See picture below.



Improvised poles

| | | |
|--------------------|------------|----------------------------------|
| HEAD: | 77/ | Ministry of Defence |
| | 04 | Zambia National Service |
| | 08 | Land Development Services |
| UNITS: | 01 | Administration |
| | 02 | Production |
| | 03 | Logistics |
| | 04 | Projects |
| PROGRAMMES: | | Various |
| ACTIVITIES: | | Various |

49. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K263,615,674,814 was made to cater for various activities under Headquarters and Land Development Services (LDS) against which amounts totalling K284,507,079,567 were released resulting in excess funding of K20,891,404,753 as shown in the table below.

| Head | Total Authorised K | Releases K | Variance K |
|--------------|-------------------------------|------------------------|-----------------------|
| ZNS HQ | 249,518,489,818 | 271,058,086,456 | 21,539,596,638 |
| LDS | 14,097,184,996 | 13,448,993,111 | (648,191,885) |
| Total | 263,615,674,814 | 284,507,079,567 | 20,891,404,753 |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Zambia National Service (ZNS), carried out in August 2012, revealed the following:

a. Misapplication of Funds Meant for Personal Emoluments

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 will be allowed except with Parliamentary approval.

However, contrary to the guidelines, in December 2011, amounts totalling K200,000,000 meant for personal emoluments were transferred to the Industries account without obtaining Parliamentary approval.

b. 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 K360,255,504 procured during the period under review.

c. Renovation of Deputy Commandant's Residence.

On 14th September 2011, ZNS engaged Scirocco Enterprises Limited to renovate the Deputy Commandant's official residence at a contract sum of K412,300,000. The contract was for a period of eight (8) weeks from the date of signing. The defect liability period was six (6) months from the completion date. In this regard, the contractor was fully responsible for the following scope of works:

- i. Supply and fix aluminium window frames and 6mm clear glass
- ii. Supply and fix cream or light grey porcelain tiles and wooden skirting or porcelain
- iii. Supply and fix all sanitary and plumbing materials in all rooms
- iv. Supply and fix gypsum ceiling boards or rhino boards in all the rooms
- v. Supply and apply coats of undercoat on all the surfaces (walls)
- vi. Supply and fix all electrical appliances and the wiring circuit for the entire house
- vii. Supply and apply two coats of undercoats internal and external walls using Plascon PVA and PVC paints
- viii. Supply and skim all rough walls with rhino rite and wall filler 9 gypsum compound
- ix. Supply and fix tiles in the kitchen, bathroom and toilets etc.

As of August 2012, out of the total contract sum of K412,300,000, the contractor had been paid a total amount of K268,659,000 representing sixty five percent (65%) of the contract sum, leaving a balance of K143,641,000. The payment details were as tabulated below.

| S/No. | Date | Cheque No. | Amount K |
|-------|--------------|------------|--------------------|
| 1 | 27/10/2011 | 34578 | 123,690,000 |
| 2 | 3/2/2012 | 047720 | 24,969,000 |
| 3 | 5/2/2012 | 047770 | 70,000,000 |
| 4 | 13/08/2012 | 050786 | 50,000,000 |
| | Total | | 268,659,000 |

The following observations were made:

i. Non adherence to Agreed Specifications

- One (1) out of eleven (11) interior doors costing K1,650,000 each was not fixed,
- Three (3) out of five (5) hand basins costing K1,650,000 each were not fixed,
- Two (2) ditto urinal bowls complete with cistern costing K1,950,000 each were not fixed,
- Two (2) white glazed vitreous china recessed toilet roll holder costing K95,000 each were not fixed,
- One (1) out of five (5) ditto soap trays costing K95,000 each was not fixed,
- Five (5) x 6mm polished plate glass silvered mirror costing K250,000 each were not fixed,
- One (1) five (5) towel rails costing K65,000 each was not fixed, and
- Thirty (30) kitchen and pantry counters, shelving doors, hanging cabinets and granite work top costing K30,000,000 had not been fixed.

Although there were still some outstanding works, ZNS irregularly issued a completion certificate for the works in May 2012.

ii. Physical Inspection

A physical inspection of the house carried out in September 2012 revealed that the while works on the annex were done, the main house was not done. See pictures below.



Section of renovated wing of house



Dilapidated main wing of the house

Since the renovations to the house had not been completed, ZNS is currently renting a house for the Deputy Commandant at a cost of K10,000,000 per month. In this regard, from 1st January 2011 to November 2012, ZNS had paid rentals totalling

K181,764,608 for the Deputy Commandant. The rental payments could have been avoided if the renovations were completed for the whole house.

d. Procurement of Earth Moving Equipment

In August 2011, Ministry of Defence awarded a contract to AVIC International Holding Corporation on behalf of ZNS to supply and deliver various spare parts for earth-moving equipment at a total contract sum (Cost, Insurance and Freight to Lusaka) of US\$4,500,000. All prices were to remain firm and fixed until the completion of the contract on condition that the contract was put in effect one (1) month after the signing of the contract. The contract was signed on 8th August 2011.

According to the terms of payments 50% of the contract sum was to be paid within one (1) month after signing the contract and 25% was to be paid one (1) month after delivery of the commodity. The balance of 25% was to be paid five (5) months after the delivery. The contract stated that if the buyer delayed, the due payment was to attract a penalty charge of 0.3% of the amount outstanding. Starting from the due date, each thirty (30) days would be counted as one month. For the days more than each thirty (30) days, each day would be charged 0.01% of the due payment.

As of December 2012, the Ministry had paid a total amount of US\$2,220,077.22 (K11,500,000,000) representing 49.34% of the contract sum. US\$2,279,922.78 was therefore outstanding.

A scrutiny of records and a physical inspection of the spares delivered to the ZNS Makeni Central Stores Depot revealed the following:

- i. As of October 2012, the contractor had not delivered spare parts costing K1,012,679,640 (US\$195,498).
- ii. Spare parts costing K86,651,040 (US\$16,728) delivered to ZNS were not compatible with equipment currently being used as they were for different models rendering the expenditure wasteful.

e. Misapplication of Funds - Ndola Land Development Branch

Contrary to Financial Regulation No.31, amounts totalling K213,606,000 as tabulated below generated by the Ndola Development Branch which were to be reinvested in the core function of road construction, dam construction and servicing of equipment were misapplied on settling rental arrears for various officers as shown below.

| S/No. | Period | Authority | Amount K |
|-------|--|--|--------------------|
| 1 | January | COMD/LDB/4448 DTD 231215 B March 2011 | 20,339,000 |
| 2 | 1 st February to 30 th April | COMD/LDB/779 DTD 121009 B May 2011 | 53,217,000 |
| 3 | 1 st May to 31 st July | COMD/LDB/1460 DTD 301550 B August 2011 | 49,050,000 |
| 4 | 1 st August to 31 st October | COMD/LDB/1756 DTD 211450 B Oct 2011 | 54,600,000 |
| 5 | 1 st Nov to 31 st Dec | COMD/LDB/184 DTD 271659 B Jan 2012 | 36,400,000 |
| | Total | | 213,606,000 |

HEAD: 80/ Ministry of Education

DEPARTMENTS:

- 01 Headquarters
- 02 Human Resources and Administration
- 03 Planning and Information
- 04 Standards and Curriculum Directorate
- 05 Teacher Education and Specialised Services
- 06 Distance Education Directorate

UNITS: Various

PROGRAMMES: Various

ACTIVITIES: Various

50. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total authorised provision of K1,346,619,178,829 was made to cater for various activities against which amounts totalling K1,253,219,216,735 were released.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry carried out in June 2012 revealed the following:

a. Unvouched Expenditure

Contrary to Financial Regulation Nos. 45, 52 and 65, three hundred and sixty one (361) payments in amounts totalling K46,275,050,139 made during the period under review were unvouched in that the payment vouchers were either missing or unsupported by documents such as acquittal sheets, invoices and receipts among others.

b. Payment 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 under review the Ministry procured accommodation and conference facilities from various lodges at a total cost of K1,095,922,199 without obtaining authority from the Secretary to the Cabinet, contrary to the Circular.

c. Unretired Imprest

Contrary to Financial Regulation No.96, imprest in amounts totalling K6,350,381,348 issued to various officers during the period under review had not been retired as of November 2012.

d. Unaccounted Stores

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of various stores items costing K565,931,577 procured during the period under review.

e. Unacquitted Allowances Paid to Students

In paragraph 47 of the Auditor General's Report for the financial year ended 31st December 2010, mention was made of the failure by the Ministry to present the acquittal sheets for allowances that had been paid to students studying at various universities locally and abroad.

In their Report for the First Session of the Eleventh National Assembly, the Public Accounts Committee recommended that the Controlling Officer should ensure that a lasting solution was found as the current situation could not be allowed to continue.

A review carried out in 2011, revealed that the situation had not changed. It was observed in this regard that during the year under review, payments in amounts totalling K8,173,969,540 made to students studying at various universities locally and abroad as top up allowances, project allowances, settling in allowances, baggage allowances and book allowances had no acquittal sheets making it not possible to ascertain whether the funds were received by the intended beneficiaries, contrary to Financial Regulation No. 45.

f. Poor Maintenance of Fuel Records

During the period under review, the Ministry paid a total of K1,032,596,176 to four (4) filling stations for the procurement of fuel. It was however observed that the Ministry did not maintain fuel registers and did not carry out monthly reconciliations of fuels paid for against fuels drawn.

In this regard, it was not possible to verify the authenticity of all the drawings made.

g. School Health Nutrition(SHN) – Failure to Collect Purchased Maize

In December 2011, the Ministry paid the Food Reserve Agency an amount of K29,750,000,000 for the purchase of 35,000 metric tonnes of maize. However, as of November 2012, the maize had not been collected by the Ministry, nine (9) months after the payment was made.

h. Delays in the Completion of Construction Works for Schools and Poor Workmanship

During the period under review, the Ministry received amounts K428,101,319,809 for the construction of schools in the various provinces.

A review of contract records and a physical verification of some selected schools in Central, Eastern and Southern Provinces revealed the following:

i. Construction of Masaiti Boarding High School

In June 2008, the Ministry engaged African Brothers Limited to construct the school at a contract price of K24,026,715,500. The duration of the contract was one hundred twenty (120) weeks commencing 24th July 2008. The works were expected to be completed by June 2010.

As of November 2012, the contractor had been paid a total of K20,841,285,373 leaving a balance of K3,185,430,127.

A physical inspection of the School carried out in October 2012, revealed that the following works were still outstanding

- Water and sewerage system
- Drive way, walk ways, access roads to the school,
- Landscaping and the wall fence.

ii. Construction of Lufwanyama Boarding High School

In June 2008, the Ministry engaged China Gansu Engineering Cooperation Zambia Limited to construct the school at a contract price of K27,607,789,983 with a duration of one hundred and four weeks (104) commencing 10th July 2008. The works were expected to be completed by 9th July 2010.

As of November 2012, the contractor had been paid a total of K18,822,843,131 leaving a balance of K8,784,946,852.

A physical inspection of the school carried out in October 2012, revealed that the following works were outstanding:

- Fitting Laboratory taps
- Construction of sewer ponds
- Sewerage and water reticulation system,
- Drive and walk ways.
- Painting and other external works

It was also observed that the school hall and one (01) classroom were being used as storage sheds for fertilizer and that part of the ceiling was falling. The walls on some classrooms had cracks as shown the pictures.



Cracks in the walls



Fertiliser stack in the school hall

iii. Construction of Mpongwe (B) Basic School

In June 2008, the Ministry engaged Hua Jiang Investments Limited to construct the school at a contract price of K7,923,231,000 commencing 15th of April 2009 and was expected to be completed in October 2011. As of December 2012, the contractor had been paid a total of K7,425,130,250 leaving a balance of K498,100,750.

A physical inspection of the school carried out in October 2012 revealed the following outstanding works:

- Water reticulation system,
- Construction of walkways,
- Painting of shelves in class store rooms,
- Connection of electricity to the main line and,
- External plumbing works on the staff houses.



Footing works at the site of a water tank.

iv. Construction of Kapiri Mposhi Technical Boarding High School

In March 2009, the Ministry engaged Wah Kong Enterprises Limited to construct the school at a contract price of K30,493,085,345 for a period of one hundred twenty nine weeks (129).

The project commenced on 15th of April 2009 and was expected to be completed in November 2011. As of November 2012, the contractor had been paid a total of K23,213,868,344 leaving a balance of K7,279,217,001.

A physical inspection of the School revealed that the following works were still outstanding:

- Access roads to the school,
- The sewerage and water reticulation system, and
- Landscaping and the wall fence

In addition, the library and science laboratories floors had cracks, see pictures below.



Crack on the classroom floor

v. Construction of Mpongwe (Misongwe) Boarding High School

In June 2008, the Ministry engaged African Brothers Limited to construct the school at a contract price of K23,359,677,500 with a completion period of one hundred (100) weeks. The works were expected to be completed by May 2010.

As of October 2012, the contractor had been paid a total of K18,845,356,333 leaving a balance of K4,514,321,166.

A physical inspection of the school carried out in October 2012, revealed that the following works were outstanding:

- Access roads to the school, the walk ways,
- Landscaping and the wall fence,
- Windows in the home economics laboratory had not been fitted,
- The sewerage and water reticulation system. See picture below.



Outside sewer system works

vi. Construction of Chipepo Boarding High School

In June 2008, the Ministry engaged Hua Jiang Investments Limited to construct the school at a contract price of K23,006,619,000 with a completion period of one hundred and thirty weeks (130) commencing July 2008. As of October 2012, the

contractor had been paid a total of K24,664,064,805 resulting in an overpayment of K1,657,445,805 which has not been recovered from him.

A physical inspection carried out revealed that the following works were outstanding:

- Access roads to the school and walk ways,
- The sewerage and water reticulation system,
- Landscaping and the wall fence,
- Curtain rails in the dormitories

vii. Construction of Itezhi Tezhi Boarding High School

The Ministry of Education engaged two (2) contractors to construct the high school in two (2) phases as detailed below.

- **PHASE 1 – Provident Investment Limited**

On 5th April 2008, the Ministry engaged Provident Investment Limited to construct the first phase of the High School at a contract price of K3,352,361,534.

The scope of works included the construction of an administration block, two learning area ablution blocks, four staff houses, one dormitory block, one dormitory ablution block 1X3, administration block and ancillary works.

As of October 2012, the Contractor had been paid a total amount of K1,904,762,490 leaving a balance of K1,447,599,044.

A physical inspection of the school carried out in September 2012, revealed that although the works were completed, the roof was damaged and the toilet bowl in the administration block was broken. See pictures below.



Damaged roof on the administration block



Broken toilet bowl

- **PHASE II – Hua Jiang Investment Limited**

On 10th December 2008, the Ministry engaged Hua Jiang Investment to construct phase two (2) of the school at a contract sum of K24,244,515,000 with a completion period of one hundred and thirty (130) weeks commencing 6th February 2009.

As of October 2012, the contractor had been paid a total amount of K18,975,332,742 leaving a balance of K5,269,182,258.

A physical inspection of the school carried out in September 2012 revealed that the following works were outstanding:

- Access roads to the school and the walk ways,
- The sewerage and water reticulation system,
- Landscaping and the wall fence, and
- Plumbing works.

HEAD: 80/ **Ministry of Education**
DEPARTMENT: **Regional Headquarters**
UNITS: **Various**
PROGRAMMES: **Various**
ACTIVITIES: **Various**

51. In the Estimates of Revenue and Expenditure for the year ended 31st December 2011, a total provision of K49,765,381,416 was made to cater for general administration, other personal emoluments and infrastructure development for fifty three (53) institutions against which amounts totalling K53,955,564,248 were released. See table below.

| Budget Provisions and Releases | | | | |
|--------------------------------|----------------------------|-----------------------|-----------------------|-----------------|
| Province | Unit | Provisions | Releases | Under/(Over) |
| | | K | K | Fundig K |
| Lusaka | Lusaka PEO | 458,491,900 | 555,197,162 | (96,705,262) |
| | Lusaka DEBS | 656,680,875 | 1,251,843,285 | (595,162,410) |
| | Kafue DEBS | 426,048,962 | 1,191,260,000 | (765,211,038) |
| | Chongwe DEBS | 429,672,347 | 1,159,007,000 | (729,334,653) |
| | Luangwa DEBS | 401,687,189 | 969,530,000 | (567,842,811) |
| Central | Kabwe PEO | 812,006,521 | 494,240,858 | 317,765,663 |
| North Western | Solwezi PEO | 3,663,101,027 | 3,408,185,117 | 254,915,910 |
| | Solwezi DEBS | 2,625,355,981 | 2,282,365,990 | 342,989,991 |
| | Kabombo DEBS | 1,410,196,750 | 909,814,000 | 500,382,750 |
| | Mufumbwe DEBS | 1,321,642,303 | 1,135,410,000 | 186,232,303 |
| | Zambezi DEBS | 1,363,792,564 | 1,279,642,216 | 84,150,348 |
| | Zambezi High School | 138,128,000 | 138,128,000 | - |
| | Mwinilunga High School | 226,313,000 | 226,313,000 | - |
| | Kabombo High School | 236,039,580 | 236,039,580 | - |
| Western | Mongu PEO | 1,087,131,096 | 2,683,307,395 | (1,596,176,299) |
| | Lukulu DEBS | 1,199,885,773 | 891,680,000 | 308,205,773 |
| | Kaoma DEBS | 1,845,730,468 | 1,191,836,000 | 653,894,468 |
| | Senanga DEBS | 1,575,816,250 | 774,920,437 | 800,895,813 |
| | Shangombo DEBS | 1,453,748,113 | 978,299,000 | 475,449,113 |
| | Kaoma High School | 318,519,878 | 318,519,878 | - |
| | Sesheke High School | 15,138,800 | 15,138,800 | - |
| | Senanga High School | 15,138,800 | 15,138,800 | - |
| Eastern | Chipata PEO | 949,883,853 | 614,779,384 | 335,104,469 |
| | Petauke DEBS | 543,784,010 | 742,364,000 | (198,579,990) |
| | Nyimba DEBS | 390,061,117 | 833,130,000 | (443,068,883) |
| | Lundazi DEBS | 697,404,013 | 1,332,575,673 | (635,171,660) |
| | Petauke High School | 252,495,282 | 252,495,282 | - |
| | Lundazi High School | 230,187,510 | 230,187,510 | - |
| | Nyimba High School | 161,442,816 | 161,442,816 | - |
| Northern | Kasama PEO | 1,182,541,114 | 1,242,070,278 | (59,529,164) |
| | Mpika DEBS | 672,116,387 | 1,733,453,417 | (1,061,337,030) |
| | Mporokoso DEBS | 1,395,334,500 | 1,108,561,750 | 286,772,750 |
| | Kasama DEBS | 1,654,332,467 | 1,014,760,000 | 639,572,467 |
| | Luwingu DEBS | 1,448,136,598 | 886,640,000 | 561,496,598 |
| Copperbelt | Ndola PEO | 1,227,185,048 | 1,203,761,904 | 23,423,144 |
| | Chililabombwe DEBS | 350,424,240 | 1,094,591,930 | (744,167,690) |
| | Mpongwe DEBS | 372,837,735 | 1,042,680,000 | (669,842,265) |
| | Masaiti DEBS | 421,653,750 | 957,054,000 | (535,400,250) |
| | Mufulira DEBS | 351,646,426 | 1,139,093,100 | (787,446,674) |
| Luapula | Mansa PEO | 1,502,406,407 | 948,793,406 | 553,613,001 |
| | Mwense DEBS | 392,298,504 | 886,634,000 | (494,335,496) |
| | Kawambwa DEBS | 450,283,419 | 957,180,000 | (506,896,581) |
| | Nchelenge DEBS | 463,898,755 | 1,004,261,507 | (540,362,752) |
| | Chienge DEBS | 381,108,981 | 844,120,000 | (463,011,019) |
| | Samfya DEBS | 547,536,410 | 1,061,930,000 | (514,393,590) |
| | Mansa College of Education | 1,477,141,631 | 986,964,000 | 490,177,631 |
| Southern | Livingstone PEO | 980,880,160 | 2,167,164,000 | (1,186,283,840) |
| | Livingstone DEBS | 1,378,774,419 | 990,028,000 | 388,746,419 |
| | Kazungula DEBS | 1,260,308,711 | 989,548,273 | 270,760,438 |
| | Choma DEBS | 2,160,287,161 | 1,528,431,000 | 631,856,161 |
| | Monze DEBS | 1,766,431,635 | 1,400,058,000 | 366,373,635 |
| | Mazabuka DEBS | 1,641,630,426 | 1,445,729,000 | 195,901,426 |
| | Namwala DEBS | 1,380,661,754 | 1,049,265,500 | 331,396,254 |
| Total | | 49,765,381,416 | 53,955,564,248 | |

In addition, several institutions received or collected funds totalling K99,743,660,043 in respect of other personal emoluments, orphans and vulnerable children (OVCs), tuition and boarding fees, outstanding bills and infrastructure development bringing the total of funds available to K153,699,224,291. See table below.

| Station | Other PE's, Settling In Teacher/ Distress K | OVCs, Bursaries K | Tuition & Boarding Fees Collected K | Outstanding Bills/ Staff Loans/ Unclaimed K | Infrastructure K | Total K |
|------------------------|---|-------------------------|---|---|----------------------|-----------------------|
| Lusaka PEO | 968,122,788 | | | | | 968,122,788 |
| Lusaka DEBS | 4,340,700,132 | | | | | 4,340,700,132 |
| Kafue DEBS | 1,228,781,337 | | | | | 1,228,781,337 |
| Luangwa DEBS | 984,939,304 | | | | | 984,939,304 |
| Chongwe DEBS | 593,731,813 | | | | | 593,731,813 |
| Kabwe PEO | 8,700,000,000 | 197,898,022 | | 231,215,000 | 603,504,375 | 9,732,617,397 |
| Mumbwa DEBS | 1,181,860,031 | | | | | 1,181,860,031 |
| Chibombo DEBS | 1,158,246,090 | | | | | 1,158,246,090 |
| Mkushi DEBS | 524,791,729 | | | | | 524,791,729 |
| Serenje DEBS | 512,310,362 | | | | | 512,310,362 |
| Livingstone PEO | 8,925,606,202 | | | | | 8,925,606,202 |
| Mongu PEO | 8,700,000,000 | | | | | 8,700,000,000 |
| Lukulu DEBS | 859,581,943 | | | | 325,000,000 | 1,184,581,943 |
| Kaoma DEBS | 469,538,955 | | | | 33,000,000 | 502,538,955 |
| Senanga DEBS | 750,643,000 | | | | 30,000,000 | 780,643,000 |
| Shangombo DEBS | 465,580,035 | | | | 30,000,000 | 495,580,035 |
| Kaoma High School | | | 1,700,361,000 | | | 1,700,361,000 |
| Sesheke High School | | | 820,990,000 | | | 820,990,000 |
| Senanga High School | | | 584,889,000 | | | 584,889,000 |
| Mansa PEO | 8,700,000,000 | | | | | 8,700,000,000 |
| Mansa College | | | 1,937,501,399 | | | 1,937,501,399 |
| Kasama PEO | 9,300,000,000 | | | 472,085,973 | | 9,772,085,973 |
| Nakonde Day High Sch. | | | 606,000,000 | | | 606,000,000 |
| Mbala High School | | | 1,334,375,000 | | | 1,334,375,000 |
| Chipata PEO | | | | 1,270,000,000 | | 1,270,000,000 |
| Petauke DEBS | 22,787,625 | 13,000,000 | 0 | 970,000,000 | 250,191,946 | 1,255,979,571 |
| Nyimba DEBS | | | 0 | 100,000,000 | 120,317,000 | 220,317,000 |
| Lundazi DEBS | 11,112,500 | 13,000,000 | 0 | 1,210,000,000 | | 1,234,112,500 |
| Petauke High School | | | 1,175,535,000 | | | 1,175,535,000 |
| Nyimba High School | | | 1,126,377,500 | | | 1,126,377,500 |
| Lundazi High School | | | 1,635,534,000 | | | 1,635,534,000 |
| Ndola PEO | 9,061,820,860 | 457,662,123 | | | 648,427,362 | 10,167,910,345 |
| Chililabombwe DEBS | 367,371,000 | 15,000,000 | | | | 382,371,000 |
| Mufulira DEBS | 930,381,026 | 77,200,000 | | | 60,000,000 | 1,067,581,026 |
| Mpongwe DEBS | 571,510,462 | | | | | 571,510,462 |
| Masaiti DEBS | 583,198,000 | 13,000,000 | | | | 596,198,000 |
| Chiwala Technical High | | | 1,278,755,700 | | | 1,278,755,700 |
| Mpongwe High School | | | 873,473,243 | | | 873,473,243 |
| Chililabombwe High Sch | | | 435,736,000 | | | 435,736,000 |
| Mufulira High School | | | 378,913,000 | | | 378,913,000 |
| Solwezi PEO | 3,428,643,829 | | | | | 3,428,643,829 |
| Solwezi DEBS | 1,995,821,192 | | | | | 1,995,821,192 |
| Zambezi DEBS | 565,537,606 | | | | | 565,537,606 |
| Kabombo DEBS | 795,282,636 | | | | | 795,282,636 |
| Mufumbwe DEBS | 614,714,735 | | | | | 614,714,735 |
| Zambezi High School | 825,827,000 | | | | | 825,827,000 |
| Mwinilunga High School | 369,352,208 | | | | | 369,352,208 |
| Kabombo High School | 206,923,000 | | | | | 206,923,000 |
| Total | 78,714,717,400 | 786,760,145 | 13,888,440,842 | 4,253,300,973 | 2,100,440,683 | 99,743,660,043 |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Education Offices, selected District Education Boards, Teacher Training Colleges, High schools and Basic Schools and a physical inspection of selected projects carried out during the period from February to June 2012 revealed the following:

a. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, two hundred and eighty eight (288) payment vouchers in amounts totalling K929,197,165 made during the period under review were not availed for audit. See table below.

| Station | No. of | Amount |
|-----------------------|--------------|--------------------|
| | Transactions | K |
| Mongu PEO | 18 | 102,345,820 |
| Kaoma DEBS | 86 | 273,773,724 |
| Senanga DEBS | 9 | 12,585,000 |
| Sesheke High School | 54 | 143,559,000 |
| Livingstone DEBS | 8 | 25,419,088 |
| Mansa College | 10 | 38,419,000 |
| Chibombo DEBS | 17 | 45,899,032 |
| Serenje DEBS | 16 | 11,137,468 |
| Ndola PEO | 32 | 196,628,284 |
| Chiwala High School | 26 | 43,429,500 |
| Chililabombwe HighSch | 3 | 5,680,000 |
| Mufulira DEBS | 1 | 2,500,000 |
| Solwezi PEO | 5 | 20,361,249 |
| Zambezi High School | 3 | 7,460,000 |
| Total | 288 | 929,197,165 |

b. Unsupported Payments

Contrary to Financial Regulation No.45, payments in amounts totalling K4,130,589,760 made during the period under review were not supported with relevant documents such as quotations, cash sales receipts and LPOs among others. See table below.

| Station | Amount K |
|--------------------------|----------------------|
| Senanga DEB | 134,218,138 |
| Kaoma DEB | 120,229,034 |
| Shangombo DEB | 28,166,701 |
| Lukulu DEB | 358,027,266 |
| Sesheke High | 135,487,000 |
| Choma DEB | 24,851,00 |
| Mazabuka DEB | 14,982,500 |
| Namwala DEB | 33,850,800 |
| Mwense DEB | 4,762,000 |
| Kawambwa DEB | 49,883,000 |
| Nchelenge DEB | 32,940,000 |
| Chienge DEB | 10,500,000 |
| St. Mary's - Kawambwa | 6,064,880 |
| Mwense High School | 7,500,000 |
| Nchelenge High School | 5,347,500 |
| Mansa College | 127,083,645 |
| Mumbwa DEBS | 182,839,130 |
| Chibombo DEB | 592,354,968 |
| Serenje DEB | 30,730,368 |
| Kasama PEO | 192,421,395 |
| Nakonde Day High | 42,976,000 |
| Petauke DEB | 3,100,000 |
| Petauke High | 66,610,000 |
| Nyimba High | 50,389,000 |
| Ndola PEO | 273,007,857 |
| Chililabombwe DEBS | 36,546,592 |
| Chililabombwe High | 9,880,000 |
| Chiwala High | 487,673,580 |
| Mpongwe DEBS | 8,180,000 |
| Mpongwe High | 4,984,500 |
| Mufulira DEBS | 2,500,000 |
| Mufulira High | 1,995,000 |
| Solwezi PEO | 211,947,972 |
| Solwezi DEBS | 274,073,080 |
| Zambezi DEBS | 79,522,258 |
| Kabompo DEBS | 249,224,000 |
| Mufumbwe DEBS | 198,597,596 |
| Kabompo High | 53,994,000 |
| Lusaka DEBS | 8,000,000 |
| Total | 4,130,589,760 |

c. Unacquitted Funds

Contrary to Financial Regulation No.45, payments in amounts totalling K86,053,500 as shown in the table below were not acquitted by the beneficiaries as of October 2012.

| Station | Amount K |
|------------------|---------------------|
| Livingstone DEBS | 12,170,000 |
| Choma DEBS | 1,450,000 |
| Mazabuka DEBS | 1,371,500 |
| Namwala DEBS | 5,110,000 |
| Ndola PEO | 41,552,000 |
| Solwezi PEO | 24,400,000 |
| Total | 86,053,500 |

d. Unretired Imprest

Contrary to Financial Regulation No.96, imprest in amounts totalling K2,611,198,846 as shown in the table below involving eight hundred and twenty nine (829) transactions issued to four hundred and thirteen (413) officers had not been retired as of December 2012.

| Station | No. of Transactions | No. of Officers | Amount K |
|---------------------------|----------------------------|------------------------|----------------------|
| Mongu PEO | 27 | 13 | 101,015,732 |
| Senanga DEBS | 34 | 14 | 87,823,568 |
| Lukulu DEBS | 13 | 6 | 36,628,280 |
| Shangombo DEBS | 6 | 4 | 9,381,294 |
| Kaoma DEBS | 32 | 11 | 121,208,280 |
| Sesheke High School | 29 | 16 | 56,650,000 |
| Livingstone DEBS | 37 | 8 | 74,064,000 |
| Kazungula DEBS | 27 | 13 | 75,285,533 |
| Choma DEBS | 53 | 17 | 102,568,340 |
| Monze DEBS | 9 | 6 | 36,340,000 |
| Namwala DEBS | 3 | 4 | 5,412,000 |
| Kawambwa DEBS | 7 | 2 | 41,306,480 |
| Mansa College | 5 | 5 | 18,492,307 |
| Kasama PEO | 2 | 2 | 10,915,000 |
| Mpika DEBS | 6 | 5 | 18,000,000 |
| Kasama DEBS | 7 | 6 | 14,537,500 |
| Nakonde Day High School | 4 | 4 | 4,527,500 |
| Mbala High School | 22 | 11 | 100,613,500 |
| Petauke Boarding School | 2 | 2 | 11,358,000 |
| Lundazi DEB | 60 | 12 | 107,481,000 |
| Solwezi PEO | 66 | 34 | 305,115,744 |
| Zambezi DEBS | 10 | 16 | 55,983,000 |
| Kabombo DEBS | 63 | 33 | 123,155,670 |
| Mufumbwe DEBS | 6 | 9 | 21,375,000 |
| Solwezi DEBS | 6 | 7 | 6,275,045 |
| Zambezi High School | 23 | 7 | 33,395,000 |
| Kabompo High School | 24 | 13 | 44,916,000 |
| Mwinilunga High | 14 | 10 | 50,413,000 |
| Lusaka PEO | 65 | 37 | 544,630,943 |
| Ndola PEO | 30 | 18 | 198,418,980 |
| Masaiti DEBS | 16 | 8 | 49,441,400 |
| Chililabombwe DEBS | 7 | 6 | 23,729,000 |
| Chililabombwe High School | 25 | 16 | 28,534,000 |
| Chiwala High School | 62 | 22 | 47,256,200 |
| Mpongwe High School | 8 | 2 | 8,600,000 |
| Mpongwe DEBS | 3 | 3 | 4,200,000 |
| Mufulira DEBS | 4 | 4 | 6,092,000 |
| Mufulira High School | 12 | 7 | 26,059,550 |
| Total | 829 | 413 | 2,611,198,846 |

Included in the unretired imprest was subsequent imprest in amounts totalling K339,302,073 issued to eighteen (18) officers who had not retired previous imprests contrary to Financial Regulation No. 91(1) and (2). See table below.

| Station | No. of Officers | Amount K |
|-------------------|-----------------|--------------------|
| Kaoma DEBS | 4 | 184,912,540 |
| Kazungula DEBS | 5 | 56,953,533 |
| Monze DEBS | 2 | 20,345,000 |
| Namwala DEBS | 1 | 4,736,000 |
| Mbala High School | 6 | 72,355,000 |
| Total | 18 | 339,302,073 |

It was also observed that, imprest in amounts totalling K592,482,851 was issued to fifty three (53) officers as shown in the table below to enable them undertake various activities such as monitoring and supervision. However, no reports had been issued on the activities as of December 2012.

| Station | No. of Transactions | No. of Officers | Amount K |
|--------------------|---------------------|-----------------|--------------------|
| | | | |
| Kaoma DEBS | 11 | 5 | 47,944,510 |
| Lukulu DEBS | 2 | 1 | 10,701,000 |
| Kasama PEO | 2 | 1 | 14,900,000 |
| Mpika DEBS | 4 | 3 | 24,176,000 |
| Ndola PEO | 55 | 23 | 456,706,840 |
| Chililabombwe DEBS | 1 | 1 | 3,310,000 |
| Masaiti DEBS | 18 | 18 | 27,694,501 |
| Mufulira DEBS | 1 | 1 | 7,050,000 |
| Total | 94 | 53 | 592,482,851 |

e. Questionable Retirement of Imprest

A scrutiny of retirement documents (Accounts Form 44A) and acquittal sheets revealed that imprests in amounts totalling K434,078,157 issued to seventy (70) officers at various DEBS offices were had questionable retirements details such as overlapping dates, bus tickets did not agree with the number of nights appearing on the retirement as retirements and receipts falling outside the period of the trip. See table below.

| Station | No. of Transactions | No. of Officers | Amount K |
|------------------|---------------------|-----------------|--------------------|
| Livingstone DEBS | 25 | 9 | 31,282,000 |
| Choma DEBS | 14 | 10 | 20,299,000 |
| Mpika DEBS | 8 | 8 | 42,176,000 |
| Monze DEBS | 20 | 8 | 61,043,000 |
| Mazabuka DEBS | 43 | 15 | 135,798,626 |
| Namwala DEBS | 25 | 12 | 64,331,091 |
| Ndola PEO | 13 | 7 | 73,441,000 |
| Shangombo DEBS | 1 | 1 | 5,707,440 |
| Total | 149 | 70 | 434,078,157 |

f. Misapplication of Funds

Contrary to Financial Regulation No. 31 (1), which states that “Treasury Authority should be obtained on varying funds, amounts totalling K8,257,081,538 were applied on activities not related to the intended purpose such as advances and loans, administration , imprest, boarding requisites, sports activities, among others as shown in the table below.

| Station | Intended Purpose | Misapplied on | Amount K |
|---------------------|---|--|----------------------|
| Mongu PEO | Other Emoluments | General Administration | 122,324,052 |
| Livingstone PEO | Dismantling of Bills | | 302,983,722 |
| Livingstone DEBS | School Grants, Free Education materials, OVCs, Dismantling of Outstanding bills | General Administration | 540,570,133 |
| Kazungula DEBS | School Grants, Free Education materials, OVCs, Dismantling of Outstanding bills | General Administration | 509,126,765 |
| Choma DEBS | School Grants, Free Education materials, OVCs, Dismantling of Outstanding bills | General activities | 338,954,495 |
| Monze DEBS | School Grants, Free Education materials, OVCs, Dismantling of Outstanding bills | General activities | 588,187,369 |
| Mazabuka DEBS | School Grants, Free Education materials, OVCs, Dismantling of Outstanding bills | General activities | 657,271,122 |
| Namwala DEBS | School Grants, Free Education materials, OVCs, Dismantling of Outstanding bills | General activities | 544,279,490 |
| Mansa PEO | Other PEs | General Administration | 536,252,290 |
| Samfya DEBS | General Administration | Sports affiliation Fees | 25,000,000 |
| Nchelenge DEBS | General Administration | Sports affiliation Fees | 32,870,432 |
| Samfya High school | General Administration | Sports affiliation Fees | 5,125,000 |
| Mansa College | Student Welfare | Farewell parties, purchase of airtime, | 22,025,500 |
| Kabwe PEO | Fixed Band Housing, other PEs and retention | General Administration | 449,288,834 |
| Chibombo DEBS | Outstanding emoluments | Current bills | 66,635,000 |
| Kasama PEO | Other Emoluments | Allowance, stationery | 204,315,642 |
| Mpika DEBS | School Grants | General Administration | 50,736,000 |
| Mporokoso DEBS | School Grants | General Administration | 353,534,402 |
| Kasama DEBS | School Grants | General Administration | 417,291,086 |
| Luwingu DEBS | School Grants | General Administration | 611,195,000 |
| Chipata PEO | Outstanding other personal emoluments | Insurance, allowances, Spare parts | 248,911,560 |
| Lundazi High School | Operational Grant | PTA Wages | 7,340,000 |
| Ndola PEO | Other emoluments | Fuel and utility bills | 1,353,184,003 |
| Mpongwe DEBS | Outstanding arrears | Allowances, | 102,745,841 |
| Solwezi PEO | Personal Emoluments | General Administration | 156,133,800 |
| Kabompo DEBS | Personal Emoluments | General Administration | 10,800,000 |
| Total | | | 8,257,081,538 |

g. Unaccounted for Funds

Amounts totalling K821,297,831 comprising funds collected by institutions in respect of tuition and boarding fees, among others, were not accounted for in that the funds were not banked and there was no cash on hand. In addition, there were no expenditure details to show how the funds were utilised. See table below.

| Unit | Type of Funds Received/ Collected | Amount K |
|---------------------------|-----------------------------------|--------------------|
| Kaoma High School | Boarding Fees | 272,445,671 |
| Sesheke High School | PTA Fees | 52,001,000 |
| Sesheke High School | Boarding Fees | 159,399,000 |
| Mansa College | Tuition Fees | 292,669,660 |
| Nyimba High School | Teacher Incentive | 5,810,000 |
| Mpongwe DEBS | Affiliation Fees | 27,100,000 |
| Chililabombwe High School | Tuition Fees | 11,872,500 |
| | Total | 821,297,831 |

h. Irregular Payment of Subsistence Allowances

- i. Contrary to Terms and Condition of Service No. 155(a) which states that when on transfer between stations, an officer may claim subsistence allowance at an 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, it was observed that officers on first appointment and those transferred within the same council zone with a distance of less than one (1) kilometre were paid loading and offloading allowance totalling K22,170,000.
- ii. Contrary to Conditions of Service for the Public Service No. 154 (a), amounts totalling K29,121,900 were paid as subsistence allowances to twenty one (21) officers as shown in the table below despite accommodation and meals being paid for in respect of the activities that were held within the station

| Unit | No. of Officers | Amount (K) |
|--------------|-----------------|-------------------|
| Ndola PEO | 6 | 23,819,400 |
| Kabombo DEBS | 14 | 3,990,000 |
| Mongu PEO | 1 | 1,312,500 |
| Total | 21 | 29,121,900 |

i. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items costing K2,737,825,191 as shown in the table below.

| Station | Fuel K | General Stores K | TOTAL K |
|---------------------------|--------------------|----------------------|----------------------|
| Mongu PEO | 38,673,700 | 79,656,000 | 118,329,700 |
| Kaoma DEBS | - | 60,002,300 | 60,002,300 |
| Sesheke High School | - | 90,694,500 | 90,694,500 |
| Senanga DEBS | - | 108,424,100 | 108,424,100 |
| Livingstone DEBS | 25,100,000 | 12,327,100 | 37,427,100 |
| Kazungula DEBS | 5,439,044 | 259,847,748 | 265,286,792 |
| Choma DEBS | 5,456,237 | 39,007,500 | 44,463,737 |
| Mazabuka DEBS | - | 9,042,500 | 9,042,500 |
| Namwala DEBS | - | 13,345,000 | 13,345,000 |
| Mansa College | - | 5,480,500 | 5,480,500 |
| Kabwe PEO | 10,986,490 | 315,295,047 | 326,281,537 |
| Mporokoso DEBS | 6,430,000 | - | 6,430,000 |
| Mbala High School | - | 100,500,000 | 100,500,000 |
| Chipata PEO | - | 14,030,000 | 14,030,000 |
| Petauke DEBS | - | 38,500,000 | 38,500,000 |
| Petauke High School | - | 2,500,000 | 2,500,000 |
| Nyimba DEBS | - | 49,346,461 | 49,346,461 |
| Nyimba High School | - | 41,397,220 | 41,397,220 |
| Lundazi DEBS | 48,707,712 | 89,654,809 | 138,362,521 |
| Ndola PEO | 44,894,335 | 216,054,370 | 260,948,705 |
| Chiwala High School | 24,038,000 | 302,324,000 | 326,362,000 |
| Mpongwe High school | - | 9,157,780 | 9,157,780 |
| Chililabombwe DEBS | - | 20,175,000 | 20,175,000 |
| Chililabombwe High School | - | 45,428,500 | 45,428,500 |
| Mufulira DEBS | - | 5,951,420 | 5,951,420 |
| Mufulira High School | - | 221,888,958 | 221,888,958 |
| Kabombo DEBS | 12,692,500 | 10,647,000 | 23,339,500 |
| Mufumbwe DEBS | 51,923,950 | 6,894,000 | 58,817,950 |
| Zambezi DEBS | 13,172,000 | 3,000,000 | 16,172,000 |
| Zambezi High school | - | 9,005,000 | 9,005,000 |
| Mwinilunga High school | - | 20,182,000 | 20,182,000 |
| Kabompo High school | - | 33,537,000 | 33,537,000 |
| Solwezi PEO | 46,500,000 | - | 46,500,000 |
| Solwezi DEBS | 24,000,000 | - | 24,000,000 |
| Lusaka PEO | - | 73,806,000 | 73,806,000 |
| Luangwa DEBS | 16,811,955 | - | 16,811,955 |
| Kafue DEBS | - | 41,792,455 | 41,792,455 |
| Chongwe DEBS | - | 14,105,000 | 14,105,000 |
| Total | 374,825,923 | 2,362,999,268 | 2,737,825,191 |

j. Failure to Remit Tax

Contrary to the Income Tax Act, PAYE in amounts totalling K566,420,897 as shown in the table deducted from various earnings was not remitted to the Zambia Revenue Authority as of December 2012.

| Station | Source of Tax | PAYE Deducted K |
|----------------|---------------------------------|--------------------|
| Mongu PEO | Long service, terminal benefits | 364,565,291 |
| Shangombo DEBS | Leave terminal | 108,533,304 |
| Kaoma DEBS | Long service, terminal benefits | 10,497,975 |
| Solwezi DEBS | Leave terminal | 82,824,327 |
| | Total | 566,420,897 |

k. Failure to Recover Loans and Salary Advances

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of loans and salary advances totalling K1,247,972,581 (Loans - K881,149,000 and Salary Advances - K366,823,581) paid out to two hundred and seventy seven (277) officers had not been effected as of December, 2012. See details below.

| Station | No. of Officers | Amount K | | Total |
|----------------------|-----------------|--------------------|--------------------|----------------------|
| | | Loans | Salary/ Advance | |
| Mongu PEO | 27 | - | 29,400,000 | 29,400,000 |
| Livingstone PEO | 26 | 197,000,000 | 25,800,000 | 222,800,000 |
| Livingstone DEBS | 5 | - | 6,300,000 | 6,300,000 |
| Monze DEBS | 4 | - | 2,000,000 | 2,000,000 |
| Mazabuka DEBS | 5 | - | 7,300,000 | 7,300,000 |
| Kasama PEO | 4 | 16,000,000 | 2,000,000 | 18,000,000 |
| Lundazi High school | 5 | - | 5,090,000 | 5,090,000 |
| Ndola PEO | 57 | 278,440,000 | 63,908,624 | 342,348,624 |
| Mufulira High School | 3 | - | 5,500,000 | 5,500,000 |
| Chililabombwe DEBS | 1 | - | 1,500,000 | 1,500,000 |
| Solwezi PEO | 106 | 306,409,000 | 197,424,957 | 503,833,957 |
| Solwezi DEBS | 27 | - | 20,600,000 | 20,600,000 |
| Lusaka PEO | 1 | 10,000,000 | - | 10,000,000 |
| Luangwa DEBS | 6 | 73,300,000 | - | 73,300,000 |
| Total | 277 | 881,149,000 | 366,823,581 | 1,247,972,581 |

l. Payment of Loans and Salary Advances to Employees whose Salaries were below 40%

Contrary to 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 prior to approval, twenty three (23) officers who had take home pay of less than 40% of their gross pays were paid loans and advances in amounts totalling K68,618,900. See table below.

| Station | No. of Officers | Amount K | |
|--------------|-----------------|-------------------|-------------------|
| | | Loans | Salary Advance |
| Kasama PEO | 4 | 24,000,000 | 800,000 |
| Solwezi PEO | 8 | | 28,800,000 |
| Solwezi DEBS | 6 | | 3,900,000 |
| Kafue DEBS | 5 | | 11,118,900 |
| Total | 23 | 24,000,000 | 44,618,900 |

m. Failure to Disburse Grants to Basic Schools

Amounts totalling K353,896,968 as shown in the table below were released to the DEBS for onward disbursement to various schools.

| Station | Amount Released K |
|----------------|------------------------------|
| Kaoma DEBS | 163,840,668 |
| Lukulu DEBS | 124,298,506 |
| Senanga DEBS | 65,757,794 |
| Total | 353,896,968 |

However, as of December 2012 the funds had not been disbursed. There was no satisfactory explanations given as to how the funds were utilised as neither expenditure details were available nor were the funds in the bank.

n. Rehabilitation of Mulira Basic School – Eastern Province - Nyimba

In October 2011, an amount of K71,975,800 was disbursed to Mulira Basic School for the rehabilitation of a 1X2 Classroom block. The scope of works included replacement of blown off roof and wall reconstruction.

In this regard, the school entered into a labour only contract at a contract price of K9,783,520. As of September 2012, a total amount of K60,965,780 had been spent on building materials (K49,438,000), transportation (K6,565,780), labour charge (K3,712,000) and allowances (K1,250,000) leaving a balance of K11,010,020.

A physical inspection of the project carried out revealed that the rehabilitation works had not been completed with the following works outstanding:

- fixing of window and door frames, and
- plastering and roofing

See picture below.



Incomplete Works at Mulira Basic School

o. Irregular Payment of Long Service Bonus - PEO – Livingstone

Amounts totalling K77,233,153 as shown in the table below were paid to fourteen (14) teachers as long service bonus.

| Station | No. of Transactions | No. of Officers | Amount K |
|----------------|----------------------------|------------------------|-------------------|
| Kazungula DEBS | 7 | 4 | 38,834,097 |
| Choma DEBS | 12 | 10 | 38,399,056 |
| Total | 19 | 14 | 77,233,153 |

However, the payments were irregular in that the teachers did not qualify for long service bonus as they were pensionable employees.

p. Overpayment of Leave Terminal Benefits by PEO

On 11th August 2011, the Provincial Education Office made a payment of K17,594,664 to a retired head teacher at Njase Girls Secondary School, as total leave terminal benefits due to the officer. However, it was noted that on 23rd May, 2011, the Choma DEBS office had paid the retired officer a part payment of K6,000,000 which was not recovered by the Provincial Education Office.

q. Rehabilitation of Schools – Blown Off Roofs

Amounts totalling K226,761,000 were received by two (2) District Education Boards offices for the rehabilitation of blown off roofs at various schools in the respective districts as shown in the table below.

| District | School | Amount K |
|-----------------|--------------------------|--------------------|
| Choma | Mabwe Atuba Basic School | 46,431,000 |
| | Simudima Basic School | 35,145,000 |
| | Ndawana Basic School | 30,685,000 |
| Monze | Malomo Basic School | 38,500,000 |
| | Hatontoola Basic School | 38,000,000 |
| | Gaali Basic School | 38,000,000 |
| | TOTAL | 226,761,000 |

However, contrary to the Procurement Guidelines, the two (2) DEBS offices procured building materials costing K117,759,000 for the rehabilitation works at three schools in Choma and Monze without obtaining authority from the District Tender Committee. See table below.

| District | Schools | Supplier | Date | Amount K |
|----------|-------------------|------------------|----------|--------------------|
| Choma | Mabwe Atuba Basic | Buildaz Hardware | 15.09.11 | 38,446,000 |
| | Ndawana Basic | Buildaz Hardware | 19.09.11 | 23,496,000 |
| | Simudima Basic | Buildaz Hardware | 15.09.11 | 27,702,500 |
| Monze | Chisekesi Basic | Buildaz Hardware | 21.08.11 | 28,114,500 |
| | | TOTAL | | 117,759,000 |

r. Misappropriation of Funds – Masaiti DEBS - Copperbelt Province

Amounts totalling K2,800,000 were misappropriated through the alteration of cheques payable to Mr Abraham Tembo and Interface Supplies.

The cheques (Nos. 022016 and 022266 dated 9th August, 2011 and 7th October 2011 respectively) were for K500,000 and K200,000 respectively.

However, they were altered and cleared as K1,500,000 and K2,000,000 respectively as per bank statement.

HEAD: 88 Ministry of Livestock and Fisheries Development

UNITS: Various

PROGRAMMES: Various

ACTIVITIES: Various

52. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a provision of K278,789,018,894 was made to cater for various activities, against which K175,613,565,420 was released resulting in an underfunding of K103,175,453,474.

Accounting and Other Irregularities

An examination of the accounting and other records maintained at the Ministry Headquarters and visits to selected provinces carried out in March 2012 revealed the following:

a. Unvouched Expenditure

Contrary to Financial Regulations No. 65(1), a total amount of K34,227,300 was unvouched in that the vouchers were either missing or unsupported by relevant documents such as invoices and Local Purchase Orders as shown in the table below.

| Details | No. of Transactions | Amount K |
|--------------------------|---------------------|-------------------|
| Missing payment vouchers | 3 | 34,227,600 |
| Unsupported payments | 2 | 55,108,400 |
| Total | | 89,336,000 |

b. Unretired Imprest

Contrary to Financial Regulations No.96, imprest in amounts totalling K413,071,715 issued to various officers in 2011 had not been retired as of December 2012.

In addition, contrary to Financial Regulations No. 91, six (6) officers with outstanding imprest were issued with subsequent imprests amounting K67,100,000.

c. Non-Recovery of Loans and Advances

During the period under review, a total amount of K1,438,000,000 as shown in the table below was paid to fifty four (54) officers as car loans, house hold loans and salary advances.

| Details loan | Amount K |
|--------------------|----------------------|
| Household | 817,000,000 |
| Car loan | 550,000,000 |
| Salary Advance | 37,000,000 |
| Tuition advance | 34,000,000 |
| Grand total | 1,438,000,000 |

However, as of December 2012, no recoveries had been effected.

d. Unaccounted for Fuel

Contrary to Public Stores Regulation No. 16, fuel costing K1,394,100,000 purchased during the period under review had no receipt and disposal details.

e. Construction Works at Mukulaikwa Animal Breeding Center

In October, 2011 the Ministry engaged Lavo Construction Limited to construct a guard house, a boom, wheel bath, foot bath septic tanks and soak away at Mukulaikwa animal breeding centre at a contract sum of K106,020,380.

The terms of the contract were:

- 70% down payment
- Final payment upon completion of the works (presentation of completion certificates)

- Completion of the works was for a period of one month from the date of receipt of the advance payment.

As at 31st December, 2011 the contractor had been paid the full amount of K106,020,410.

However, no interim and completion certificates were prepared making it not possible to determine whether the works were executed as per contract.

A site visit in April, 2012 revealed that despite the contractor having been paid in full payment the boom had not been constructed.

f. Chilanga - Department of Fisheries

i. Non-Recovery of Loans and Advances

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of loans and advances totalling K155, 000,000 paid to twelve (12) officers had not been effected as of December 2012.

ii. Failure to Utilise Boat

In December 2009, the Ministry procured two (2) boats to serve as fisheries research boats on lakes Bangweulu and Mweru-wa-Ntipa research stations at a total cost of ZAR6,130,490.40.

The two (2) boats were delivered in May and November 2011. It was observed however that one of the boats was taken to Siavonga instead of Mweru - Wa – Ntipa as earlier planned. In addition, as of April 2012, the other boat was still marooned in open space in Chilanga rendering the expenditure wasteful and exposing it to vandalism. See picture below.



Front of the boat



Interior of the boat



Rear of the boat



As of December 2012, the boats were not insured.

HEAD: 88/ Ministry of Livestock and Fisheries Development

16 Copperbelt Province – Provincial Livestock and Fisheries Co-ordinating Office

17 Copperbelt Province – District Livestock and Fisheries Co-ordinating Office

UNITS: Various

PROGRAMMES: Various

ACTIVITIES: Various

53. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K6,176,299,702 was made to cater for Provincial Livestock and Fisheries Co-ordinating Office and District Livestock and Fisheries Co-ordinating Offices of Lufwanyama, Masaiti, Mpongwe and Chililabombwe against which amounts totalling K2,432,208,216 were released resulting in an under funding of K3,744,091,486 as shown in the table below.

| Station | Total Authorised Provision K | Amount Released K | Under Funding K |
|------------------------------------|---------------------------------|----------------------|------------------------|
| Provincial Livestock and Fisheries | 4,277,051,102 | 1,329,322,180 | (2,947,728,922) |
| Chililabombwe | 349,412,151 | 245,542,197 | (103,869,954) |
| Lufwanyama | 455,412,149 | 278,842,931 | (176,569,218) |
| Mpongwe | 444,012,149 | 275,642,384 | (168,369,765) |
| Masaiti | 650,412,151 | 302,858,524 | (347,553,627) |
| Total | 6,176,299,702 | 2,432,208,216 | (3,744,091,486) |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial and District Livestock and Fisheries Offices carried out in October 2012 revealed the following:

a. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, twenty nine (29) payment vouchers in amounts totalling K79,383,370 processed during the period under review were not provided for audit. See table below.

| Station | No. of Transactions | Amount K |
|---------------|---------------------|-------------------|
| Ndola | 3 | 22,750,000 |
| Chililabombwe | 6 | 8,245,000 |
| Lufwanyama | 9 | 10,844,370 |
| Mpongwe | 3 | 5,429,000 |
| Masaiti | 8 | 32,115,000 |
| Total | 29 | 79,383,370 |

b. Unsupported Payments

Contrary to Financial Regulation No. 52, sixty five (65) payments in amounts totalling K199,663,539 made during the period under review were not supported with relevant documents such as quotations, cash sale receipts and Local Purchase Orders (LPOs). See table below.

| Station | No. of Transactions | Amount K |
|---------------|---------------------|--------------------|
| Ndola | 22 | 151,463,539 |
| Chililabombwe | 15 | 16,210,000 |
| Lufwanyama | 6 | 11,405,000 |
| Mpongwe | 12 | 18,485,000 |
| Masaiti | 3 | 2,100,000 |
| Total | 65 | 199,663,539 |

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 K192,819,226 procured during the period under review. See table below.

| Station | Fuel K | Other Stores K | Total K |
|---------------|--------------------|-------------------|--------------------|
| Ndola | 61,208,176 | 68,210,500 | 129,418,676 |
| Lufwanyama | - | 4,475,000 | 4,475,000 |
| Mpongwe | 9,000,000 | 2,470,000 | 11,470,000 |
| Masaiti | 28,552,000 | 10,773,550 | 39,325,550 |
| Chililabombwe | 8,130,000 | - | 8,130,000 |
| Total | 106,890,176 | 85,929,050 | 192,819,226 |

d. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K320,284,987 issued to thirty eight (38) officers had not been retired as of October 2012. See table below.

| Station | No. of Officers | Amount K |
|---------------|-----------------|--------------------|
| Ndola | 20 | 226,164,987 |
| Chililabombwe | 3 | 12,790,000 |
| Lufwanyama | 3 | 8,500,000 |
| Mpongwe | 4 | 33,155,000 |
| Masaiti | 8 | 39,675,000 |
| Total | 38 | 320,284,987 |

In addition, contrary to Financial Regulation No. 45(3), allowances in amounts totalling K19,430,000 paid to three (3) officers involving six (6) transactions were not acquitted.

HEAD: 88/ Ministry of Livestock and Fisheries Development

**20 Southern Province - Provincial Livestock and Fisheries
Coordinating Office**

**21 Southern Province - District Livestock and Fisheries
Coordinating Office**

PROGRAMME: Provincial and District Livestock and Fisheries

ACTIVITIES: Various

54. In the Estimates of Revenue and Expenditure for the financial year ended 31st December, 2011, total provisions of K11,491,097,030 were made to cater for General Administration (K6,381,097,030) and infrastructure (K5,110,000,000) against which amounts totalling K9,496,069,561 were released resulting in an underfunding of K1,995,027,469.

In addition, amounts totalling K956,273,374 were brought forward from the previous year bringing the total funds available to K10,452,342,935 as shown in the table below.

| Station | Provision K | Amount Released K | (Under) /Overfunding K | Balance Brought Forward K | Available Funds K |
|-----------------|-----------------------|-------------------------|------------------------------|---------------------------------|-------------------------|
| Provincial LFO | 3,112,244,726 | 2,194,086,044 | (918,158,682) | 939,673,388 | 3,133,759,432 |
| Livingstone LFO | 270,731,600 | 232,460,363 | (38,271,237) | 465,806 | 232,926,169 |
| Mazabuka LFO | 957,681,874 | 546,084,943 | (411,596,931) | 20,144 | 546,105,087 |
| Monze LFO | 639,221,550 | 415,276,148 | (223,945,402) | 6,785,999 | 422,062,147 |
| Choma LFO | 973,360,972 | 467,817,933 | (505,543,039) | 205,063 | 468,022,996 |
| Kalomo LFO | 427,856,308 | 260,344,130 | (167,512,178) | 9,122,974 | 269,467,104 |
| Infrastructure | 5,110,000,000 | 5,380,000,000 | 270,000,000 | - | 5,380,000,000 |
| Total | 11,491,097,030 | 9,496,069,561 | (1,995,027,469) | 956,273,374 | 10,452,342,935 |

Accounting and Other Irregularities

An examination of accounting and other records maintained at Choma Provincial Office and Livingstone, Mazabuka, Monze, Choma and Kalomo District Livestock and Fisheries Offices (DLFOs) and physical inspection of selected projects carried out in September 2012 revealed the following:

a. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, there were twenty five (25) payment vouchers in amounts totalling K28,204,000 that were not produced for audit. See table below.

| Station | No. of Payment Vouchers | Amount K |
|------------------|-------------------------|-------------------|
| Livingstone DLFO | 4 | 6,500,000 |
| Monze DLFO | 21 | 21,704,000 |
| Total | 25 | 28,204,000 |

b. Inadequately Supported Payments

Contrary to Financial Regulation No. 45(2), there were one hundred and sixty two (162) payments in amounts totalling K332,772,752 which were unvouched in that they were not supported with relevant documents such as quotations, invoices and receipts. See table below.

| Station | No. of Transactions | Amount K |
|----------------|---------------------|--------------------|
| Provincial LFO | 4 | 65,211,000 |
| Livingstone | 20 | 45,424,373 |
| Mazabuka | 45 | 68,083,500 |
| Monze | 35 | 46,202,379 |
| Kalomo | 58 | 107,851,500 |
| Total | 162 | 332,772,752 |

c. Staff Recruited without Authority - Choma DLFO

During the period under review, amounts totalling K61,845,000 were paid to fifteen(15) casual workers as wages. However, the payments were not supported by the authority to employ from Public Service Management Division (PSMD) and there was no budget line for the expenditure.

d. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K144,118,042 issued to forty seven (47) officers involving ninety one (91) transactions had not been retired as of December, 2012. See details in the table below.

| Station | No. of Transactions | No. of Officers | Amount K |
|--------------|---------------------|-----------------|--------------------|
| Provincial | 1 | 1 | 5,500,000 |
| Livingstone | 21 | 11 | 38,853,645 |
| Mazabuka | 21 | 14 | 46,052,077 |
| Monze | 46 | 19 | 51,717,320 |
| Kalomo | 2 | 2 | 1,995,000 |
| Total | 91 | 47 | 144,118,042 |

Included in the unretired imprest, was imprest in amounts totalling K80,578,644 issued to twenty two (22) officers who had not retired previous imprest, contrary to Financial Regulation No. 91(1) and (2). See details in the table below.

| Station | No. of Transactions | No. of Officers | Amount K |
|--------------|---------------------|-----------------|-------------------|
| Livingstone | 10 | 4 | 19,978,645 |
| Mazabuka | 18 | 9 | 33,644,999 |
| Monze | 25 | 9 | 26,955,000 |
| Total | 53 | 22 | 80,578,644 |

e. Unaccounted for Stores

Contrary to Public Stores Regulation No 16, there were no receipt and disposal details in respect of stores items costing K499,755,279 (general stores - K239,051,683 and fuel - K260,703,596) as shown in the table below.

| Station | No. of Transactions | General Stores K | Fuel K | Total K |
|--------------|---------------------|--------------------|--------------------|--------------------|
| Provincial | 13 | 85,475,000 | 23,662,200 | 109,137,200 |
| Livingstone | 40 | 40,938,000 | 58,832,607 | 99,770,607 |
| Mazabuka | 74 | 28,276,195 | 73,494,180 | 101,770,375 |
| Monze | 67 | 70,020,988 | 46,079,740 | 116,100,728 |
| Kalomo | 40 | 14,341,500 | 58,634,869 | 72,976,369 |
| Total | 234 | 239,051,683 | 260,703,596 | 499,755,279 |

As a result, it was not possible to ascertain whether the items were received and used for the intended purpose.

Among the unaccounted for items in Livingstone was a Toshiba laptop procured in June 2011 at a cost of K4,200,000. The laptop was purported to be with the Livingstone Office Equipment Department for repairs. However, a visit to the Livingstone Office Equipment Department revealed that the laptop that was being repaired was an old HP laptop and not the Toshiba laptop.

f. Fuel Drawn by Vehicles not belonging to Livingstone DLFO

During the period under review, fuel costing K8,541,960 involving twenty (20) transactions was drawn by vehicles that did not belong to Livingstone DLFO without any evidence of authority from the District Veterinary Officer.

g. Infrastructure - Provincial Livestock and Fisheries Office

The Provincial LFO received amounts totalling K5,380,000,000 for the construction of a Laboratory and an Office Block in Choma and for the rehabilitation of livestock service centers in seven (7) districts as shown in the table below.

| Station | No | Details | Amount Received K | Amount Spent K |
|--------------|----|---|----------------------|----------------------|
| Choma | 1 | Construction of Laboratory | 1,350,000,000 | 1,991,104,367 |
| | 2 | Construction of Service Centers | 150,000,000 | 139,277,000 |
| Mazabuka | 1 | Construction of Service Centers | 360,000,000 | 355,499,604 |
| Kalomo | 1 | Construction of Service Centers | 545,000,000 | 591,007,996 |
| Monze | 1 | Construction of Service Centers | 545,000,000 | 546,754,182 |
| Sinazongwe | 1 | Construction of Service Centers | 100,000,000 | 193,202,500 |
| | 2 | Rehabilitation of Fisheries Training Centre | 1,500,000,000 | 73,350,000 |
| Kazungula | 1 | Construction of Service Centers | 725,000,000 | 718,320,790 |
| Gwembe | 1 | Construction of Service Centers | 105,000,000 | 48,300,000 |
| Total | | | 5,380,000,000 | 4,656,816,439 |

As of July 2012, amounts totalling K4,684,689,633 had been spent on the projects.

A review of records and physical inspections carried out in August and December 2012 revealed the following;

i. Construction of Laboratory and Office Block

On 11th July 2011, Provincial Administration Office engaged Sarzam Contractors Ltd for the construction of a two (2) storey laboratory and an office block in Choma at a contract sum of K3,251,850,353 for a period of forty four (44) weeks commencing on the date of signing the contract.

As of June 2012, the contractor had been paid amounts totalling K2,694,085,115.

The following were however observed:

- **Works Not Done But Paid for**

According to the bill of quantities (BoQ), one hundred and seven (107) burnt bricks with bull nose edge costing K4,494,000 were supposed to be fitted on the window sills.

A visit to the construction site revealed that, although the Contractor was paid K4,494,000 for the fitting of a bull nose edge bricks on the structure on certificates No. 2 and 4, no bull nose edge bricks were fitted on the window sills rendering the two certificates questionable.

- **Disparities on the Structure and Bill of Quantities**

A comparison in the descriptions of the doors and window frames in the Bills of Quantities (BoQs) and the fittings on the structure revealed some discrepancies in that the height of door and window frames were 2.4 and

1.5 meters respectively in the BoQs while those fitted were 2.0 meters (for door frames) and 1.4 meters (for window frames).

It was also observed that the height of the back stair cases was too low to pass through as shown in the picture below.



ii. District Service Centers Infrastructure

During the period under review, the Choma Provincial LFO awarded seventeen (17) contracts to ten (10) contractors to construct crush pens, VIP toilets, Dip tanks, rehabilitation of staff houses, loading bay, water tank stand and reticulation system at seven (7) District Service Centers.

However, the following were observed:

- **Progress of Works Carried Out**

(See table below)

| District | Project | Contractor | Amount Paid to Contractor / Materials K | Scope of Works | Status/Observation |
|------------|--|-----------------------------|---|--|---|
| Choma | Construction of a Crush pen at Chipande | BF Housing | 5,884,000 | Construction Crushpen | <ul style="list-style-type: none"> No contract document was availed for audit scrutiny The crushpen was incomplete in that some poles had not been fitted, most of the rails had not yet been fixed. Further, there were no bolts and nuts in the joineries of some poles. |
| Sinazongwe | Water Reticulation at Kanchindu Goat Breeding center | Ban Build Gen Dealers | Amount Paid K40,652,000 | To supply a water tank, erect a stand and electrify water supply system. | <ul style="list-style-type: none"> Water stand had been erected and tank mounted. However, the laying of poly pipes from tank to the goat house had not been completed and the contractor had abandoned the site. |
| | Sinazongwe Fisheries Centre | Provincial Fisheries Office | <ul style="list-style-type: none"> Drawings cost K73,350,000 | Rehabilitation of Fisheries center | <ul style="list-style-type: none"> As of July 2012, the rehabilitations had not commenced. However, K73,350,000 had been spent on drawings leaving a balance of K1,426,650,000 which had not been spent as of August 2012. |
| Mazabuka | Construction of Dip Tank. | Pro-Fab Z Ltd | <ul style="list-style-type: none"> Dip tank K19,132,000 | Construction of Dip Tank, VIP Toilet and Crush pen at Magoye Central | <ul style="list-style-type: none"> Works completed but facilities not in use. |
| | Construction of dip tank | Anatex Ltd | <ul style="list-style-type: none"> Dip Tank K9,413,000 | | |
| | Materials for mending dip tank | Ackim Mwiinga | <ul style="list-style-type: none"> Materials to mend dip tank K8,550,000 | | |
| | Construction of crush pen | Dukwi-Mubi | <ul style="list-style-type: none"> Crush pen K28,590,000 | | |
| | Construction of VIP Toilet | Chikomo Farms | <ul style="list-style-type: none"> VIP Toilet K23,400,400 | | |
| | Double VIP Toilet at Kalambabakali | Chikomo Farms Construction | <ul style="list-style-type: none"> VIP Toilet K23,400,400 | Construction of a Double VIP Toilet at | |
| Kazingula | Resting Shelter | Dukwi Mubi Contractors | K46,100,500 | Construction of Resting Shelter, VIP Toilet | <ul style="list-style-type: none"> As of July 2012, the shelter and VIP Toilet had not been constructed and the contractor was not on site. |
| | VIP Toilet and Dip Tank at Sikaunzwe | Mixjar Gen Dealers | K19,400,000 | Construction of a Dip Tank | <ul style="list-style-type: none"> As of July 2012, the Dip Tank had not been constructed and the contractor was not on site. |
| Kalomo | Crushpen with Iron sheets at Camp No.3 | Tosh Building Contractors | K58,000,000 | Construction of Crush pen with iron sheets | <ul style="list-style-type: none"> The roofing of animal resting bay had not been completed in that some iron sheets had not been fitted The contractor was not on site |
| | Dip tank at camp No.3 | Anatex Ltd | K19,220,000 | Construction of dip tank | <ul style="list-style-type: none"> The construction of the dip tank had not been completed in that the side walls and roofing were still outstanding as of July 2012. The project had delayed by one hundred and eighty days. |
| | Crush pen at Mukanda, Muyuni and Nsalali | Chikomo Farms | K132,594,000 | Construction of crush pen | <ul style="list-style-type: none"> The rails used at Mukanda were small and had started falling off. The poles had been attacked by termites at all the three centers due to poor treatment. The Crush pen concrete slab at Muyuni had started peeling off due to poor mixture Although the Crush pens at Nsalali and Muyuni had been completed, they had not been handed over as of July 2012. |
| | Crush pen at Nantale | Trade Magnate Co.Ltd | K41,300,000 | Construction of crush pen | <ul style="list-style-type: none"> Some of the rails had fallen off Some feeding and drinking troughs had fallen off. |
| | Loading bay at Siachitema | Investfine Co Ltd | K4,290,000 | Adjustment of Loading bay | <ul style="list-style-type: none"> There was no scope of works specifying the nature of works required to be executed The poles on the loading bay were not firmly fixed on the concrete slab |
| | Staff House at Siachitema | Trade Magnate Co Ltd | K39,400,000 | Rehabilitation of staff house | <ul style="list-style-type: none"> Although the works had been completed, the house had not been occupied as of July 2012. |
| | Crush pen at Kalonda | Trade Magnate Co Ltd | K41,300,000 | Construction of Crush pen | <ul style="list-style-type: none"> Some of the rails had fallen off from the structure. |
| | Staff house and VIP Toilet at Dimbwe | Tosh Building Contractors | K28,653,992 | Rehabilitation of staff house and construction of a VIP Toilet | <ul style="list-style-type: none"> No Bills of Quantities was availed for audit scrutiny. As a result it was difficult to ascertain whether the structure had been rehabilitated according to the required specifications. As of July 2012 the works had not been completed in that five (5) window panes for the three (3) rear windows had not been fitted Further the staff house was occupied by a teacher from Dimbwe Basic School as there was no service center staff resident at the center. |

- **Drilling of Boreholes and Installation of Water Pumps**

During the period under review, the Choma Provincial LFO engaged Coratom Company Ltd to drill three (3) boreholes and install water pumps at Kalambabakali in Mazabuka and Sikaunzwe and Kazungula Central in Kazungula at a total cost of K119,802,600 (K34,934,200 per borehole). As of June 2011, the contractor had been paid the whole amount of K119,802,600.

However, as of December 2012, no works had been done in Kalambabakali. In addition, works at the other two (2) borehole sites in Sikaunzwe and Kazungula central had not been completed and the contractor had abandoned the site.

HEAD: 88/ Ministry of Livestock and Fisheries Development
22 Northern Province – Provincial Livestock and fisheries Development Coordinating Office
23 Northern Province – District Livestock and fisheries Development Coordinating Office

PROGRAMMES: Various

ACTIVITIES: Various

55. In the Estimates of Revenue and Expenditure for the year ended 31st December 2011, a provision of K5,036,504,755 was made for the Provincial Livestock and Fisheries Development Coordinating Office and the five (5) District Livestock and Fisheries Development against which K2,850,127,358 was released resulting in an underfunding of K2,186,377,397 as shown in the table below.

| Department | Provision K | Funding K | Variance K |
|-----------------------------|----------------------|----------------------|----------------------|
| Provincial Livestock | 1,927,837,658 | 1,362,809,425 | 565,028,233 |
| Mpika District Livestock | 421,767,167 | 283,306,016 | 138,461,151 |
| Mbala District Livestock | 525,767,167 | 301,834,599 | 223,932,568 |
| Isoka District Livestock | 614,598,429 | 339,804,631 | 274,793,798 |
| Nakonde District Livestock | 1,054,767,167 | 305,517,670 | 749,249,497 |
| Chinsali District Livestock | 491,767,167 | 256,855,017 | 234,912,150 |
| Total | 5,036,504,755 | 2,850,127,358 | 2,186,377,397 |

Accounting and Other Irregularities

An examination of accounting and other records maintained at Provincial and District Offices revealed the following:

a. Unremitted Funds

During the period under review, the Ministry was funded K1,560,317,933 to cater for operations in Northern Province.

However, the Ministry disbursed a total of K1,222,330,283 to the Provincial and District Livestock Offices leaving a balance of K337,987,650 as shown in the table below.

| Department/District | Released by MoF K | Disbursed by Ministry of Livestock K | Retained funds K |
|-----------------------------|----------------------|---|---------------------|
| Provincial Livestock | 73,000,000 | - | 73,000,000 |
| Mpika District Livestock | 283,306,016 | 218,280,144 | 65,025,872 |
| Mbala District Livestock | 301,834,599 | 233,158,727 | 68,675,872 |
| Isoka District Livestock | 339,804,631 | 288,920,472 | 50,884,159 |
| Nakonde District Livestock | 305,517,670 | 288,091,798 | 17,425,872 |
| Chinsali District Livestock | 256,855,017 | 193,879,142 | 62,975,875 |
| Total | 1,560,317,933 | 1,222,330,283 | 337,987,650 |

As of December 2012, there was no explanation given as to why the funds were not disbursed to the intended recipients.

b. Irregular Recruitment of Casual Workers

During the period under review, amounts totalling K170,888,588 as shown in the table below were spent on the wages of casual workers to redress staff shortages.

| Department/ District | Amount K |
|-----------------------------|--------------------|
| Provincial Livestock Office | 132,443,620 |
| Mpika District Livestock | 7,440,000 |
| Mbala District Livestock | 13,700,000 |
| Isoka District Livestock | 11,710,000 |
| Chinsali District Livestock | 5,594,968 |
| Total | 170,888,588 |

However, there was no authority to employ from the Public Service Management Division (PSMD) and there was no budget line to support the expenditure.

c. Misapplication of Funds

Out of a total amount of K320,402,577 released for camp operations (field services to farmers), amounts totalling K307,817,577 as shown in the table below were applied on office administration operations.

| District | Released K | Disbursed to Camps K | Misapplied K |
|--------------|--------------------|----------------------------|--------------------|
| Mpika | 43,199,277 | 1,000,000 | 42,199,277 |
| Mbala | 47,272,078 | 11,025,000 | 36,247,078 |
| Isoka | 76,030,777 | 0 | 76,030,777 |
| Nakonde | 85,770,190 | 560,000 | 85,210,190 |
| Chinsali | 68,130,255 | 0 | 68,130,255 |
| Total | 320,402,577 | 12,585,000 | 307,817,577 |

d. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K438,278,283 issued to fifty one (51) officers as shown in the table below had not been retired as of December, 2012.

| Department | No. of officers | No. of transactions | Amount K |
|----------------------|--------------------|------------------------|--------------------|
| Provincial Livestock | 25 | 68 | 316,696,403 |
| Mbala | 8 | 22 | 55,832,900 |
| Nakonde | 12 | 26 | 54,018,980 |
| Chinsali | 6 | 6 | 11,730,000 |
| Total | 51 | 122 | 438,278,283 |

Included in the imprest figure of K438,278,283 was an amount of K176,008,903 issued to seventeen(17) officers for monitoring activities for which no monitoring reports were availed for audit.

e. Unsupported Payments

Contrary to Financial Regulation No.52, there were three (3) payment vouchers in amounts totalling K4,382,500 made during the period under review that were not supported with relevant documents such as invoices, receipts, delivery notes and Local Purchase Orders.

f. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, Seventeen (17) payment vouchers in amounts totalling K31,362,000 as shown in the table below were not availed for audit as of December, 2012.

| Department | No of Transactions | Amount K |
|-----------------------------|-----------------------|-------------------|
| Provincial Livestock Office | 6 | 21,862,000 |
| Mbala District Livestock | 7 | 8,010,000 |
| Nakonde District Livestock | 4 | 1,490,000 |
| Total | 17 | 31,362,000 |

g. Unaccounted for Stores

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of stores items costing K250,422,369 procured during the period under review.

h. Undelivered Building Materials

In October, 2011 the Provincial Livestock and Fisheries Development Coordinating Office paid a total of K8,210,000 to Chanji General Dealers for the procurement of various building materials such as roofing nails and planks, for the construction of a goat shed at Misamfu Livestock Research Station.

However a visit to the research station and inquiries with management conducted in July 2011 revealed that two hundred and thirty eight (238) planks of different sizes costing K7,560,000 had not been delivered by the supplier, nine (9) months after the payment was made.

**HEAD: 88/24 Ministry of Livestock and Fisheries Development-
Western Province- Provincial Livestock and
Fisheries Co-ordinating**

UNITS Various

PROGRAMMES Various

ACTIVITIES Various

56. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2010 and 2011, provisions of K1,427,995,135 and K1,579,228,000 were made respectively to cater for various activities at the Provincial Livestock and Fisheries Coordinating Office against which amounts totalling K803,682,983 in 2010 and K1,012,486,726 in 2011 were released resulting in under funding as shown below.

| Year | Provision K | Released K | (Under)/ Over funding K |
|--------------|------------------------|-----------------------|--|
| 2010 | 1,427,995,135 | 803,682,984 | (624,312,151) |
| 2011 | 1,579,228,000 | 1,012,486,726 | (566,741,274) |
| Total | 3,007,223,135 | 1,816,169,710 | (1,191,053,425) |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Livestock and Fisheries Coordinating Office carried out in August 2012 revealed the following:

a. Unsupported Payments

Contrary to Financial Regulation No. 45, twenty nine (29) payments in amounts totalling K94,622,460 made during the period under review were not supported with relevant documentation such as receipts and invoices.

b. Unretired Imprest

Contrary to Financial Regulation No.96, imprest in amounts totalling K221,950,800 issued to twenty seven (27) officers during the period under review had not been retired as of December 2012.

In addition, imprest in amounts totalling K45,045,060 was paid to six (6) officers for surveillance of samples and herd monitoring. However, as of December 2012, there were no monitoring reports produced to show that the activities were undertaken.

c. Unaccounted for Fuel

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of fuel costing K120,860,178 procured during the period under review.

HEAD: 88/25 Ministry of Livestock and Fisheries Development – Western Province - District Livestock and Fisheries Co-ordinating Office

UNITS: Various

PROGRAMMES: Various

ACTIVITIES: Various

- 57.** In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a provision of K7,374,310,000 was made to cater for various activities at the District Livestock and Fisheries Coordinating Offices against which amounts totalling

K5,953,783,779 was released resulting in under funding of K1,420,526,221 as shown in the table below.

| Districts | Provision K | Released K | (Under)/ Over funding K |
|------------------|------------------------|-----------------------|--|
| Kaoma | 1,118,885,000 | 737,931,791 | (380,953,209) |
| Senanga | 1,565,585,000 | 1,212,182,928 | (353,402,072) |
| Sesheke | 1,257,785,000 | 981,951,152 | (275,833,848) |
| Mongu | 1,220,900,000 | 1,568,621,855 | 347,721,855 |
| Lukulu | 696,885,000 | 518,732,238 | (178,152,762) |
| Shangombo | 732,085,000 | 436,957,652 | (295,127,348) |
| Kalabo | 782,185,000 | 497,406,163 | (284,778,837) |
| Total | 7,374,310,000 | 5,953,783,779 | (1,420,526,221) |

In addition, there was a balance of K755,000,000 brought forward from the previous year bringing the total funds available to K6,708,783,779.

Accounting and other irregularities

An examination of accounting and other records maintained at the seven (7) District Livestock and Fisheries Coordinating Offices carried out in August 2012 revealed the following:

a. Unsupported Payments

Contrary to Financial Regulation No. 45, twenty three (23) payments in amounts totalling K75,677,178 made during the period under review were not supported with relevant documentation such as receipts and invoices.

b. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, twenty six (26) payment vouchers in amounts totalling K38,072,990 were not produced for audit.

c. Unretired Imprest

Contrary to Financial Regulation No.96, imprest in amounts totalling K252,797,493 issued to fifty eight (58) officers during the period under review had not been retired as of December 2012. See details in the table below.

| Station | No. of Officers | Amount K |
|-----------|-----------------|--------------------|
| Mongu | 4 | 13,826,500 |
| Kaoma | 10 | 53,183,000 |
| Lukulu | 5 | 39,024,000 |
| Sesheke | 4 | 5,896,000 |
| Senanga | 8 | 59,395,650 |
| Shangombo | 2 | 6,027,000 |
| Kalabo | 25 | 75,445,343 |
| | 58 | 252,797,493 |

In addition, imprest in amounts totalling K87,811,600 was paid to twenty (20) officers as shown in the table below for surveillance of samples and herd monitoring. However, as of December 2012, there were no monitoring reports produced to show that the activities were undertaken.

| Station | No of Officers | Amount K |
|--------------|----------------|-------------------|
| Kaoma | 2 | 5,685,000 |
| Lukulu | 5 | 9,055,000 |
| Sesheke | 6 | 10,525,000 |
| Senanga | 4 | 46,451,600 |
| Shangombo | 3 | 16,095,000 |
| Total | 20 | 87,811,600 |

d. Questionable Retirement of Imprest

i. Mongu District Livestock and Fisheries Office

On 6th May 2011, imprest in amounts totalling K3,140,000 issued to the District Veterinary Officer to facilitate his travel to Lusaka to take vehicle GRZ 809 CF for servicing. According to the retirement details, the trip was undertaken between 12th and 16th May 2011 (4 nights) and a total of K1,799,558 was spent on fuel , K1,180,000 on subsistence allowance and K661,858 on servicing the vehicle.

However, fuel receipts number 36828 (K1,193,700) and 244319 (K200,000) totalling K1,393,700 dated 19th May 2011 and 18th May 2011 respectively were questionable in that the dates fell outside the period the vehicle was purportedly taken for service.

ii. Lukulu District Livestock and Fisheries Office

On 16th August 2011, imprests in amounts totalling K8,680,000 and K2,650,000 were issued to the District Veterinary Officer and the driver respectively to facilitate their travel to Lusaka to take vehicle ABT 4581 for servicing at CFAO Zambia Limited as well as procuring five (5) tyres.

According to the retirement details, the District Veterinary Officer spent his imprest as follows: K1,180,000 on subsistence allowance , K6,875,000 on procurement of tyres and K625,000 on rear cabin screen while the driver spent his imprest as follows: K1,550,000 on fuel and K1,100,000 on subsistence allowance.

According to the claim forms, the officers started off for Lusaka on 17th August 2011 and reached the same day and came back to Lukulu on 21st August 2011 (4 nights). It was however observed that the vehicle which was on its way from Lukulu to Lusaka drew fuel costing K 430,000 in Mongu (receipt number 21140 dated 17th August 2011), which is in the opposite direction to that of Lusaka.

In addition there was no evidence to show that the vehicle was serviced at CFAO during the period the officers were purportedly in Lusaka and the vehicle never drew any fuel on their way back. It was also not clear why imprest was used to procure tyres instead of paying direct to the supplier making the retirement of two (2) imprests totalling K11,330,000 questionable.

e. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of fuel and other stores items costing K298,791,224 procured during the period under review.

| | | |
|--------------------|------------|--|
| HEAD: | 88/ | Ministry of Livestock and Fisheries Development |
| | 26 | Eastern Province- Livestock and Fisheries Coordinating Office |
| | 27 | District Livestock and Fisheries Coordinating Office |
| UNITS: | | Various |
| PROGRAMMES: | | Various |
| ACTIVITIES: | | Various |

58. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a provision of K7,422,740,831 was made to cater for various activities at the Provincial Agriculture Coordinating Office (PACO) and District Agriculture Coordinating Offices (DACO), against which a total amount of K5,724,748,150 was released resulting in underfunding of K1,697,992,681.

Accounting and Other Irregularities

An examination of accounting and other records maintained at PACO and DACO and a physical inspection of projects carried out in October 2012 revealed the following:

a. Missing Payment Vouchers

Contrary to Financial Regulation No.65, there were sixty nine (69) payment vouchers in amounts totalling K486,180,177 that were not produced for audit.

b. Unsupported Payments

Contrary to Financial Regulation Nos. 45 and 52, there were forty (40) payments in amounts totalling K97,090,810 for the procurement of goods and services which were not supported by relevant documents such as invoices, receipts and local purchase orders.

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 K121,167,348 procured during the period under review.

d. Unretired Imprest

Contrary to Financial Regulation No.96, imprest in amounts totalling K354,364,720 issued to seventy four (74) officers had not been retired as of December 2012.

In addition, imprest in amounts totalling K38,563,312 was issued to four (4) officers for monitoring of different activities. However, as of December 2012, there were no monitoring reports produced to show that the activities were undertaken.

e. Construction of Mpangwe Fish Seed Production Centre - Katete District

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a provision of K400,000,000 was made to cater for the construction of the Mpangwe Fish Seed Production Centre in Katete District out of which K200,000,000 was released for the project.

The works which were to be done at the total budget cost of K400,000,000 were as follows:

- Construction of Fish Pond,
- Construction of Hatchery House,
- Purchase of Hatchery Materials,
- Construction of Furrow,
- Purchase of Netting Materials, and
- Purchase of Fingerlings.

An examination of accounting and other records maintained at the Katete District Livestock and Fisheries Office revealed the following:

i. Delayed Completion of Construction of the Hatchery

On 21st January 2012, the Ministry of Livestock and Fisheries engaged Kapirimphika Enterprise to construct a Hatchery at a contract price of K6,000,000. The works were expected to be completed within sixty (60) days. As of September 2012, the whole amount of K6,000,000 had been paid to the contractor.

A physical inspection of the project carried out in October 2012 revealed that the hatchery building block had not been completed as the plastering, glazing, painting wiring and fixing of the solar geyser had not been done.

It was also observed that although, the construction of the furrow was complete, the ponds were still dry and not functional.



Dry Ponds



Incomplete Hatchery House

ii. Misapplication of Funds

A total amount of K9,120,000 was applied on activities not related to the Mpangwe Fish Seed Production Centre such as purchase of motor vehicle tyres and payment of imprests for attending a workshop in Lusaka.

iii. Uncollected Fingerlings

In November 2011, an amount K2,000,000 was paid to Kalimba Park in Lusaka for the purchase of fingerlings. However, as of December 2012 the fingerlings had not been collected.

f. Rehabilitation of Kakumbi Tsetse Research Centre – Mambwe District

During the period under review amounts totalling K192,312,662 were released to Mambwe District for the rehabilitation of Kakumbi Tsetse Research Centre. Although amounts totalling K111,085,000 (K5,961,000 on fuel, K70,724,000 on materials and K34,400,000 on allowances) had been purportedly spent, the rehabilitation works of the research centre had not been done.

HEAD: 88/ Ministry of Livestock and Fisheries

**28 North Western Province - Provincial Livestock & Fisheries
Coordinating Office**

**29 North Western Province - District Livestock and Fisheries
Coordinating Office**

PROGRAMME: General Administration

ACTIVITIES: Various

- 59.** In the Estimate of Revenue and Expenditure for the financial year ended 31st December 2011, provisions of K3,825,852,666 were made to cater for General Administration against which amounts totalling K1,954,982,710 were released resulting in under funding of K1,870,869,956.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial and District Livestock and Fisheries Coordinating Offices carried out in July 2012 revealed the following:

a. Unsupported payments

Contrary to Financial Regulation Nos. 45 and 52, there were twelve (12) payments in amounts totalling K48,719,800 that were not supported with relevant documents such as receipts, local purchase orders and invoices.

b. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K290,299,650 issued to twenty eight (28) officers during the period under review had not been retired as of December 2012.

In addition, imprest in amounts totalling K21,790,000 was paid to five (5) officers for monitoring of different activities. However, as of December 2012, there were no monitoring reports produced to show that the activities were undertaken.

c. Unaccounted for Stores

Contrary to Public Stores Regulation No.16, there were no receipts and disposal details in respect of various stores items costing K364,488,389 (fuel - K231,757,051 and other stores items - K132,731,338) procured during the period under review.

HEAD: 89/01 Ministry of Agriculture

UNITS: Various

PROGRAMMES: Various

ACTIVITIES: Various

- 60.** In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total authorised provision of K219,335,973,908 was made to cater for the various activities at the Ministry against which amounts totalling K113,205,241,990 were released.

Accounting and other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters carried out in March 2012 revealed the following:

a. Unvouched Payments

Contrary to Financial Regulation No. 52, there were thirty nine (39) payments in amounts totalling K191,310,824 which were not supported by documents such as invoices, acquittal sheets and receipts.

| Details | No.of Transactions | Amount K |
|--------------|--------------------|----------------|
| Unsupported | 15 | 102,735,824.00 |
| Un Acquitted | 24 | 88,575,000.00 |
| | 39 | 191,310,824.00 |

b. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, various stores items costing K931,995,361 procured during the period under review had no receipt and disposal details. See table below.

| Item | Amount K |
|--------------|-------------|
| Stores Items | 536,195,361 |
| Fuel | 395,800,000 |
| | 931,995,361 |

c. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K526,418,725 issued to various officers during the period under review had not been retired as of December 2012.

d. Non Recovery of Loans and Advances

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of loans and advances amounting to K778,891,706 paid to various officers during the period under review had not been effected as of December 2012.

e. Weaknesses in Accounting for Outstanding Bills - ZNBC

There were weaknesses in accounting for outstanding bills in that there were no ledgers and reconciliations. Consequently, it was difficult to verify the accuracy and validity of an amount of K3,006,466,315 owed to Zambia National Broadcasting Corporation (ZNBC).

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)

ACTIVITIES: Various

61. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total authorised provision of K896,000,000,000 was made for the purchase and distribution of inputs (K892,003,250,000) and operational funds (K3,996,750,000) and the whole amount was released.

In addition, an amount of K24,461,807,962 was brought forward from the previous year bringing the total funds available to K920,461,807,962.

In this regard, in July 2011, the Ministry awarded four (4) contracts for the supply of fertiliser in amounts totalling K872,722,426,081 (US\$145,407,788) and six (6) contracts for the supply of seed in amounts totalling K140,416,800,700 as indicated in the tables below.

Table 1 – Supply of fertilizer

| Contractor | Contract Sum | | Quantity (Metric | |
|--------------|--------------------|------------------------|------------------|---------------|
| | US Dollar | Kwacha | Compound D | Urea |
| Nyiombo | 90,066,347 | 460,082,550,924 | 31,313 | 51,263 |
| Omnia | 53,403,974 | 272,858,792,641 | 20,687 | 37,738 |
| NCZ | - | 129,900,000,000 | 30,000 | - |
| Nyiombo | 1,937,467 | 9,881,082,516 | 1,227 | 1,227 |
| Total | 145,407,788 | 872,722,426,081 | 83,227 | 90,228 |

Table 2 – Supply of Seeds

| Name of Supplier | Contract Sum (K) | Quantity (Metric Tonnes) | |
|------------------------|------------------------|--------------------------|-----------|
| | | Maize | Rice |
| Mri Seed (Z) Limited | 34,300,015,000 | 2186.72 | |
| Panner Seed (Z) Ltd | 19,066,909,900 | 1410.57 | |
| Pioneer Dupont (Z) Ltd | 12,389,368,000 | 856.16 | |
| Zamseed Ltd | 25,108,255,000 | 1323.96 | 39 |
| Farmers Barn Ltd | 17,783,232,800 | 1146.4 | |
| Seedco | 31,769,020,000 | 2183.89 | |
| Total | 140,416,800,700 | 9,108 | 39 |

According to the terms of the contracts, Nyiombo and Omnia were to deliver the fertiliser within a period of four (4) weeks while Nitrogen Chemicals of Zambia (NCZ) was to manufacture and supply the fertiliser within four (4) to eight (8) weeks.

Nyiombo was required to transport fertiliser to Central, Copperbelt, Luapula, Northern, North Western and Western provinces while Omnia was to deliver fertiliser to Eastern, Lusaka and Southern provinces and NCZ was only required to produce the fertiliser.

The seed suppliers were required to supply the goods ex-warehouse from the date of signing the contract.

According to the Farmer Input Support Programme (FISP) guidelines, the procedure/process of collecting and distribution of inputs were as follows:

- i. The cooperative with its paid members' list apply for inputs to the Camp Agricultural Committee (CAC),
- ii. CAC approves the application by appending the signature of CAC Chairperson and CAC Secretary on FISP Form 2 which is then sent to the DACO's Office,
- iii. DACO processes and signed the Authority To Deposit (ATD) which the cooperative representative produced at the bank when making a deposit,
- iv. A copy of the deposit slip from the bank was presented to the DACO who then processed the Authority To Collect (ATC),
- v. ATC was then presented to the warehouse manager for issue of inputs,
- vi. Warehouse Manager issued the fertilizer and seed on a Goods Received Voucher to the cooperative representative who would in turn issue the inputs to each farmer who applied and paid for the inputs.

Each eligible farmer was to receive one of the two packs as described below.

| Item | Qty | Unit price K | Total K |
|-------------------------|----------|--------------|----------------|
| "D" Compound fertiliser | 2x 50kgs | 50,000 | 100,000 |
| Urea fertiliser | 2x 50kgs | 50,000 | 100,000 |
| Maize Seeds | 1x 10kg | 80,000 | 80,000 |
| Total | | | 280,000 |

| Item | Qty | Unit price K | Total K |
|-------------------------|---------|--------------|----------------|
| "D" Compound fertiliser | 1x 50kg | 50,000 | 50,000 |
| Urea fertiliser | 1x 50kg | 50,000 | 50,000 |
| Rice Seed | 1x 10kg | 80,000 | 80,000 |
| Total | | | 180,000 |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry, selected Provincial Agriculture Co-ordinating Offices (PACO), District Agriculture Co-ordinating

Offices (DACO) and visits to cooperatives and warehouses carried out in June 2012 revealed the following:

a. Distribution of Inputs to Provinces

According to the guidelines on the management of FISP, small scale farmers were to pay twenty five percent (25%) of the cost of the inputs while the balance of seventy five percent (75%) was to be subsidised by the Government.

During the 2011/2012 farming season, the Ministry allocated 914,670 packs valued at K1,022,870,400,000 to small holder farmers in the provinces as shown in the table below.

| Province | Fertilizer (Mts) | Seed (Mts) | No. of Packs | 25% Farmer contribution K | 75% Government Subsidy K | Total Value K |
|--------------|------------------|--------------|----------------|---------------------------|--------------------------|--------------------------|
| Central | 30,549 | 1,527 | 152,745 | 42,768,600,000 | 128,305,800,000 | 171,074,400,000 |
| Copperbelt | 17,970 | 899 | 89,850 | 25,158,000,000 | 75,474,000,000 | 100,632,000,000 |
| Eastern | 34,800 | 1,740 | 174,000 | 48,720,000,000 | 146,160,000,000 | 194,880,000,000 |
| Luapula | 10,782 | 548 | 54,810 | 15,256,800,000 | 45,770,400,000 | 61,027,200,000 |
| Lusaka | 12,579 | 629 | 62,895 | 17,610,600,000 | 52,831,800,000 | 70,442,400,000 |
| Northern | 28,952 | 1,458 | 145,760 | 40,612,800,000 | 121,838,400,000 | 162,451,200,000 |
| N/Western | 10,882 | 549 | 54,910 | 15,274,800,000 | 45,824,400,000 | 61,099,200,000 |
| Southern | 30,549 | 1,527 | 152,745 | 42,768,600,000 | 128,305,800,000 | 171,074,400,000 |
| Western | 5,391 | 270 | 26,955 | 7,547,400,000 | 22,642,200,000 | 30,189,600,000 |
| Total | 182,454 | 9,147 | 914,670 | 255,717,600,000 | 767,152,800,000 | 1,022,870,400,000 |

A review of records revealed weaknesses in accounting for revenue collected from the distribution of farming inputs in various districts which included failure to reconcile deposits made, poor record keeping, co-mingling of funds, failure to provide latest bank statements among others.

In particular, the following were observed:

i. Unaccounted for Revenue

Although a total amount of K255,717,600,000 was expected to be realised from the sale of inputs to small scale farmers, only a total amount of K254,493,510,000 was realised while inputs costing K1,224,090,000 were not distributed and were held in various warehouses.

Out of the amount of K254,493,510,000 realised, amounts totalling K254,096,224,255 were verified as having been remitted to Control 99 leaving a balance of K397,285,745 unaccounted for as of December 2012.

ii. Unsupported ATDs

Contrary to the guidelines, a total of seven (7) ATD forms at Itezhi-tezhi and Mongu with amounts totalling K74,760,000 whose packs were collected were not supported with deposit slips as of December 2012. See table below.

| Station | No. of Farmer Groups | Amount K |
|--------------|----------------------|-------------------|
| Itezhi tezhi | 5 | 41,160,000 |
| Mongu | 2 | 33,600,000 |
| Total | 7 | 74,760,000 |

iii. Unaccounted for Revenue – Kalabo DACO

FISP Guideline 8.5, requires that the Cooperative representative makes his own deposits. However, a review of records at DACO revealed that the Accountant collected cash from the farmers to deposit on their behalf, primarily because the district had no banking facilities. In this regard, Kalabo DACO collected a total of K151,360,000 from cooperatives and farmer groups out of which K38,540,000 was deposited leaving an amount of K112,820,000 not deposited as of June 2012 and no cash was found on hand.

b. Weaknesses in Management of Inputs

There were weaknesses in the management of farming inputs such as late delivery of inputs, unaccounted for inputs, issuance of inputs to unqualified cooperatives, unregistered farmers and fictitious cooperatives among others.

In particular, the following were observed:

i. Issuance of Inputs to Unqualified Recipients

FISP Guideline Nos. 6.1.1 and 6.1.2, stipulates that beneficiary cooperatives of inputs should be registered with the Registrar of Cooperatives, should have been active for at least one year and operate a bank account, among others.

However, it was observed that:

- Nine thousand one hundred and forty nine (9,149) packs worth K2,621,795,000 were issued to two hundred and thirty (230) farmer groups that were not qualified in that the cooperatives were not registered or had not existed for more than one year. See table below.

| District | No. of Farmer Groups | Packs Issued | Value K |
|--------------|----------------------|--------------|----------------------|
| Mpongwe | 80 | 2,784 | 779,480,000 |
| Kitwe | 4 | 199 | 55,720,000 |
| Mansa | 54 | 2,295 | 640,560,000 |
| Kawambwa | 12 | 1,349 | 377,720,000 |
| Chienge | 7 | 480 | 134,400,000 |
| Samfya | 24 | 636 | 178,180,000 |
| Monze | 27 | 87 | 82,215,000 |
| Ndola | 2 | 123 | 34,440,000 |
| Chingola | 10 | 544 | 152,320,000 |
| Masaiti | 6 | 432 | 120,960,000 |
| Mongu | 1 | 40 | 11,200,000 |
| Kalabo | 1 | 21 | 10,080,000 |
| Lukulu | 1 | 46 | 12,880,000 |
| Kaoma | 1 | 113 | 31,640,000 |
| Total | 230 | 9,149 | 2,621,795,000 |

- Inputs costing K796,540,000 were issued to farmers who were not registered with any cooperatives as detailed in the table below.

| Station | Inputs | | Total Cost K |
|--------------|-------------------------|------------------|--------------------|
| | Fertilizers (50Kg bags) | Seed (10KG Bags) | |
| Mungwi | 1,072 | 269 | 75,320,000 |
| Mpulungu | 668 | 167 | 46,760,000 |
| Chinsali | 4,460 | 1,115 | 312,200,000 |
| Isoka | 436 | 109 | 30,520,000 |
| Masaiti | 264 | 66 | 18,480,000 |
| Sinazongwe | 56 | 14 | 3,920,000 |
| Itezhi tezhi | 164 | 39 | 11,240,000 |
| Mongu | 1,080 | 270 | 75,600,000 |
| Kalabo | 104 | 26 | 7,180,000 |
| Kaoma | 2,236 | 559 | 156,520,000 |
| Kabwe | 820 | 205 | 57,400,000 |
| Mumbwa | 20 | 5 | 1,400,000 |
| Total | 11,380 | 2,844 | 796,540,000 |

- A total of one hundred and fifty (150) packs valued at K42,000,000 as shown in the table below, in Mkushi and Chibombo were issued to three (3) cooperatives that did not exist.

| Name of Farmer Cooperative | District | Block | No. of Packs given | Value of Packs per ATC K |
|----------------------------|----------|----------|--------------------|--------------------------|
| Ubwino | Chibombo | Muswishi | 53 | 14,840,000 |
| Faith | Chibombo | Muswishi | 51 | 14,280,000 |
| Tusungane | Chibombo | Muswishi | 46 | 12,880,000 |
| Total | | | 150 | 42,000,000 |

ii. Late Delivery of Inputs

Clause 29.1 of the terms and conditions of the contract stipulated that subject to the provisions of the contract, if the supplier fails to deliver any or all of the goods or to perform the services within the period(s) specified in the contract, the purchaser shall, without prejudice to its other remedies under the contract, deduct from the contract price liquidated damages.

Contrary to the guideline, although the fertiliser and seed contractors delayed in delivering the inputs valued at K3,039,644,450 to nine (9) districts, as shown in the table below, no liquidated damages were claimed by Government.

| District | No. of Inputs | | Total K | Period Delivered |
|--------------|--------------------------|----------------------|----------------------|----------------------|
| | Fertilizer 50Kgs bags | Seed x 10Kgs bags | | |
| Mansa | 3,204 | 801 | 224,280,000 | 04.01.12 to 22.03.12 |
| Kawambwa | 7,480 | 1,870 | 523,600,000 | 06.01.12 to 13.04.12 |
| Chienge | 4,200 | 1,050 | 294,721,050 | 04.01.12 to 22.02.12 |
| Samfya | 10,920 | 3,400 | 818,723,400 | 04.01.12 to 23.02.12 |
| Ndola | 5,160 | 1,290 | 361,200,000 | 03.01.12 to 09.05.12 |
| Chililabobwe | 6,216 | 1,554 | 435,120,000 | 01.01.12 to 20.05.12 |
| Masaiti | 4,000 | 1,000 | 280,000,000 | 11.01.12 to 20.03.12 |
| Mwinilunga | 0 | 1,051 | 84,080,000 | 12.2011 |
| Kabompo | 0 | 224 | 17,920,000 | 12.2011 |
| Total | 41,180 | 12,240 | 3,039,644,450 | |

iii. Issuance of Incomplete Packs

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, or 1x50kgs D Compound fertiliser, 1x50kgs Urea fertiliser and 1x 10kg bag of rice seed, inputs worth K95,760,000 were missing from 1,145 packs. See table below.

| District | Input | Packs | Quantity Not Issued | Unit Price K | Total K |
|---------------|-----------------|-------------|---------------------|-----------------|-------------------|
| Mansa | Maize Seed | 114 | 114x10kg Bags | 80,000 | 9,120,000 |
| Chienge | Urea Fertiliser | 124 | 248x50kg Bags | 50,000 | 12,400,000 |
| Chililabombwe | Maize Seed | 25 | 25x10kg bags | 80,000 | 2,000,000 |
| | Fertiliser | 84 | 168x50kg bags | 50,000 | 8,400,000 |
| Kaoma | Maize seed | 203 | 203 x 10kg bags | 80,000 | 16,240,000 |
| Katete | Maize seed | 595 | 595x10kg bags | 80,000 | 47,600,000 |
| Total | | 1145 | | | 95,760,000 |

iv. Expired Inputs

Inputs costing K36,400,000 which had not been distributed to farmers had either expired or were about to expire as of June 2012 as indicated in the table below.

| District | Input | Quantity | Unit Price K | Total K | Expiry Date |
|--------------|------------|---------------|-----------------|-------------------|-----------------|
| Samfya | Rice Seeds | 90x10kg Bags | 80,000 | 7,200,000 | May-12 |
| Chienge | Maize Seed | 24x10kg Bags | 80,000 | 1,920,000 | September 2012. |
| Chienge | Rice Seed | 218x10kg Bags | 80,000 | 17,440,000 | May-12 |
| Luangwa | Maize Seed | 85x10kg Bags | 80,000 | 6,800,000 | September 2012. |
| Choma | Maize Seed | 38x10kg Bags | 80,000 | 3,040,000 | September 2012. |
| TOTAL | | | | 36,400,000 | |

In his response dated 20th November 2012, the Controlling officer stated that, in order to ascertain the viability of the inputs, the carry over seeds are always inspected, sampled and tested by the Seed Control and Certification Institute (SCCI) before they could be deemed fit for planting. He added that, the seed that had been cited as expired would be sampled and tested again before they are offered for sale in 2012/2013 farming season.

However, as of December 2012, the seed had not been tested by SCCI and had expired as indicated from the dates shown on the table above.

v. Unaccounted for Inputs - Monze DACO

Monze DACO received a total of 25,650 packs out of which 25,010 packs were issued through the CACs and 640 packs issued directly to the cooperatives.

In this regard, inputs costing K19,889,100 purported to have been issued to Kaumuzya Women and Youth Cooperative were actually not issued and had gone missing in the custody of the Warehouse Manager who accepted responsibility and deposited an amount of K5,600,000 (an amount equivalent to the farmers' contribution) instead of K19,889,100.

In his response dated 20th November 2012 the Controlling Officer stated that the Ministry had directed the DACO to recover the Kwacha equivalent of K14,286,500 from the Warehouse Manager in order to replace the inputs.

However, as of December 2012, the amount had not been recovered from the Warehouse Manager.

c. Questionable Issuance of Packs

Contrary to the 2011/ 2012 FISP Guideline No. 7, which required that each farmer be allocated one (1) pack only, 1,864 farmers were issued with 3,466 packs resulting in an over issuance of 1,602 packs costing K448,560,000 as shown in the table below.

| District | No. of Farmers | No. of Packs Entitled | Actual Packs Collected | Over Issuance | Cost |
|------------------|----------------|-----------------------|------------------------|---------------|--------------------|
| Mungwi | 5 | 5 | 12 | 7 | 1,960,000 |
| Mpungu | 22 | 22 | 44 | 22 | 6,160,000 |
| Mazabuka | 943 | 943 | 1612 | 669 | 187,320,000 |
| Monze / Mazabuka | 20 | 20 | 43 | 23 | 6,440,000 |
| Monze | 768 | 768 | 1543 | 775 | 217,000,000 |
| Sinazongwe | 106 | 106 | 212 | 106 | 29,680,000 |
| Total | 1,864 | 1,864 | 3,466 | 1,602 | 448,560,000 |

In addition, FISP Guideline No. 6.1.2 (v) states that the individual farmers who benefit from the FISP programme should not concurrently benefit from the Food Security Pack (FSP), and /or should not be a defaulter from the Food Reserve Agency or any other Agriculture Credit Programme.

However, twenty one (21) farmers that benefited from the Food Security Pack and received twenty one (21) FSP packs valued at K5,880,000 as shown in the table below, also benefited from FISP programme and were defaulters of other programmes.

| Station | No. of Farmers | FSP Packs received | Amount K |
|--------------|----------------|--------------------|------------------|
| Monze | 11 | 11 | 3,080,000 |
| Mwinilunga | 10 | 10 | 2,800,000 |
| Total | 21 | 21 | 5,880,000 |

d. Failure to Replace Damaged Inputs

Inputs costing K11,988,000 which were damaged at the time of delivery had not been replaced by the respective suppliers as of December 2012, as shown in the table below.

| District | Supplier | Input Type | Qty Damaged | Unit Price K | Total K |
|---------------|-------------|------------------------|-------------|--------------|-------------------|
| Ndola | Nyiombo | Seed x 10kg bags | 11 | 153,000 | 1,683,000 |
| | Nyiombo | Fertiliser x 50kg bags | 8 | 198,000 | 1,584,000 |
| Chililabombwe | Nyiombo | Seed x 10kg bags | 20 | 153,000 | 3,060,000 |
| Masaiti | MRI/Pioneer | Seed x 10kg bags | 37 | 153,000 | 5,661,000 |
| Total | | | 76 | | 11,988,000 |

e. Undelivered Farming Inputs

Out of a total number of inputs costing K35,802,990,000 allocated to nine (9) districts, inputs costing K35,640,909,000 had been delivered leaving a balance of K162,081,000 as shown in the table below.

| District | Input Type | Supplier/ Transporter | Quantity Allocated | Value of allocated input | Quantity Supplied | Variance | Unit Price K | Total Amount (K) |
|--------------|--------------------------------------|--------------------------|-----------------------|-----------------------------|----------------------|----------|-----------------|---------------------|
| Chienge | Fertiliser (Top & Basal dressing) | Nyiombo | 27,980 | 5,540,040,000 | 27,538 | 442 | 198,000 | 22,100,000 |
| Samfya | Fertiliser (Top & Basal dressing) | Nyiombo | 24,400 | 4,831,200,000 | 24,220 | 180 | 198,000 | 9,000,000 |
| Chilabombwe | D fertiliser | Nyiombo | 14,200 | 2,811,600,000 | 14,032 | 168 | 198,000 | 8,400,000 |
| Lufwanyama | D fertiliser | Nyiombo | 18,700 | 3,702,600,000 | 18,699 | 1 | 198,000 | 50,000 |
| Masaiti | D Fertiliser | Nyiombo | 28,700 | 5,682,600,000 | 28,699 | 1 | 198,000 | 50,000 |
| | Maize Seed | various | 14,350 | 2,195,550,000 | 14,316 | 34 | 153,000 | 5,202,000 |
| Itezhi Tezhi | Maize Seed | Omnia | 7,925 | 1,212,525,000 | 7,923 | 2 | 153,000 | 306,000 |
| Mongu | Maize seed | PAM | 3,605 | 551,565,000 | 3,482 | 123 | 153,000 | 18,819,000 |
| | Fertilizer (Top & Basal dressing) | Nyiombo | 14,420 | 2,855,160,000 | 13,934 | 486 | 198,000 | 96,228,000 |
| Kalabo | Maize seed | Nyiombo | 550 | 84,150,000 | 540 | 10 | 153,000 | 1,530,000 |
| Chibombo | Fertilizer – D Compound | Nyiombo | 32,000 | 6,336,000,000 | 31,998 | 2 | 198,000 | 396,000 |
| Total | | | | 35,802,990,000 | | | | 162,081,000 |

As of December 2012, the inputs had not been delivered.

f. Missing Authority to Collect (ATC) Forms

A total of twelve (12) ATC forms as shown in the table below were not availed for audit.

| District | No. of Missing ATCs |
|--------------|------------------------|
| Samfya | 1 |
| Chienge | 9 |
| Kalabo | 2 |
| Total | 12 |

It was therefore not possible to ascertain whether the inputs were collected by the rightful beneficiaries.

g. Unacquitted for Farming Inputs

Contrary to the FISP Implementation Guidelines, which require that all inputs issued to small scale farmers by cooperatives be signed for by the beneficiaries, farming

inputs costing K36,120,000 were issued to one hundred and twenty nine (129) farmers from fourteen (14) farmers' groups without being signed for. See table below.

| District | No. of Farmer Groups | No. of packs | Value K |
|--------------|----------------------|--------------|-------------------|
| Mpongwe | 3 | 93 | 26,040,000 |
| Luangwa | 5 | 28 | 7,840,000 |
| Sinazongwe | 5 | 6 | 1,680,000 |
| Mongu | 1 | 2 | 560,000 |
| Total | 14 | 129 | 36,120,000 |

In this regard, it was not possible to verify if the inputs were collected by the right beneficiaries.

h. Unsupported Issuance of Inputs – Issuance by Warehouse Managers to Cooperatives

FISP Guideline No. 8.1.7(b) to 8.5.2 (b) requires that when inputs are issued by warehouse managers to cooperatives, documents such as Goods Issue Vouchers, and Input Release Notes among others are issued

Contrary to the above, inputs costing K4,990,022,000 as shown in the table below, issued to cooperatives were not supported by such documents.

| District | Custodian/Issuer | Bags received | | Value K |
|--------------|------------------|---------------------|---------------|----------------------|
| | | Fertiliser by 50Kgs | Seed by 10Kgs | |
| Kalulushi | Mwabobeni | - | 7,100 | 568,000,000 |
| Ndola | Various | 1,996 | 499 | 139,720,000 |
| Masaiti | Various | 1,168 | 292 | 181,760,000 |
| Masaiti | Nyiombo | 8,604 | - | 430,200,000 |
| Kalomo | Various | 31,912 | 7,978 | 2,233,842,000 |
| Namwala | Various | 180 | 45 | 12,600,000 |
| Itezhi tezhi | Various | 12,152 | 3,038 | 850,640,000 |
| Sinazongwe | Various | 5,756 | 1,439 | 402,740,000 |
| Mkushi | Various | 2,436 | 609 | 170,520,000 |
| | Total | 64,204 | 21,000 | 4,990,022,000 |

i. Unaccounted for Inputs

Inputs valued at K562,140,000 were not accounted for in that there was no record of issue to farmers or cooperatives nor were they in stock.

| Station | Inputs | | Total Discrepancy K |
|--------------|---------------------------|--------------------|---------------------------|
| | Fertilizer (50Kg bags) | Seed (10kg bag) | |
| Kaoma | 3,739 | 0 | 186,950,000 |
| Mwinilunga | 4,072 | 0 | 203,600,000 |
| Solwezi | 991 | 135 | 60,350,000 |
| Petauke | 157 | 145 | 19,450,000 |
| Mkushi | 0 | 491 | 39,280,000 |
| Mumbwa | 48 | 12 | 3,360,000 |
| Kabwe | 559 | 95 | 35,550,000 |
| Chibombo | 272 | 0 | 13,600,000 |
| Total | 9,838 | 878 | 562,140,000 |

j. Other Observations

The following observations were made on the utilisation of operational funds:-

i. Irregular Transportation Claim – Chibombo DACO

In October 2011, Chibombo DACO engaged Messrs Chibombo District Cooperative and Marketing Union (CDCMU) to transport 4,240 mt of fertiliser and 212 mt of seed to satellite depots. At the end of the transportation exercise, the transporter submitted a claim of K1,134,205,244.

However, a scrutiny of the invoice and interviews conducted with farmers revealed that although the transporter included an amount of K37,231,600 for transporting inputs to Kalola and Shibuyunji Agricultural Camps, no delivery was made to Kalola and Shibuyunji Agricultural Camps as the farmers provided their own transport to collect the inputs from the warehouse in Chibombo.

In his response dated 20th November 2012, the Controlling Officer stated that the Ministry had commenced investigations against the transporter and that once it was proved that he had defrauded Government a total amount of K37,231,600 would be recovered from the transporter.

However, as of December 2012 no recoveries had been made from the transporter and prosecution of the defaulter had not commenced.

ii. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items costing K241,937,250 (fuel - K162,595,750 and other stores items - K79,341,500) procured during the period under review. See table below.

| Station | Other Stores K | Fuel K | Total K |
|----------------|---------------------------|--------------------|--------------------|
| Headquarters | 68,771,500 | 116,000,000 | 184,771,500 |
| Mansa | - | 10,950,000 | 10,950,000 |
| Kawambwa | 2,120,000 | - | 2,120,000 |
| Samfya | - | 4,082,000 | 4,082,000 |
| Namwala | 2,200,000 | 2,038,750 | 4,238,750 |
| Sinazongwe | - | 1,425,000 | 1,425,000 |
| Ndola | 740,000 | 10,700,000 | 11,440,000 |
| Mongu | 5,510,000 | 9,200,000 | 14,710,000 |
| Kaoma | - | 8,200,000 | 8,200,000 |
| Total | 79,341,500 | 162,595,750 | 241,937,250 |

iii. Unretired Imprest

Contrary to Financial Regulation No.96, imprest in amounts totalling K372,678,356 issued to twenty seven (27) officers during the period under review had not been retired as of December 2012. See table below.

| Station | No. of Officers | Amount K |
|----------------|----------------------------|---------------------|
| Headquarters | 19 | 309,953,356 |
| Mpulungu | 1 | 8,110,000 |
| Ndola | 3 | 6,500,000 |
| Mongu | 3 | 9,130,000 |
| Lukulu | 1 | 38,985,000 |
| Total | 27 | 372,678,356 |

iv. Missing Payment Vouchers – Sinazongwe DACO

Contrary to Financial Regulation No. 65, there were twelve (12) payment vouchers in amounts totalling K19,976,000 that were not availed for audit.

v. Unsupported Payments

Contrary to Financial Regulation No. 45, there four (4) payments in amounts totalling K36,095,000 made during the period under review at the Ministry Headquarters that were not supported with relevant documents such as quotations, cash sale receipts and local purchase orders.

HEAD: 89/ Ministry of Agriculture and Cooperatives

16 Copperbelt Province – Provincial Agriculture Co-ordinating Office

17 Copperbelt Province – District Agriculture Co-ordinating Office

UNITS: Various

PROGRAMMES: Various

ACTIVITIES: Various

- 62.** In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K5,714,770,502 was made to cater for general administration against which amounts totalling K4,425,759,994 were released resulting in an under funding of K1,289,010,508 as shown in the table below.

| Station | Total Authorized Provision K | Amount Released K | Under Funding K |
|----------------|---|------------------------------|----------------------------|
| PACO | 1,216,845,827 | 1,153,483,391 | (63,362,436) |
| Chililabombwe | 888,748,467 | 620,592,637 | (268,155,830) |
| Lufwanyama | 1,912,013,900 | 1,148,371,691 | (763,642,209) |
| Mpongwe | 857,034,354 | 708,494,556 | (148,539,798) |
| Masaiti | 840,127,954 | 794,817,719 | (45,310,235) |
| Total | 5,714,770,502 | 4,425,759,994 | (1,289,010,508) |

Accounting and Other Irregularities

An examination of accounting and other records maintained at PACO and selected DACOs carried out in October 2012 revealed the following:

a. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, sixty four (64) payment vouchers in amounts totalling K208,395,999 were not produced for audit. See table below.

| Station | No. of Transactions | Amount K |
|----------------|----------------------------|---------------------|
| Ndola | 36 | 150,678,499 |
| Chililabombwe | 12 | 16,428,000 |
| Lufwanyama | 6 | 4,730,000 |
| Masaiti | 10 | 36,559,500 |
| Total | 64 | 208,395,999 |

b. Unsupported Payments

Contrary to Financial Regulation Nos. 45 and 52, forty three (43) payments in amounts totalling K130,613,034 made during the period under review were not supported with relevant documents such as quotations, cash sale receipts and Local Purchase Orders(LPOs). See table below.

| Station | No. of Transaction | Amount K |
|----------------|---------------------------|--------------------|
| Ndola | 21 | 108,668,034 |
| Chililabombwe | 13 | 9,505,000 |
| Lufwanyama | 9 | 12,440,000 |
| Total | 43 | 130,613,034 |

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 K162,219,270 procured during the period under review. See table below.

| Station | Fuel K | Other Stores K | Total K |
|----------------|--------------------|-----------------------|--------------------|
| Ndola | 17,000,000 | 41,936,170 | 58,936,170 |
| Chililabombwe | 6,732,000 | 9,439,300 | 16,171,300 |
| Lufwanyama | 66,162,800 | 7,849,000 | 74,011,800 |
| Masaiti | 13,100,000 | - | 13,100,000 |
| Total | 102,994,800 | 59,224,470 | 162,219,270 |

d. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K582,921,154 issued to eighty eight (88) officers had not been retired as of October 2012. See table below.

| Station | No. of Officers | Amount K |
|----------------|------------------------|--------------------|
| Ndola | 56 | 320,665,854 |
| Chililabombwe | 8 | 12,020,300 |
| Lufwanyama | 10 | 173,215,000 |
| Mpongwe | 2 | 62,930,000 |
| Masaiti | 4 | 14,090,000 |
| Total | 88 | 582,921,154 |

e. Unauthorized Payments of Wages

Wages in amounts totalling K60,238,662, involving fifty nine (59) transactions were paid to various casual workers without authority from the Controlling Officer to employ and pay the wages. See table below.

| Station | No. of Transactions | Amount K |
|----------------|----------------------------|-------------------|
| Ndola | 36 | 27,744,662 |
| Chililabombwe | 10 | 8,600,000 |
| Lufwanyama | 13 | 23,894,000 |
| Total | 59 | 60,238,662 |

f. Failure to Recover Loans and Advances

Contrary to the Terms and Conditions of Service of the Public Service No. 92 which states that an advance of salary shall be repaid within a reasonable period of time but not exceeding six (6) months, loans and salary advances in amounts totalling K65,540,000 issued to nine (9) officers between February and November 2011 had not been effected for recovery as of October 2012.

HEAD: 89/ Ministry of Agriculture and Cooperatives
20 Southern Province - Provincial Agriculture Co-ordinating Office
21 Southern Province - District Agriculture Co-ordinating Office

PROGRAMME: Provincial and District Agriculture and Cooperatives

ACTIVITIES: Various

63. In the Estimates of Revenue and Expenditure for the financial year ended 31st December, 2011, total provisions of K3,286,700,929 were made to cater for General Administration against which amounts totalling K3,955,901,371 were released as shown in the table below.

Included in the amount released to Mazabuka DACO is an amount of K247,352,476 received from the Ministry Headquarters to cater for recurrent activities at Nanga Extension office.

In addition, amounts totalling K70,587,988 were brought forward from 2010 bringing the total funds available to K4,026,489,359.

| Station | Provision K | Amount Released K | (Under) / Overfunding K | Brought Forward K | Available Funds K |
|--------------|----------------------|-------------------------|-------------------------------|-------------------------|-------------------------|
| PACO | 1,388,909,606 | 1,824,613,839 | 435,704,233 | 42,029,934 | 1,866,643,773 |
| Livingstone | 402,741,303 | 412,012,289 | 9,270,986 | 7,843,896 | 419,856,185 |
| Mazabuka | 367,107,463 | 585,761,296 | 218,653,833 | 4,389,582 | 590,150,878 |
| Monze | 328,352,052 | 309,509,305 | (18,842,747) | 4,204,492 | 313,713,797 |
| Choma | 470,849,240 | 402,382,322 | (68,466,918) | 11,651,483 | 414,033,805 |
| Kalomo | 328,741,265 | 421,622,320 | 92,881,055 | 468,601 | 422,090,921 |
| Total | 3,286,700,929 | 3,955,901,371 | 669,200,442 | 70,587,988 | 4,026,489,359 |

Accounting and Other Irregularities

An examination of accounting and other records maintained at PACO and Livingstone, Mazabuka, Monze, Choma and Kalomo DACOs and physical inspection of selected projects carried out in August 2012 revealed the following:

a. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, there were one hundred and thirty (130) payment vouchers in amounts totalling K171,953,311 made during the period under review that were not produced for audit. See table below.

| Station | No. of Transactions | Amount K |
|--------------|------------------------|--------------------|
| Livingstone | 42 | 49,533,065 |
| Mazabuka | 76 | 115,767,506 |
| Monze | 12 | 6,652,740 |
| Total | 130 | 171,953,311 |

b. Inadequately Supported Payments

Contrary to Financial Regulation No. 45(2), there were one hundred and seventeen (117) payments in amounts totalling K206,065,122 were inadequately supported with relevant documents such as quotations, invoices and receipts. See table below.

| Station | No. of Transactions | Amount K |
|------------------|------------------------|--------------------|
| PACO | 16 | 58,317,850 |
| Livingstone DACO | 16 | 38,545,572 |
| Mazabuka DACO | 32 | 46,101,200 |
| Monze DACO | 45 | 50,945,500 |
| Kalomo DACO | 8 | 12,155,000 |
| Total | 117 | 206,065,122 |

c. Staff Recruited without Authority

During the period under review, amounts totalling K18,850,000 were paid as wages to casual workers without authority from Public Service Management Division (PSMD) and there was no budget line for the expenditure.

d. Unretired Imprest

Contrary to Financial Regulation No. 96(1), imprest in amounts totalling K147,527,676 issued to forty-one (41) officers involving seventy-six (76) transactions had not been retired as of December, 2012. See details in the table below.

| Station | No. of Transactions | No. of Officers | Amount K |
|------------------|---------------------|-----------------|--------------------|
| PACO | 1 | 1 | 5,910,000 |
| Livingstone DACO | 12 | 6 | 25,338,700 |
| Mazabuka DACO | 20 | 12 | 52,046,476 |
| Monze DACO | 40 | 19 | 60,352,500 |
| Kalomo DACO | 3 | 3 | 3,880,000 |
| Total | 76 | 41 | 147,527,676 |

Included in the unretired imprest was imprest in amounts totalling K82,471,200 involving thirty six (36) transactions issued to fifteen (15) officers who had not retired previous imprest, contrary to Financial Regulation No. 91(1) and (2). See details in the table below.

| Station | No. of Transactions | No. of Officers | Amount K |
|------------------|---------------------|-----------------|-------------------|
| Livingstone DACO | 6 | 2 | 10,118,700 |
| Mazabuka DACO | 9 | 4 | 36,025,000 |
| Monze DACO | 21 | 9 | 36,327,500 |
| Total | 36 | 15 | 82,471,200 |

e. Unaccounted for Stores

Contrary to Public Stores Regulation No 16, there were no receipt and disposal details in respect of stores items costing K305,583,730 (general stores - K147,091,662 and fuel - K158,492,068). As a result, it was not possible to ascertain whether the stores items were received and used for the intended purpose. See details in the table below.

| Station | No. of Transactions | General Stores Amount K | Fuel Amount K | Total K |
|------------------|---------------------|-------------------------|--------------------|--------------------|
| Livingstone DACO | 36 | 34,046,700 | 27,543,164 | 61,589,864 |
| Mazabuka DACO | 91 | 57,345,362 | 53,547,859 | 110,893,221 |
| Monze DACO | 57 | 26,049,100 | 23,554,536 | 49,603,636 |
| Kalomo DACO | 51 | 29,650,500 | 53,846,509 | 83,497,009 |
| Total | 235 | 147,091,662 | 158,492,068 | 305,583,730 |

f. Misapplication of Funds - Livingstone DACO

Contrary to the Appropriation Act for 2011, the DACO paid Point Enterprise an amount of K45,441,263 on 29th April 2011 for the construction of a staff house in 2010 an activity not budgeted for in the year 2011. This caused a diversion of funds from budgeted for activities.

Further, stage completion certificate No. 04, on which the payment was made was not supported with a schedule of works. As a result it was not possible to ascertain the works executed for which payment was made.

g. Infrastructure Rehabilitation of Camp Houses – Kalomo DACO

During the period under review, Kalomo DACO awarded two (2) labour only contracts to Bbobwa General Dealers at a contract sum of K17,660,000 for the rehabilitation of four (4) staff houses. As of September 2012, amounts totalling K77,995,142 had been spent (Labour – K17,660,000 and Building Materials – K60,335,142).

However, the following were observed:

| Project | Status/ Observations |
|-----------------|--|
| Tara House 1 | <ul style="list-style-type: none">▪ Black bituminous had faded.▪ A crack had developed on the main bedroom wall from top to bottom |
| Tara House 2 | <ul style="list-style-type: none">▪ Black bituminous had faded.▪ Cracks had developed on the walls cutting from the roof to the foundation |
| Chilala House 1 | <ul style="list-style-type: none">▪ Building materials costing K2,730,000 namely 12No. Asbestos sheets (K2,040,000), 4No. mortice locks (K340,000.) and 2No. flush doors (K350,000) had not been fitted.▪ The external paint and black bituminous had faded off in some areas.▪ Cracks had developed on some parts of the spoon drain. |
| Chilala House 2 | <ul style="list-style-type: none">▪ 1 No. Mukwa hard wood door had not been fitted▪ The ceramic toilet sit pan had not been replaced.▪ Black bituminous paint had faded |

HEAD: 89/ Ministry of Agriculture and Co-operatives
 22 Northern Province – Provincial Agriculture Co-ordinating Office

PROGRAMMES: Various

ACTIVITIES: Various

64. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, provisions of K4,314,378,900 were made for the Provincial Agriculture Coordinating Office (PACO) and five (5) selected District Agriculture Coordinating Office (DACO) against which amounts totalling K3,890,771,756 were released for General Administration resulting in underfunding of K423,607,144 as shown in the table below.

| Department | Budget Provision K | Released Amount K | Variance K |
|---------------|-----------------------|----------------------|--------------------|
| Kasama –PACO | 1,299,950,094 | 1,227,200,094 | 72,750,000 |
| Mpika DACO | 823,605,260 | 739,583,974 | 84,021,286 |
| Mbala DACO | 488,776,877 | 423,776,877 | 65,000,000 |
| Isoka DACO | 619,969,052 | 502,675,766 | 117,293,286 |
| Nakonde DACO | 585,256,877 | 538,735,591 | 46,521,286 |
| Chinsali DACO | 496,820,740 | 458,799,454 | 38,021,286 |
| Total | 4,314,378,900 | 3,890,771,756 | 423,607,144 |

Accounting and Other Irregularities

An examination of Accounting and other records carried out in July 2012 at PACO and five (5) DACOs revealed the following:

a. Irregular Recruitment of Casual Workers

During the period under review, the PACO and DACOs engaged and spent amounts totalling K84,305,061 on Casual workers to redress staff shortages of Assistant Accountants, typists, Office Orderlies, Watch Men and other general workers.

There was no authority to employ from Public Service Management Division (PSMD) and there was no budget line to support the expenditure.

b. Unsupported Payments

Contrary to Financial Regulation Nos. 45 and 52, there were fifty eight (58) payment vouchers in amounts totalling K94,881,974 that were not supported with documents such as Local Purchase Orders, Goods Received Notes and quotations.

c. Missing Payment Vouchers

Contrary to Financial Regulation No.65, twenty seven (27) payment vouchers in amounts totalling K19,661,987 could not be availed for audit as of December, 2012.

d. Unaccounted for Stores

Contrary to Public Stores Regulation Nos. 16 and 23, there were no receipt and disposal details in respect of various stores items costing K98,460,000 as shown in the table below making it difficult to ascertain whether these stores items were received and used for their intended purposes.

| Department/ District | Fuel K | General Stores K | Total K |
|---------------------------------|-------------------|---------------------------------|--------------------|
| Kasama PACO | - | 25,370,000 | 25,370,000 |
| Mbala DACO | 908,766 | 11,982,840 | 12,891,606 |
| Isoka DACO | 23,133,922 | 7,005,000 | 30,138,922 |
| Chinsali | 19,118,840 | - | 19,118,840 |
| Mpika | 5,533,132 | - | 5,533,132 |
| Nakonde DACO | - | 5,407,500 | 5,407,500 |
| Total | 48,694,660 | 49,765,340 | 98,460,000 |

Included in the unaccounted for fuel was fuel costing K6,441,898 which was drawn by motor vehicles whose registration numbers were not indicated on the fuel coupons (K908,766) and not entered in the motor vehicle log book (K5,533,132).

e. Unauthorised Fuel Drawings

Fuel and lubricants costing K47,146,169 were drawn by various officers at the Provincial and Mbala Agriculture Coordinators office as shown in the table below.

| Department/ District | No. of Transactions | Amount K |
|---------------------------------|--------------------------------|---------------------|
| Kasama PACO | 37 | 14,763,359 |
| Mbala DACO | 11 | 32,382,810 |
| Total | 48 | 47,146,169 |

It was however observed that the drawings were not authorised by the DACO or his delegatee.

f. Unretired Imprest

Contrary to Financial Regulation No. 96 (1), imprest in amounts totalling K402,238,144 issued to Twenty One (21) officers as shown in the table below remained unretired as of December, 2012.

| Department/ District | No. of officers | No. of Transactions | Amount K |
|---------------------------------|----------------------------|--------------------------------|---------------------|
| Kasama- PACO | 22 | 59 | 311,355,714 |
| Mbala DACO | 13 | 18 | 25,469,330 |
| Nakonde DACO | 28 | 30 | 50,158,100 |
| Isoka DACO | 3 | 5 | 6,535,000 |
| Chinsali DACO | 5 | 6 | 8,720,000 |
| Total | 71 | 118 | 402,238,144 |

In addition, Contrary to financial regulation No. 91 (1) and (2) imprest in amounts totalling K250,486,294 were issued to ten (10) officers who had not retired the previous imprest.

g. Unacquitted allowances

Contrary to Financial Regulation No. 45(3);

- Allowances in amounts totalling K6,650,000 drawn as imprest at the Provincial Agricultural Coordinating Office had not been acquitted as of December 2012.
- A total amount of K150,535,000 was received by Provincial Agriculture Coordinators Office in 2011 to pay allowances to officers engaged in the crop forecast survey and data entry clerks involved in the farmer registration exercise in 2011. However, amounts totalling K21,078,000 were not acquitted as of December 2 2012.

It was therefore, difficult to ascertain whether the funds were used for the intended purposes.

HEAD: **89/ Ministry of Agriculture and Co-operatives**
 24 Western Province - Provincial Agriculture Co-ordinating Office
 25 District Agriculture Co-ordinating Office

UNITS: **Various**

PROGRAMMES: **Various**

ACTIVITIES: **Various**

65. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a provision of K4,413,071,437 was made to cater for various activities against which amounts totalling K4,599,824,779 were released for the Provincial Agriculture Co-ordinating Office (PACO) and seven (7) District Agriculture Co-ordinating Offices (DACOs) as shown in the table below.

| PACO/ DACO | Programme | Provision K | Release K | (Under)/ Over funding K |
|---------------|------------------------|----------------------|----------------------|-------------------------------|
| PACO | General Administration | 1,055,938,999 | 1,101,052,127 | 45,113,128 |
| Kaoma | General Administration | 687,366,000 | 732,034,714 | 44,668,714 |
| Senanga | General Administration | 453,091,000 | 338,431,358 | (114,659,642) |
| Sesheke | General Administration | 608,695,000 | 944,803,714 | 336,108,714 |
| Mongu | General Administration | 264,795,000 | 243,423,714 | (21,371,286) |
| Lukulu | General Administration | 220,290,000 | 194,035,000 | (26,255,000) |
| Shangombo | General Administration | 660,752,719 | 632,651,433 | (28,101,286) |
| Kalabo | General Administration | 462,142,719 | 413,392,719 | (48,750,000) |
| | Total | 4,413,071,437 | 4,599,824,779 | |

Accounting and other irregularities

An examination of accounting and other records maintained at the PACO and DACOs carried out in September 2012 revealed the following:

a. Unsupported Payments

Contrary to Financial Regulation No. 45, thirty seven (37) payment vouchers in amounts totalling K108,610,902 as shown in the table below were not supported with relevant documentations such as cash receipts and invoices

| Station | No of Transactions | Amount K |
|----------------|-----------------------|--------------------|
| PACO | 8 | 13,794,582 |
| Kaoma DACO | 8 | 21,335,000 |
| Senanga DACO | 7 | 8,879,320 |
| Sesheke DACO | 4 | 15,120,000 |
| Mongu DACO | 5 | 39,700,000 |
| Shangombo DACO | 5 | 9,782,000 |
| | 37 | 108,610,902 |

b. Missing Payment Vouchers

Contrary to Financial Regulation No.65, payment vouchers in amounts totalling K36,844,000 issued during the period under review as shown in the table below were not availed for audit as of December 2012.

| Station | No of Transactions | Amount K |
|----------------|---------------------------|-------------------|
| Kaoma DACO | 11 | 21,320,000 |
| Kalabo DACO | 5 | 15,524,000 |
| Total | 16 | 36,844,000 |

c. Unretired Imprest

Contrary to Financial Regulation No.96, imprest in amounts totalling K275,669,132 issued to forty eight (48) officers during the year under review had not been retired as of December 2012. See table below.

| Station | No. of Officers | Amount K |
|----------------|------------------------|--------------------|
| PACO | 9 | 44,489,785 |
| Kaoma DACO | 10 | 29,392,360 |
| Senanga DACO | 2 | 8,741,000 |
| Sesheke DACO | 5 | 7,292,000 |
| Mongu DACO | 3 | 14,345,000 |
| Shangombo DACO | 6 | 18,008,000 |
| Kalabo DACO | 13 | 153,400,987 |
| Total | 48 | 275,669,132 |

In addition, amounts totalling K59,127,500 were paid to seven (7) officers to enable them carry out various assignments such as surveillance of samples and herd monitoring. However, as of December 2012, no surveillance or monitoring reports had been produced.

d. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, fuel and various other stores items costing K259,991,339 as shown in the table below procured during the period under review had no receipt and disposal details.

| Station | Fuel K | General Stores K | Total |
|----------------|--------------------|-------------------------|--------------------|
| PACO | 46,959,916 | 18,550,000 | 65,509,916 |
| Kaoma DACO | 41,305,654 | 21,014,500 | 62,320,154 |
| Senanga DACO | 32,600,860 | - | 32,600,860 |
| Sesheke DACO | 13,600,058 | - | 13,600,058 |
| Mongu DACO | 15,896,261 | 4,112,500 | 20,008,761 |
| Shangombo DACO | 33,499,110 | - | 33,499,110 |
| Kalabo DACO | 32,452,480 | - | 32,452,480 |
| Total | 216,314,339 | 43,677,000 | 259,991,339 |

e. Infrastructure Development – Sesheke DACO

During the period under review, an amount of K300,000,000 was released to cater for the construction of offices and buildings for the plant quarantine and Phytosanitary services.

The following were observed:

i. 1st Plant Quarantine and Phytosanitary House (PQPS)

On 16th February, 2011, Farmumba was engaged to construct a 1st PQPS House at a contract sum of K157,147,300.

The following were observed:

- There was no signed contract.
- The Contractor was paid an amount of K75,000,000 on 17th February 2011 on the same day that he was contracted.
- As of September 2012, a total amount of K190,000,000 had been paid to the contractor, K32,852,700 above the tendered amount and there was no evidence produced for any variation. See table below.

| Payee | Chq No | Date | Amount K | Missing document |
|-------------------------------|--------|----------|--------------------|-------------------------------------|
| Farmumba Construction Company | 1962 | 17.02.11 | 75,000,000 | certificate of completion & receipt |
| Farmumba Construction Company | 1993 | 18.03.11 | 40,000,000 | certificate of completion & receipt |
| Farmumba Construction Company | 2017 | 19.04.11 | 40,000,000 | certificate of completion & receipt |
| Farmumba Construction Company | 2106 | 29.06.11 | 35,000,000 | certificate of completion & receipt |
| Total | | | 190,000,000 | |

- Contrary to Financial Regulation No. 45, the payments were made without any supporting receipts and certificates of completion.

A physical inspection carried out in September 2012 revealed that the house had not been completed despite the contractor being paid in full. The contractor has since abandoned the site.

ii. 2nd Plant Quarantine and Phytosanitary House - Incomplete Works

On 18th March 2011, Farmumba was engaged to construct a 2nd PQPS House at a contract sum of K120,075,000.

As of December 2011, a total of K67,000,000 had been paid to the contractor.

The following were observed:

a. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K318,749,240 issued to sixty six (66) officers during the period under review had not been retired as of December 2012.

In addition, imprest in amounts totalling K19,450,000 was issued to four (4) officers for monitoring of different activities in Nyimba District. However, as of December 2012, there were no monitoring reports produced to show that the activities were undertaken.

b. Missing Payment Vouchers

Contrary to Financial Regulation No.65, there were forty one (41) payment vouchers in amounts totalling K124,981,160 that were not produced for audit.

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 K160,978,390 procured during the period under review.

d. Non - Remittance of Tax

Contrary to the Income Tax Act CAP 323, an amount of K8,979,341 deducted from commutation of leave days as PAYE had not been remitted to the Zambia Revenue Authority as of December 2012.

e. Unacquitted Funds

Contrary to Financial Regulation No.45, a total amount of K6,400,000 was paid to three (3) officers at Katete DACO to pay lunch allowances to officers who were carrying out various activities. An examination of the payment voucher revealed that only K1,140,000 was acquitted leaving a balance of K5,260,000.

| | | |
|--------------------|------------|--|
| HEAD: | 89/ | Ministry of Agriculture and Cooperatives |
| | 28 | North Western Province-Provincial Agriculture Coordinating Office |
| | 29 | North Western Province- District Agriculture Coordinating Office |
| PROGRAMME: | | General Administration |
| ACTIVITIES: | | Various |

- 67.** In the Estimate of Revenue and Expenditure for the financial year ended 31st December 2011, provisions of K3,058,727,587 in respect of PACO and DACOs were made to cater for General Administration against which amounts totalling K2,891,383,226 were released resulting in an underfunding of K167,344,361.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial and District Agriculture Coordinating Offices carried out in July 2012 revealed the following:

a. Unsupported payments

Contrary to Financial Regulation No.52, there were sixty eight (68) payments in amounts totalling K129,853,000 which had no supporting documents such as receipts, Goods Received Notes and Local Purchase Orders.

b. Unretired Imprest

Contrary to Financial Regulations No.96, imprest in amounts totalling K166,972,732 issued to twenty (20) officers had not been retired as of December 2012.

In addition, imprest in amounts totalling K237,522,580 was issued to six (6) officers for monitoring of different activities in Solwezi and Kabompo. However, as of December 2012, there were no monitoring reports produced to show that the activities were undertaken.

c. Unaccounted for Stores

Contrary to Public Stores Regulation No.16, there were no receipts and disposal details in respect of various stores items costing K389,751,400 (fuel - K205,285,560 and other stores items - K184,465,840) procured during the period under review.

Included in the unaccounted for fuel of K205,285,560 were questionable payments in amounts totalling K26,716,500 made to individuals (purported suppliers) for the procurement of fuel instead of paying directly to the filling station.

HEAD: 89/ Ministry of Agriculture and Cooperatives
 32 Lusaka Province – Provincial Agriculture Coordinating Office
 33 Lusaka Province – District Agriculture Coordinating Office
PROGRAMME: Various
ACTIVITIES: Various

68. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K2,183,240,791 was made to cater for general administration against which amounts totalling K2,608,529,891 were released. See table below.

| Funds Details | Budget Amount K | Actual Releases K | Over/ (Under) funding K |
|----------------------|----------------------------|------------------------------|------------------------------------|
| PACO | 897,610,484 | 1,381,711,259 | 484,100,775 |
| Lusaka DACO | 221,570,322 | 207,112,617 | (14,457,705) |
| Chongwe DACO | 452,721,341 | 423,042,881 | (29,678,460) |
| Kafue DACO | 414,229,022 | 409,864,986 | (4,364,036) |
| Luangwa DACO | 197,109,622 | 186,798,148 | (10,311,474) |
| TOTAL | 2,183,240,791 | 2,608,529,891 | 425,289,100 |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the PACO and Lusaka, Chongwe, Kafue and Luangwa DACOs carried out in July 2012, revealed the following:

a. Unretired Imprest

Imprest in amounts totalling K233,092,500 issued to various officers during the period under review had not been retired as of December 2012.

b. Un accounted for Fuel

Contrary to Public Regulation No.16, there were no receipt and disposal details in respect of fuel costing K24,808,600 procured during the period under review.

c. Lusaka District Agriculture Coordinating Office

i. Questionable Payments

- On 7th November 2011, the District Marketing Development Officer was issued with accountable imprest of K17,000,000 to cater for meal allowances in respect of FISP monitoring activities for thirty (30) officers for five (5) days. Although the full amount (K17,000,000) was paid, the officers only worked for four (4) days and should have been paid K6,000,000 resulting in an overpayment of K11,000,000.
- During the period under review five (5) officers were paid amounts totalling K12,250,000 in respect of subsistence and meal allowances. However, the payments were irregular in that the officers were being paid subsistence and lunch allowances for different activities covering the same period.

ii. Renovation of House No. 8195 of Block No. 49/1 Kabanana Site and Service.

In December 2011, the DACO engaged Norwood Enterprises to carry out the renovation works for the house at a contract amount of K98,078,000 for a period of two (2) weeks. As of December 2012 the contractor had been paid the whole amount of K98,078,000.

A site visit revealed that the following works were still outstanding:

- Fitting the hand basin.
- Repairing the cracked wall above the lintel at the kitchen entrance.
- Repairing or replacing the broken shower equipment in the bathroom.
- Rehabilitating the bath room and toilet which were still in a dilapidated state.

See pictures below.



Crack above kitchen door



Inside the toilet



Broken hand basin in the shower

| | | |
|--------------------|-----------|--|
| HEAD: | 90 | Office of the President-Lusaka Province |
| DEPARTMENT: | | Various |
| PROGRAMME: | | Various |
| ACTIVITIES: | | Various |

- 69.** In the Estimates of Revenue and Expenditure for the year ended 31st December 2011, a provision of K9,677,326,193 was made to cater for General Administration against which amounts totalling K9,299,016,343 were released resulting in an underfunding of K378,309,850.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration carried out in March 2012 revealed the following:

a. Unsupported Payments.

Contrary to Financial Regulation No.52, twenty eight (28) payments in amounts totalling K105,001,424 were unsupported by relevant documents such as receipts, competitive quotations, purchase orders and invoices among others.

b. Irregular Payments for Repairs of Motor Vehicles.

On 7th July 2011, an amount of K15,450,000 was paid to Jovies Auto Service Ltd for the repair of a motor vehicle no. GRZ 552BX which was involved in a road traffic accident. The payment of K15,450,000 was irregular in that no police and driver's reports were obtained.

Further, on 31st October 2011, an amount of K10,337,000 was paid to Automotive Performance for the repair of a motor vehicle no. GRZ 452CA which was involved in an accident while being driven by an unauthorised officer.

Although, in her response dated 10th May 2012, the Controlling Officer stated that the officers involved had been surcharged, no documentary evidence was made available for verification.

c. Unretired Imprest.

Contrary to Financial Regulations No 96, imprest in amounts totalling K46,267,023 issued to fourteen (14) officers during the period under review had not been retired as of October 2012.

d. Failure to Maintain Assets Registers.

Contrary to Public Stores Regulation No. 154, which states that all furniture belonging to the Government must be clearly marked with distinguishing letters “GRZ” in an inconspicuous part of the object to identify it as Government property, various assets costing K162,939,000 procured during the period under review had no identification marks. Further, no asset register was maintained.

e. 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 K727,931,675 (Fuel - K287,588,845 and other stores items - K440,342,830) procured during the period under review.

f. Non – Remittance of Tax to ZRA

During the period under review, the Provincial Administration paid amounts totalling K269,584,387 net of deductions as long service bonuses and commutation of leave days. However, PAYE in amounts totalling K70,258,088 deducted from the officers had not been remitted to ZRA as of October 2012.

HEAD: 90/ Office of the President-Lusaka Province

DEPARTMENT: Various

PROGRAMME: Poverty Reduction Programmes - (PRP)

ACTIVITIES: Various

70. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K3,316,841,078 was made to cater for various Poverty Reduction Programmes against which a total amount of K4,214,787,786 was released, resulting in an over funding of K892,254,890 which was not supported by a supplementary provision.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and physical inspections of selected projects carried out in March 2012 revealed the following:

a. Unvouched Expenditure

i. Missing Payment Vouchers

Contrary to Financial Regulation No. 65 (1), twenty (20) payment vouchers in amounts totalling K145,173,600 were not produced for audit. It was therefore not possible to establish the purpose for which the payments were made.

ii. Unsupported Payments

Contrary to Financial Regulations No. 45 and 52, payments in amounts totalling K80,103,205 involving seventeen (17) transactions were not supported with relevant documents such as quotations, invoices, receipts and acquittal sheets among others.

b. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K194,512,626 issued to fifty six (56) officers during the period under review had not been retired as of December 2012.

Further, contrary to Financial Regulation No.91, imprest in amounts totalling K59,498,299 was issued to eleven (11) officers who had not retired previous imprests.

c. Misapplication of Funds

Amounts totalling K31,300,000 were spent on programmes and activities not related to PRP such as paying allowances for attending traditional ceremonies and processing of monthly returns.

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 K250,978,514 (Fuel - K141,995,174 and other stores items - K108,983,340) procured during the period under review.

e. Infrastructure Development

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K1,510,000,000 was made to cater for various Poverty Reduction Programmes (PRP) against which a total amount of K1,440,000,005 was released resulting in an underfunding of K69,999,995 as shown in the table below.

| Activity | Description | Amount Budgeted K | Amount Released K | Balance K |
|----------------------------|--|----------------------|----------------------|-------------------|
| Infrastructure Development | Constructing Institutional House – Chongwe | 300,000,000 | 355,000,000 | (55,000,000.00) |
| | Constructing provincial Headquarters offices | 1,000,000,000 | 750,000,000 | 250,000,000 |
| | Construction /Rehabilitation Institutional Buildings | 100,000,000 | 125,000,000 | (25,000,000.00) |
| | Construction of Car Park. | 110,000,000 | 210,000,000 | (100,000,000.00) |
| Total | | 1,510,000,000 | 1,440,000,000 | 70,000,000 |

A review of records and a physical inspection of the projects revealed the following:

i. Construction of Insitutional House – Chongwe.

• Over Commitment

On 31st August 2010, Lusaka Provincial Administration engaged Wah Kong Enterprises Limited to complete the construction of an institutional house at a contract sum of K859,779,750 with an execution period of fifteen (15) weeks. The scope of works included carpentry and joinery, metal works, plumbing, sanitary installation, electrical, flooring, ceiling board fitting, and painting among others

It was however, observed that, although the Provincial administration engaged Wah Kong Enterprise Ltd at a contract price of K859,779,750 only K200,000,000 in 2010 and K300,000,000 in 2011 were provided in the Estimates of Revenue and Expenditure resulting in an over commitment of K359,779,750.

As of October 2012, the contractor had been paid a total sum of K411,186,118 leaving a balance of K448,613,632.

It was further observed that, there was no provision in the contract for a defect liability period and liquidated damages.

- **Delays in Completion of Works**

A physical inspection carried out in March 2012, fourteen (14) months after the expected completion date of the contract revealed that the construction of the house had not been completed. In particular, the following were observed:

Outstanding works

- The house had only been painted with the first coat.
- The lock to the door in one of the bedrooms was not fitted.
- The wiring of the cooker unit in the Kitchen had not been done
- Three geysers had not been installed.
- The fascia boards had not been fitted.

Defects

- The roof was leaking as evidenced by the watermarks on the ceiling board.
- Two (2) doors were wrongly fitted as hinges were outside thereby posing a security risk.
- There were cracks on the verandah.
- There was poor construction of connecting points along the sewer line thereby allowing the sewer water to collect before it reaches the septic tank. In addition, the PVC pipe from the guest room was leaking.

See pictures below.



Cracks on the Verandah



Leaking roof



Poorly Connected Sewer

ii. Construction of the Provincial Headquarters Offices.

During the period from August 2007 to October 2011, the Provincial Administration engaged Pozzolona Engineers and Builders Limited for the construction of the provincial office block in three phases at a total contract sum of K1,526,263,320 for a period of 36 weeks as shown in the table below.

| Date | Phase | Contract Price K | Scope |
|--------------|-------|----------------------|---|
| 07.08.07 | I | 325,046,780 | Sub-structure |
| 05.09.08 | II | 490,002,560 | Super structure for the Three Storey Building |
| 22.10.09 | III | 711,213,980 | Completion |
| Total | | 1,526,263,320 | |

During the period from 2007 to 2011, a total provision of K3,175,394,299 was made for the construction of the office against which K2,735,394,299 were released resulting in an underfunding of K440,000,000. As of October 2012 amounts totalling K1,517,361,801 had been spent as shown in the table below.

| Year | Release K | Expenditure K |
|---------------|----------------------|----------------------|
| 2007 | 494,608,600 | 493,999,995 |
| 2008 | 540,785,699 | 477,354,126 |
| 2009 | 600,000,000 | 483,007,680 |
| 2010 | 350,000,000 | 63,000,000 |
| 2011 | 750,000,000 | - |
| Totals | 2,735,394,299 | 1,517,361,801 |

Although the Buildings Department in the Ministry of Works, Supply, Communication and Transport recommended for the termination of the contract during the Provincial Procurement Committee meeting held on 22nd February 2011, as of October 2012, the contract had not been terminated.

A physical inspection carried out in March 2012 revealed that works had not been completed and that the Contractor had abandoned the sites despite having been paid a total sum of K1,517,361,801 representing 99% of the contract sum.



Stalled construction works of Lusaka Provincial Administration Office

iii. Construction of Wall Fence - Chaisa Clinic

During the financial years ended 31st December 2010 and 2011, amounts totalling K220,000,000 were released for the construction of a wall fence at Chaisa Clinic. The Project was labour based in that the construction was to be done by the community while the Buildings Department supervised the works.

A scrutiny of documents relating to the Project and a physical inspection carried out in March 2012 revealed that, although the works were completed, the following were observed:

- **Lack of Bills of Quantities (BOQs)**

The Provincial Administration spent a total amount of K215,241,080 on the project. However, there were no BOQs to support the costings of the works.

- **Unsupported Payments**

Contrary to Financial Regulations No. 52, three (3) payments in amounts totalling K144,493,080 in respect of building materials procured in 2010 were not supported with receipts and invoices.

- **Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, building materials costing K191,241,080 procured during the year 2010 had no receipts and disposal details.

HEAD: 90 /03 Office of the President–Lusaka Province–Rural Roads Unit

PROGRAMME: 08 Feeder Roads Rehabilitation/Construction. (PRP)

09 Rehabilitation of District Roads. (PRP)

10 Rehabilitation of other Gravel Roads. (PRP)

ACTIVITIES: Various.

71. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a provision of K6,000,000,000 was made to cater for Feeder Roads Rehabilitation/Construction, Rehabilitation of District Roads and Rehabilitation of other Gravel Roads, against which amounts totalling K6,426,492,242 were released resulting in an overfunding of K426,492,242 as shown in the table below.

| Programme | Amount budgeted K | Funding Released K | Under/(Over) Funding |
|--------------------------------------|------------------------------|-------------------------------|---------------------------------|
| Feeder Roads | 2,761,416,000 | 3,318,880,832 | (557,464,832) |
| Rehabilitation of District Roads | 2,206,584,000 | 2,075,611,410 | 130,972,590 |
| Rehabilitation of other Gravel Roads | 1,032,000,000 | 1,032,000,000 | - |
| TOTALS | 6,000,000,000 | 6,426,492,242 | (426,492,242) |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Accounting Unit and physical inspections of the projects carried out in February 2012, revealed the following:

a. Unsupported payments

Contrary to Financial Regulation No.52, payments in amounts totalling K76,335,960 were not supported with the necessary documents such as quotations, invoices and receipts.

b. Unretired Imprest.

Imprest in amounts totalling K95,365,150 issued to four (4) officers during the period under review had not been retired as of December 2012, contrary to Financial Regulations No. 96.

It was further observed that subsequent imprest in amounts totalling K58,505,150 was issued to three (3) officers who had not retired previous imprests contrary to Financial Regulation No. 91.

c. Weaknesses in Accounting for Fuel.

During the period under review, a total amount of K2,096,459,899 was paid to various filling stations for the procurement of fuel for the various PRP activities, out of which K1,209,277,899 was utilised leaving a balance of K887,182,000 in these filling stations accounts.

A scrutiny of fuel records maintained at the Rural Roads Unit revealed that the Provincial Administration was not reconciling the records with that of the filling stations.

During the period under review, the Provincial Administration procured fuel and lubricants costing K1,048,189,566 from various filling stations. It was however observed that, although fuel was paid for in advance, no fuel reconciliations were made between the quantities paid for and drawn and the suppliers' statements.

d. Feeder Roads Rehabilitation/Construction

A total amount of K2,761,416,000 was provided for sixteen (16) roads under the feeder roads rehabilitation programme against which a total of K3,318,880,832 was released as detailed below.

| District | Road | Budget K | Amount Released K |
|-----------------|---------------------------------|----------------------|----------------------------------|
| Luangwa | Other Roads in Luangwa | 430,278,000 | 1,215,139,000 |
| Chongwe | Feeder Roads in Chongwe | 630,850,000 | 630,850,000 |
| Chongwe | Nyamanongo | 234,545,000 | 234,545,000 |
| Chongwe | Shikabeta Road | 134,288,000 | 134,288,000 |
| Chongwe | Chakwenga Road | 145,191,000 | 61,732,832 |
| Chongwe | Kasenga - Kasisi Road | 177,705,000 | 177,705,000 |
| Chongwe | Kamwasha Road | 187,122,000 | 187,122,000 |
| Kafue | Mwembeshi Mano Road | 118,410,000 | - |
| Kafue | Chiawa - Chisakila - Kabanana | 134,350,000 | 134,350,000 |
| Kafue | Lilayi - Shantumbu Road | 141,700,000 | 141,700,000 |
| Kafue | Chiawa - Malilansolo - Kabanana | 79,100,000 | 79,100,000 |
| Kafue | China/Zambia Road - Makeni | 60,750,000 | 60,750,000 |
| Kafue | Mwembeshi Mpamba Road | 117,977,000 | 117,977,000 |
| Chongwe | Itope - Munyeta - Road | 88,026,000 | 88,026,000 |
| Chongwe | Kampekete - Chitentabunga | 55,596,000 | 55,596,000 |
| Chongwe | Mukamambo II Road | 25,528,000 | - |
| Totals | | 2,761,416,000 | 3,318,880,832 |

A scrutiny of records for the rehabilitation of the sixteen (16) roads and a physical inspection carried out revealed that only nine (9) roads were worked on. Further, the following were observed:

i. Grading and Spot Re-gravelling – Other Roads in Luangwa.

A stretch covering 96.95km was earmarked to be done in Luangwa district at a total budgeted cost of K430,278,000 against which a total amount of K1,215,139,000 was released resulting in an over funding of K784,861,000.

The scope of works included light grading and spot re-gravelling.

It was, however, observed that only a stretch covering 8.2km was done at a total cost of K135,307,040 leaving a balance of K1,079,831,960 unutilised.

A physical inspection of the 8.2km stretch along Mburuma Road carried out in February 2012 revealed the following:

- Gullies had formed at eleven (11) points along the 8.2km stretch.
- No culverts earmarked for kilometre 1.3, and 1.5 of the road, were installed as of February 2012.

ii. Grading of Feeder Roads – Chongwe.

A total of K630,850,000 was released for the grading of a 50km stretch. The works were to be executed over a period of two (2) months commencing August 2011.

A review of records revealed that amounts totalling K104,391,960 was spent on the project leaving a balance of K526,458,040.

A physical inspection carried out in March 2012 revealed that, although a 50km stretch was to be done, a total distance of 84.4km was done. However, it was observed that gullies and ponds had formed on the road at ten (10) points respectively.

iii. Grading 20km – Kasisi - Kasenga Road

A total amount of K177,705,000 was released for the light grading of 15km of Kasisi - Kasenga Road.

A review of records revealed that amounts totalling K79,250,000 were spent on the project leaving a balance of K98,455,000.00.

A physical inspection carried out in February 2012 revealed that 18.4km of the road was done. However the following were observed:

- Ponds had formed at sixteen (16) points.
- Gullies had formed at seven (7) points.
- Rutting was at 5.9 km and 7.9 km.



Water ponding at km3.3

iv. Heavy Grading 65km – Chiawa/ Chisakila/ Kabanana Road

An amount of K134,350,000 was released for heavy grading of 65km of Chiawa/ Chisakila/ Kabanana Road. The works were to be done during the period from March to May 2011.

A review of records revealed that amounts totalling K49,250,000 were spent on the project leaving a balance of K85,100,000.

A physical inspection carried out revealed the following:

- Only light grading of the whole stretch of 65km was done

- Ponding at 1.2km and 1.4km from D482 Chiawa road turn off, as well as at 3.6km, 4.4km, 6km and 9.1km from Chirundu road turn off were noted,
- Gullies were forming at 5.8km and 6.8km from Chirundu Road turn off,
- Exposed culverts at 3.7km from Chirundu Road turn off,



Exposed culverts at 3.7km from Chirundu road turn off.

v. Heavy Grading 20km – Chiawa/ Malilansolo Road

An amount of K79,100,000 was released for heavy grading of 20km of Chiawa/ Malilansolo road. A review of records revealed that a total amount of K22,925,000 was spent leaving a balance of K56,175,000.

A physical inspection carried out in February 2012 revealed that the works executed comprised light grading of only 9km of the 20km stretch of road and the following were observed:

- There were water ponds formed at nine (9) points
- Culverts were broken and washed away at two points, and
- Wheel ruts formed at one (1) point.



Depression in Malilansolo Road where Culverts washed away at 6.1km



Water ponding and Wheel ruts formed at 6.9km

vi. Heavy Grading of 20km Itope - Munyeta Road

An amount of K88,026,000 was released for heavy grading of the Itope - Munyeta road in Chongwe. A review of records revealed that a total amount of K67,200,150 was spent leaving a balance of K20,825,850.

A physical inspection carried out in February 2012 revealed that the light grading and spot gravelling of the road covering a stretch of 13.5km which started in October 2011, was still in progress.

The following were however observed:

- Ponding had formed at 0.1km, 8.8km and 10.6km,
- Gullies had formed at 5 points, namely 1.6km, 3.4km, 4.3km, 8.8km, and 10.6km, and
- Wheel ruts at 2.6km, 4.5km and 4.7km,

vii. Heavy Grading and Re-gravelling – Kampekete - Chitentabunga Road

An amount of K55,596,000 was released for heavy grading and regravelling of the Kampekete/ Chitentabunga road in Chongwe. A review of records revealed that a total amount of K49,770,000 was spent leaving a balance of K5,826,000.

A physical inspection carried out in February 2012 revealed the following;

- Only light grading of the stretch covering 5.6km was done.
- Ponding had formed at 1.3km, 1.5km, 1.8km, 2.5km and 3.3km, and
- Gullies had formed at 5.0km.

e. Rehabilitation of District Roads

During the period under review, a total amount of K2,075,611,410 was released to cater for the rehabilitation of nine (9) district roads. Out of the nine (9) planned roads, six (6) were rehabilitated while the three (3) were not done.

A review of the projects that were undertaken revealed the following:

i. Grading and Spot Re-gravelling – D145 Luangwa Road

A sum of K875,282,410 was released for the grading and spot re-gravelling of D145 Luangwa road. A review of records revealed that a total amount of K167,750,520 was spent leaving a balance of K707,531,890.

A physical inspection carried out in February 2012 revealed the following:

- There were Potholes at nineteen (19) points.
- Corrugations at 12 points,
- Damaged culverts at 85.7km, and
- Gullies formed at 51.3km, 53.6km, 57.4km and 67.2km.

ii. Heavy Grading – D566 Silverest Road

An amount of K53,254,000 was released for heavy grading of 4.7km of D556 (Silverest road). A review of records revealed that a total amount of K154,450,000 was spent resulting in over expenditure of K101,196,000.

A physical inspection carried out in February 2012 revealed the following :

- Water ponding at 1.4km, 2.7km and 4.5km, and
- Wheel ruts at 1.4km.

HEAD: 91 Office of the President – Copperbelt Province

PROGRAMME: Various

ACTIVITIES: Various

- 72.** The Provincial Administration maintains a General Deposit Account 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 31st December 2011, amounts totalling K3,583,571,754 were deposited into the General Deposit Account. The funds were meant for various activities such as construction of the Masala Cultural Village (K827,638,176), Presidential visits

(K2,255,963,415) and state funeral (K75,000,000) among others. In addition, an amount of K114,322,865 was carried forward from 2010, bringing the total funds available to K3,697,894,619.

Accounting and Other Irregularities

An examination of accounting and other related records maintained at the Provincial Administration and inspections of projects carried out in March 2012 revealed the following:

a. Lack of Letters of Instructions

Out of the funds deposited in the General Deposit Account by government departments during the period under review, amounts totalling K495,576,313 were not supported with letters of Instructions contrary to the General Deposit guidelines.

b. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K1,904,902,676 issued to seven (7) officers during the period under review had not been retired as of October, 2012.

c. Unaccounted for Stores

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of stationery costing K7,150,000 procured in October 2011.

d. Rehabilitation of Kitwe Little Theatre

In July 2011, the Provincial Administration engaged Ezithan Contractors Limited to rehabilitate Kitwe Little Theatre at a contract sum of K156,655,100. The scope of works included roof works, carpentry, internal plumbing, replacing of old tiles and painting works.

The contract was for a period of four (4) weeks commencing on 26th July 2011, with an expected completion date of 31st August 2011. As of December 2011, the contractor had been paid a total of K76,328,725.

However, the following were observed:

- As of November 2012, sixty (60) weeks after the expected completion date the works had not been completed.

- There was poor workmanship in that painting of the interior was not properly done particularly in the costume, men’s dressing, men’s and ladies’ changing room.
- Works costing K12,716,000 were paid for but not done. The works paid for but not done were iron mongering, demolishing and making good of urinal slabs and ceramics, applying undercoat and PVA paints on the walls of the ladies and gents’ toilets, managers’ office and entrance lobby. See pictures below.



In complete works in the gents urinal toilet



Tiles not replaced in the gents

HEAD: 91 Office of the President – Copperbelt Province

PROGRAMMES: 2 General Administration

ACTIVITIES: Various

73. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a provision of K11,101,758,827 was made to cater for general administration against which amounts totalling K11,053,053,466 were released resulting in an under funding of K48,705,361.

Accounting and other Irregularities

An examination of accounting and other records maintained at the Provincial Administration carried out in March, 2012 revealed the following;

a. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, two (2) payment vouchers in amounts totalling K11,500,000 were not produced for audit.

b. Unsupported Payments

Contrary to Financial Regulation No. 52, forty three (43) payment vouchers in amounts totalling K67,349,673 were not supported by relevant documentation such as receipts, Local Purchase Orders and quotations.

c. Payment Vouchers not Signed

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 this regulation, there were two (2) payment vouchers in amounts totalling K12,000,000 paid during the period under review that were not signed by the Controlling Officer or any other officer authorised by him.

d. Failure to Remit Tax

Contrary to the Income Tax Act, taxes in amounts totalling K30,203,021 deducted from payments of recruitment and retention allowances and commutation of leave days had not been remitted to Zambia Revenue Authority (ZRA) as of October 2012.

e. Payments without Authority

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, amounts totalling K94,158,620 were paid to hotels and lodges for holding meetings and workshops without obtaining authority from the Secretary to Cabinet.

f. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of various stores items costing K303,129,464 procured during the period under review. Further, fuel costing K194,432,000 had no disposal details.

g. Failure to Label Assets

Contrary to Public Stores Regulation No. 154, which states that all furniture belonging to the Government must be clearly marked with distinguishing letters "GRZ" in an inconspicuous part of the object to identify it as Government property, various assets costing K194,432,000 procured during the period under review had no identification marks. Further, no asset register was maintained.

h. Failure to follow Procurement Procedures

According to the Zambia Public Procurement Authority circular No.1 of 2011, a Permanent Secretary can authorise procurements of up to K50,000,000. All procurements above K50,000,000 are to be authorised by the Provincial Procurement Committee.

Contrary to the circular, the Permanent Secretary authorised the procurement of furniture at a cost of K73,600,000 from Mwabango Enterprises Ltd.

i. Unretired Imprest

Contrary to Financial Regulation No. 96(1), imprest in amounts totalling K142,886,071 issued to forty five (45) officers during the period under review had not been retired as of October 2012.

j. Irregular Payment of Subsistence Allowance

According to Section 155 (a) of 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 this requirement, amounts totalling K6,860,000 were irregularly paid to six (6) officers as loading and offloading allowances on first appointment.

k. Irregular Use of Accountable Imprest

According to Financial Regulation No. 86 (c), accountable imprest is issued to facilitate the purchase of goods and services whose value cannot be ascertained at the time of issue.

It was, however, observed that imprest in amounts totalling K35,285,000 was issued to eleven (11) officers for the procurement of goods and services such as deep freezer, bicycle, labour day attires and workshop expenses instead of paying directly to the suppliers. Further, no competitive quotations were obtained.

HEAD: 91 Office of the President – Copperbelt Province

PROGRAMMES: Poverty Reduction Programmes - (PRP)

ACTIVITIES: Various

74. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, provisions totalling K6,453,664,348 were made to cater for various Poverty Reduction programmes in the Province against which amounts totalling K6,353,095,945 were released resulting in an underfunding of K100,568,403 as shown in the table below.

| Programme | Budget K | Releases K | Over/(Under) Funding K |
|--|----------------------|-----------------------|---------------------------------------|
| Land Resettlement | 627,267,675 | 640,967,986 | 13,700,311 |
| Coordination and Monitoring of Govt Progs. | 1,042,986,011 | 775,289,202 | (267,696,809) |
| Drill & Rehab of Borehole | 464,907,068 | 486,643,246 | 21,736,178 |
| Water Resources Mgt | 210,000,000 | 210,000,000 | - |
| Rehab/Const of Earth Dams | 200,000,000 | 200,000,000 | - |
| Social Welfare | 36,908,481 | 32,866,832 | (4,041,649) |
| Provincial Comm. Dev. | 163,202,410 | 162,540,241 | (662,169) |
| Youth Skills Development | 451,376,005 | 703,812,508 | 252,436,503 |
| Skills Training and Empowerment for OVCs | 35,300,000 | 30,916,666 | (4,383,334) |
| Health Services | 70,000,000 | 84,177,370 | 14,177,370 |
| HIV/AIDS and Gender | 98,753,612 | 89,146,033 | (9,607,579) |
| Copperbelt Support | 652,117,103 | 581,157,111 | (70,959,992) |
| Forestry Protection & Mgt | 139,849,000 | 120,654,000 | (19,195,000) |
| Forestry Affairs and Serv. | 51,850,000 | 45,837,000 | (6,013,000) |
| Beekeeping | 47,993,500 | 41,330,000 | (6,663,500) |
| Bio-Diversity Conservation | 74,880,988 | 64,700,000 | (10,180,988) |
| Cultural Promotion | 227,795,000 | 224,581,250 | (3,213,750) |
| Infrastructure Development | 1,858,477,495 | 1,858,476,500 | (995) |
| Total | 6,453,664,348 | 6,353,095,945 | (100,568,403) |

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and physical inspections of selected projects carried out in March 2012 revealed the following:

a. Unsupported Payments

Contrary to Financial Regulation No.52, there were four (4) payments in amounts totalling K82,502,333 which were not supported with relevant documents such as receipts, invoices and acquittal sheets.

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 K71,096,750 procured during the period under review.

c. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K77,069,070 issued to fifteen (15) officers during the period under review had not been retired as of October 2012.

d. Failure to Produce Minutes and Monitoring Reports

Imprest in amounts totalling K415,142,097 was issued to forty two (42) officers to enable them hold meetings and monitor various PRP projects in the Districts. However, it was not possible to verify whether the activities were undertaken as there were no minutes or monitoring reports produced for audit.

e. Misapplication of Funds

Contrary to the Appropriation Act of 2011, amounts totalling K47, 250,000 were applied on activities that did not relate to poverty reduction programme such as payment of motor vehicle insurance, purchase of computers and Labour Day celebrations among others.

f. Undelivered Items

i. Lufwanyama Multi Purpose

In March 2011, the Provincial Administration paid Kabs Veterinary Limited an amount of K21,396,000 for the supply of two hundred and twenty three (223) bags of pig feed. However, as of October 2012, fifty nine (59) bags costing K5,192,000 had not been delivered.

ii. Chinci Wababili Women's Co-operative - Ndola District

In May 2011, the Provincial Administration paid K23,897,500 to Farmers Paradise for the supply of poultry materials. However, as of October 2012, poultry materials costing K5,142,000 had not been delivered.

g. Failure to Implement Projects

i. Drilling and Rehabilitation of Boreholes

An amount of K486,643,246 was released to the Provincial Administration for the drilling of twelve (12) boreholes and rehabilitation of five (5) others. It was however observed that despite the availability of funds, the Provincial Administration did not drill or rehabilitate any borehole.

ii. Solar Power Installation at Rural Health Centres

During the period under review, an amount of K20,000,000 was released to the Provincial Administration for solar installation at rural health centres. Another amount of K20,000,000 was brought forward from the year 2010 bringing the total funds available to K40,000,000.

However, as of October 2012, the activity had not been undertaken. Further, it was not possible to ascertain whether the funds were still available in the PRP pool account as no ledgers were maintained.

iii. Copperbelt Support Programme

An amount of K249,253,292 was released to cater for fish farming development (K49,753,292), promotion of manufacturing and crafts groups (K149,500,000) and piggery (K50,000,000). Despite the availability of funds, as of October 2012, the activities had not been undertaken.

h. Construction of Youth Skills Training Centre in Masaiti

Amounts of K50,000,000 and K144,000,000 in 2010 and 2011 respectively were released for the construction of a youth skills training centre against a budget provision of K200,000,000 (K100,000,000 in each year).

In December 2010, J. Sapwe Enterprises was engaged to carry out the construction works at a contract price of K371,068,688 with a completion period of sixteen (16) weeks commencing 1st January 2011. The works were expected to be completed on 30th April, 2011.

As of October 2012, the contractor had been paid amounts totalling K199,999,884 leaving a balance of K171,068,804.

The following were observed:

- i. The total provisions for the two (2) years of K200,000,000 was not adequate to meet the contractual obligations of K371,068,688 as the budget was less by K171,068,688.
- ii. A site inspection carried out in March 2012 revealed that the Project had not been completed with the following minor works outstanding:
 - Fitting cover strips on the ceiling boards.
 - Internal and external painting and electrical fittings such as sockets and switches.



Socket not fitted



Cover stripes not fitted on ceiling boards

HEAD: 91/03 Office of the President - Copperbelt Province – Rural Roads Unit
UNIT: 1 Rural Roads Unit
PROGRAMMES: 8 Rural Roads Unit (PRP)
ACTIVITIES: Various

75. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K6,000,000,000 was made to cater for Road Equipment Operations and Road Rehabilitation in the Province against which K5,500,614,209 was released resulting in an under funding of K499,385,791 as shown in the table below.

| Unit | Details | Budget K | Released K | Over /(Under) K |
|------|---|----------------------|----------------------|----------------------|
| 1 | Road Equipment Operations | 1,000,126,700 | 1,402,836,896 | 402,710,196 |
| 2 | Roads Rehabilitation - Chililabombwe district (71 km) | 657,125,000 | 657,125,000 | - |
| 3 | Roads Rehabilitation - Chingola district (91.5 km) | 443,875,000 | 443,875,000 | - |
| 4 | Roads Rehabilitation - Kalulushi district (56.5 km) | 344,650,000 | 344,650,000 | - |
| 5 | Roads Rehabilitation - Kitwe district (55.2 km) | 224,917,300 | 224,188,715 | (728,585) |
| 6 | Roads Rehabilitation - Luanshya district (32.9 km) | 491,110,000 | 481,218,495 | (9,891,505) |
| 7 | Roads Rehabilitation - Lufwanyama district (74.5 km) | 824,450,000 | 824,449,103 | (897) |
| 8 | Roads Rehabilitation - Masaiti district (75 km) | 501,866,000 | 501,866,000 | - |
| 9 | Roads Rehabilitation - Mpongwe district (135 km) | 439,350,000 | - | (439,350,000) |
| 10 | Roads Rehabilitation - Mufulira district (146 km) | 452,125,000 | - | (452,125,000) |
| 11 | Roads Rehabilitation - Ndola district (45.7 km) | 620,405,000 | 620,405,000 | - |
| | Total | 6,000,000,000 | 5,500,614,209 | (499,385,791) |

Irregularities in Accounting for Funds

An examination of accounting and other records maintained at the Provincial Administration and physical inspections of selected projects carried out in April 2012, revealed the following:

a. Unsupported Payments

Contrary to Financial Regulation Nos. 45 and 52, four (4) payments in amounts totalling K564,988,500 were not supported with relevant documents such as local purchase orders, receipts, invoices and goods received notes among others.

b. Failure to Produce Reports

During the period under review, amounts totalling K7,125,000 were paid to six (6) officers to undertake road condition surveys in Kitwe, Mufulira, Chingola and Chililabombwe. However, no reports were availed for audit making it not possible to ascertain whether the activities were undertaken.

c. Failure to Follow Tender Procedures

Contrary to the Public Procurement Act No. 15, an amount of K282,780,000 was paid to a supplier for the supply of tyres without the approval of the Provincial Procurement Committee.

d. Undelivered Stores Items

During the period under review, the Unit paid Unicorp Limited K161,898,500 for the supply of various motor vehicle spare parts. However, as of October 2012, the spare parts had not been delivered.

e. Unaccounted for Fuel

Contrary to Public Stores Regulation No.16, there were no disposal details in respect of fuel costing K690,000,000 procured during the period under review.

f. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K80,735,000 issued to two (2) officers during the period under review had not been retired as of October 2012.

g. Rehabilitation of Rural Roads

A test check of selected roads in four (4) districts namely Ndola, Masaiti, Mpongwe and Lufwanyama revealed that a total of 132.2km of roads was worked on out of the planned 330.2km. This involved twelve (12) rural road projects as shown in the table below.

| No | District | Road | Portion Worked On |
|----|------------------------------------|---|---|
| 1 | Lufwanyama | Access road to sugar plantation | 44Km ongoing |
| 2 | Masaiti | Kemuzi-Silangwa Road | 15Km out of 15Km |
| 3 | Masaiti | Katonte | 11Km out of 16Km new construction. |
| 4 | Mpongwe | Chowa Road | 4.3 Km out of 50km. 10 rings of culverts installed.4 lines of culverts 1.2x2.44 |
| 5 | Mpongwe | St Anthony – Ndubeni | 14 Km out of 14 Km. 5 lines of culverts.0.9x1.22 |
| 6 | Mpongwe | Access Road to chieftainess Malembeka | 0.4 Km |
| 7 | Mpongwe | Off Mpongwe road to Kwilimuna ceremony site | 0.6 Km |
| 8 | Mpongwe | St Anthony – Mulela | 11.5km out of 16km |
| 9 | Ndola | Fatima Road | 12 Km out of 12 Km |
| 10 | Ndola | Mushili Commando Road. | 4 Km out of 5 Km. Installation of 4 lines of culverts on Kavu stream. |
| 11 | Ndola | Kavu Road off Mushili Commando Road. | 9.2 Km |
| 12 | Ndola | Dag Hammarskjod | 6.2Km out of 6.2Km |
| | Total Km of roads worked on | | 132.2km |

A physical inspection revealed the following:

i. Mpongwe District

During the period under review, the Unit had planned to rehabilitate 135km of roads at a total cost of K439,350,000. The scope of works included heavy grading, road formation, spot re-gravelling, compaction to camber and maintenance grading. It was, however, observed that the Unit worked on 30.8km of the roads at a cost of K353,915,000 while the remaining 104.2Km were not worked on as shown in the table below.

| No. | Road | Kilometers planned | Kilometers Done | Kilometers not done |
|-----|-----------------------------|--------------------|-----------------|---------------------|
| 1 | Chowa | 33.0 | 4.3 | 28.7 |
| 2 | St Anthony ndubeni | 15.0 | 14.0 | 1.0 |
| 3 | St Anthony Mulela | 16.0 | 11.5 | 4.5 |
| 4 | Kenyanda – Kasanda | 24.0 | - | 24.0 |
| 5 | Kasamba – Ibenga | 8.0 | - | 8.0 |
| 6 | Ibenga – Chinondo | 24.0 | - | 24.0 |
| 7 | Access road to Chieftainess | | 0.4 | (0.4) |
| 8 | Road to Kwilimuna Ceremony | | 0.6 | (0.6) |
| 9 | Other Roads | 15.0 | - | 15.0 |
| | Total | 135.0 | 30.8 | 104.2 |

The following were observed:

- **St Anthony to Mulela Road**

Although the Unit planned heavy grading and spot re-gravelling of 16Km, a review of records revealed that only light grading of 11.5Km was done. A physical inspection of the road revealed that some portions of the road were in a bad condition and were water logged. See picture below.



One of the damaged portions of St. Anthony - Mulela road in

- **Chowa Road**

Although, imprest in amounts totalling K99,545,000 was drawn for fuel and allowances to carry out works on 33km of Chowa Road, only 4.3km were worked on. As of October 2012, the imprest had not been retired.

- ii. **Ndola District – Dag Hamarskjold Road**

The Unit planned to work on a stretch of 5Km on the Dag Hamarskjold at the cost of K28,775,000. However, the Unit worked on a stretch of 5.3km at a cost K60,265,000 resulting in excess expenditure of K31,490,000.

HEAD: 92/03 Office of the President, Central Province – Rural Roads

UNIT: 01 Rural Roads Unit

PROGRAMMES: 8 Infrastructure Development (PRP)

ACTIVITIES: 01 Rehabilitation of Feeder Roads in Districts

02 Maintenance of Equipment

76. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a provision of K6,489,397,530 was made to cater for rehabilitation of feeder roads and maintenance of equipment against which amounts totalling K5,737,130,003 were released resulting in under funding of K752,267,527.

| Activity | Provision K | Releases K | Variance K |
|--------------------------------|----------------------|----------------------|--------------------|
| Rehabilitation of Feeder Roads | 4,689,397,530 | 3,937,130,003 | 752,267,527 |
| Maintenance of Equipment | 1,800,000,000 | 1,800,000,000 | - |
| Total | 6,489,397,530 | 5,737,130,003 | 752,267,527 |

Accounting and other Irregularities

An examination of accounting and other records maintained at the Provincial Administration carried out in April 2012 revealed the following:

a. Wasteful Expenditure - Repairs of a Lowbed Truck

During the period from February to November 2011, a total amount of K132,922,560 was spent on the repair of a lowbed truck. However, a check on the truck in July 2012 revealed that it was not operational, rendering the expenditure incurred wasteful.

b. Poorly Rehabilitated Roads

In 2011, the Provincial Administration planned to rehabilitate eleven (11) roads under Rural Roads Unit at a total cost of K3,316,533,554 covering a total distance of 354km.

A physical inspection of the selected roads carried out in April 2012, revealed the following:

i. Kaindu - Mpusu Road, Mumbwa

The scope of works included grading, road reshaping and formation (5.5m wide) and gravelling for a stretch of 30km at a cost of K392,408,610. However the following were observed:

- The side drains were shallow and in some stretches nonexistent resulting in ponding on the road.
- Most of the spill ways were not discharging water resulting in streams of water running across the road.
- In some parts, the road constructed was approximately 4m wide instead of the standard 5.5m.



Part of the road not properly



Part of the road formed within



Side drains not

ii. Mulilima - Chibale Road, Serenje

The scope of works included, heavy grading, road reshaping and formation (5.5m wide) and spot gravelling for a stretch of 45 km at a cost of K304,573,185.

However, the following were observed:

- The road formation was not properly done in some places.
- The side drains were shallow and in some stretches were non-existent.

| | | |
|--------------------|-----------|---|
| HEAD: | 94 | Office of the President – Western Province |
| PROGRAMME: | 2 | General Administration |
| ACTIVITIES: | | Various |

77. In the Estimates of Revenue and Expenditure for the financial year ended 31st December, 2011, a total provision of K13,609,909,808 was made to cater for general administration against which amounts totalling K12,531,829,418 were released resulting in an underfunding of K1,078,080,390.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration carried out in January 2012 revealed the following:

a. Unsupported Payments

Contrary to Financial Regulation Nos. 45 and 52, amounts totalling K7,690,000 made during the period under review were not supported by relevant documents such as receipts, invoices, and pay sheets among others.

b. Unacquitted for Payments

Contrary to Financial Regulation No. 45, two (2) payments in amounts totalling K7,000,000 in respect of wages for casual workers had not been acquitted as of July 2012 making it difficult to ascertain whether the funds were received by the intended beneficiaries.

c. Irregular Payment of Subsistence Allowance

The Terms and Conditions of Service for the Public Service Section 155, 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, an officer who was on transfer from one station to the other was paid subsistence allowance in amounts totalling K17,700,000 for sixty (60) nights which was fifty six (56) nights in excess of his entitlement. In this regard, the payment of K16,520,000 in excess of his entitlement was irregular.

d. Unretired Imprest

Contrary to Financial Regulation No. 96(1), imprest in amounts totalling K195,948,604 involving thirty seven (37) transactions issued to thirty (30) officers during the period under review, had not been retired as of October 2012.

In addition, imprest in amounts totalling K40,452,644 was issued to eleven (11) officers to carry out various monitoring and valuation activities. However, there were no reports produced making it not possible to ascertain whether the activities were undertaken.

e. Questionable Retirement of Imprest

- i.** During the period under review, six (6) officers were issued with imprest in amounts totalling K48,632,362 to travel out of station for official duties using specific government vehicles.

A scrutiny of retirement details, fuel registers, invoices and requisitions revealed that the same vehicles purportedly to have been out on tours also drew fuel costing K9,825,180 from the fuel account maintained at the local filling station during the same period.

It was, therefore, not clear how the same vehicles purported to have been out of station could draw fuel from the local account. In this regard, the retirement details of the imprest (K48,632,362) issued to the officers were questionable.

- ii.** On 22nd February, 2011 the Senior Social Welfare Officer, was issued with an imprest of K8,000,000 to facilitate his travel to Lukulu, Kaoma and Senanga for monitoring of statutory and non statutory services.

A review of retirement details revealed that the officer spent K3,990,000 on subsistence allowance and K4,010,000 on fuel (463.75 litres of petrol) for vehicle registration number GRZ 231 CA.

However, enquiries made revealed that, the vehicle GRZ 231 CA was diesel propelled. Therefore, the retirement details of the imprest (K4,010,000) issued to the officers were questionable.

f. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items costing K5,100,000 procured during the year under review.

g. Irregularities in Management of Fuel

During the period under review, the Provincial Administration made payments in amounts totalling K2,801,234,976 to a local service station for fuel and lubricants drawn by the various departments.

A scrutiny of fuel requisitions, invoices and other records for the departments revealed weaknesses in control over the use of fuel. In particular the following were observed:

i. Fuel Drawn by Private Vehicles

Fuel costing K15,093,450 was drawn by privately owned vehicles without authority.

ii. Fuel Drawn by Unknown Vehicles

There were 840 litres of petrol and 903 litres of diesel costing K14,493,664 drawn without indicating on the requisition form the registration numbers of the vehicles drawing the fuel making it not possible to ascertain whether the fuel was issued to government vehicles.

iii. Drawing of Both Diesel and Petrol by One Vehicle

There were questionable drawings of fuel costing K4,456,481 (241 litres of petrol and 330 litres) involving twelve (12) drawings in that, one vehicle drew both petrol and diesel on one requisition voucher.

iv. Fuel Drawn by Personal to Holder Vehicles

During the period from April to October, 2011 a total of 987 litres of diesel costing K7,794,826 were drawn by personal to holder vehicles, GRZ108CH and GRZ721CE.

HEAD: 94/01 Office of the President–Western 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 includes amounts that the various departments under the Provincial Administration receive from their respective ministries for specific purposes.

During the financial year ended 31st December 2011, a total amount of K2,774,330,190 was received by Provincial Administration for various activities such as facilitation of Presidential visits, wages for chiefs' retainers and canal clearing.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection carried out in January 2012 revealed the following:

a. Unsupported Payments

Contrary to Financial Regulation Nos. 45 and 52, six (6) payments in amounts totalling K70,573,917 were not supported by receipts, quotations and acquittal sheets.

b. Misapplication of Funds

Contrary to the Appropriation Act for 2011, amounts totalling K338,834,027 were applied on unrelated activities such as lodging and examinations fees, repatriation, wages for temporary officers and expenses for attending Parliamentary sessions.

c. Unretired Imprest

Contrary to Financial Regulation No.96, imprest in amounts totalling K244,448,943 issued to twenty three (23) officers during the period under review had not been retired as of October 2012.

In addition, imprest in amounts totalling K151,709,833 was issued to sixteen (16) officers to enable them carry out various assignments. Although the officers retired the imprest, there were no reports produced to confirm that the assignments were undertaken.

d. Questionable Retirement of Imprest

On 30th June 2011, a driver at the Provincial Administration was issued with accountable imprest of K3,150,000 to enable him travel to Lusaka, on an official assignment. The assignment was for four (4) days from 30th June to 4th July 2011 and the driver was assigned a vehicle registration number GRZ 840 CE.

However, records at the Province indicated that the same vehicle drew 350litres of diesel costing K2,785,300 on 1st July 2011 at the local filling station. In this regard, the retirement of K3,150,000 on fuel was questionable.

e. Non Remittance of Tax

Contrary to Income Tax Act, tax in amounts totalling K10,678,733 deducted from payments of commutation, leave terminal benefits and long service bonus during the period under review had not been remitted to Zambia Revenue Authority as of December 2012.

f. Missing Executive Chair

On 21st January 2011, a payment of K5,200,000 was made for the purchase of an executive chair for the Provincial Minister's office. The chair was collected by a driver from the Provincial Administration on 24th January, 2011. However, as of October 2012, the chair had not been delivered and the matter had not been reported to the police.

g. Unaccounted for stores

Contrary to Public Stores Regulation No. 16, various stores items costing K227,212,276 (other stores - K65,648,370 and fuel - K161,563,906) procured during the period under review had no receipt and disposal details.

HEAD: 94/07 Office of the President - Western Province – Rural Roads

PROGRAMME: 08 Road Rehabilitations (Feeder Roads)-PRP

ACTIVITIES: 01 Grading of Feeder Roads

79. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a provision of K6,000,000,000 was made to cater for the grading of feeder roads against which amounts totalling K5,999,400,000 were released. In addition an amount of K2,072,135,873 was brought forward from 2010 bringing the total funds available to K8,071,535,873.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and physical inspections of selected projects carried out in January 2012 revealed the following:

a. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K13,575,000 issued to five (5) officers during the period under review had not been retired as of October, 2012.

b. Unaccounted for stores

Contrary to Public Stores Regulation No.16, there were no disposal details in respect of stores items costing K20,290,000 procured during the period under review.

c. Weaknesses in the Management of PRP Projects

i. Kalabo - Kalongola Road (D319)

In 2010, the Unit planned to construct and rehabilitate a stretch of 150km of the 198 km Kalabo – Kalongola road. However, the project was suspended on 24th December, 2010 due to the flooding of Nanguma borrow pit where gravel for the works was being sourced. At the time of suspension of the project, a distance of 3.7km had been gravelled.

In June 2011, the project was resumed and the unit planned to construct 12km at an estimated cost of K1,097,916,168. The projected duration of the works was one hundred and eighty (180) days and the works commenced on 6th June, 2011. The

scope of works was gravelling, embankment construction and grubbing. As at 31st December 2011, a total amount of K318,651,795 had been spent on the project.

However, fuel costing K23,072,979 was drawn by various officers during the period from 25th December 2010 and 5th June 2011 when the project was suspended.

A physical inspection carried out on 21st March, 2012 revealed that only a distance of 5.6km was done and some parts of the road were eroded as shown below.



Part of the eroded road

ii. Lukulu - Katunda Road (D792)

The Rural Road Unit (RRU) in conjunction with the Road Development Agency (RDA) planned to undertake spot improvements on a stretch of 65km out of the 187km of a district road Lukulu–Katunda. In this regard, a sum of K525,535,800 meant for rehabilitation of feeder roads was diverted to this project without authority from the Secretary to the Treasury.

The scope of works was light and heavy grading, filling of erosion gullies, re-gravelling and drain re-shaping. The project commenced on 12th January, 2011 and was completed on 29th May 2011. The whole amount was spent on the project.

However, the following were observed:

- **Missing fuel requisition slips**

Requisition slips for fuel costing K8,648,685 drawn by various officers during the period from January to July 2011 were not produced for audit.

- **Fuel not recorded in the site book**

Fuel drawings costing K13,366,436 made from a local service station were not recorded in the fuel site book and there were no requisition slips availed for audit.

A physical inspection carried out in March 2012, revealed that some parts of the road between Lishuwa and Lukulu boma were water logged, slippery and the gravel was washed away as can be seen in the picture below.



Part of the road which was poorly done

HEAD: 94 Office of the President - Western Province
PROGRAMME: Poverty Reduction Programmes (PRP)
ACTIVITIES: Various

- 80.** In the Estimates of Revenue and Expenditure for the financial year ended to 31st December, 2011, provisions totalling K2,823,500,000 were made to cater for various Poverty Reduction Programmes (PRP) in the province, against which amounts totalling K2,653,000,000 were released resulting in an underfunding of K170,500,000.

Irregularities in Accounting for Funds

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of the selected projects carried out in March 2012, revealed following:

a. Unsupported Payments

Contrary to Financial Regulation No. 45, three (3) payment vouchers in amounts totalling K30,950,000 were not supported with relevant documentation such as invoices, quotations and receipts.

b. Unretired imprest

Contrary to Financial Regulation No.96, imprest in amounts totalling K276,027,253 issued to eighteen (18) officers during the year under review had not been retired as of October, 2012.

c. Failure to Implement Poverty Reduction Programmes

During the period under review, the Provincial Administration received amounts totalling K387,500,000 for street lighting in Kalabo and Sesheke, and rehabilitation of government rest houses in Kaoma and Kalabo as detailed below.

| | Project | Amount Released K | Date Received |
|---|--|------------------------------|----------------------|
| 1 | Street Lighting in Kalabo and Sesheke | 200,000,000 | 26.06.11 |
| 2 | Rehab of Govt Rest Houses – Kaoma & Kalabo | 187,500,000 | 12.08.11 |
| | | 387,500,000 | |

However, as of October 2012, the projects had not been implemented.



Unrehabilitated Kaoma Government Guest House

HEAD: 95/01 Office of the President–Eastern Province

PROGRAMME: General Deposit Account

ACTIVITIES: Various

- 81.** The Provincial Administration maintains a General Deposit Account 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 31st December 2011, a total amount of K3,927,377,633 was received by Provincial Administration for various activities such as facilitation of Presidential

visits, state funerals and construction of forestry office block among others. In addition, an amount of K266,073,996 was brought forward from the previous year bringing the total funds available to K4,193,451,630.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in March 2012 revealed the following:

a. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K19,782,500 issued to two (2) officers at the Provincial Administration during the period under review had not been retired as of October 2012.

b. Misapplication of Funds

Amounts totalling K44,393,450 meant to cater for presidential visits were applied on unrelated activities such as payment of imprest for officers to attend Public Accounts Committee meeting in Lusaka and payment of contractors without obtaining authority from the Secretary to the Treasury.

c. Lack of Disposal Details

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of fuel costing K300,000,000 paid during the period under review.

HEAD: 95 Office of the President – Eastern Province

PROGRAMME: 2 General Administration

ACTIVITIES: Various

82. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K30,022,623,638 was made to cater for General Administration against which amounts totalling K19,598,700,166 were released resulting in underfunding of K10,423,923,472. In addition amounts totalling K457,736,031 were brought forward from the previous year bringing the total available funds to K20,056,436,197.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration carried out in January 2012 revealed the following:

a. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K328,986,665 issued to thirty (30) officers had not been retired as of October 2012.

b. Failure to Produce Reports

Although imprest in amounts totalling K50,704,533 was issued to four (4) officers to undertake activities such as monitoring and evaluation of projects and conducting workshops was retired, there were no reports to show that the activities were undertaken.

c. Unsupported Payments

Contrary to Financial Regulations No. 52, three (3) payments in amounts totalling K14,337,500 were not supported with relevant documents such as bills, invoices, receipts, acquittals and competitive quotations.

d. Unacquitted Payments

Contrary to Financial Regulation No. 45, thirteen (13) payments in amounts totalling K167,800,000 were not acquitted by the beneficiaries as of October 2012.

e. Irregular Payment of Allowances

On 10th February 2011, the Secretary to the District Commissioner in Chipata was issued with an imprest of K4,299,000 as subsistence allowance for fourteen (14) days to enable her travel to Cabinet Office in Lusaka to follow up on her paid study leave application. However, the payment was irregular in that there was no evidence that the Secretary applied for paid study leave.

Further, on 19th October 2011, an amount of K4,310,000 was irregularly paid to twenty four (24) officers as subsistence and meal allowances for attending a funeral in Katete. As of October 2012, the amount had not been recovered.

f. Lack of Receipt and Disposal Details

Contrary to Public Stores Regulation No. 16, various stores items costing K40,937,000 procured during the period under review had no receipt and disposal details.

g. Failure to Account for Fuel

There were no receipt and disposal details in respect of fuel costing K518,568,660 procured during the period under review.

Further, there was no reconciliation of the fuel account with statements from the filling stations, resulting in fuel worth K106,344,148 being over drawn as of 20th February 2012.

HEAD: 95 Office of the President- Eastern Province

PROGRAMME: Various

ACTIVITIES: Various (PRP)

- 83.** In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K1,850,760,465 was made to cater for various Poverty Reduction Programmes (PRP) against which amounts totalling K1,866,649,973 were released resulting in an overfunding of K15,889,508.

In addition, amounts totalling K2,198,070,475 were brought forward from the previous year bringing the total available funds to K4,064,720,448.

Irregularities in Accounting for Funds

An examination of financial and other records maintained at the Provincial Administration and a physical inspection of the selected projects carried out in February 2012 revealed the following:

a. Rehabilitation of Community Centre, Katete District

During the period under review, an amount of K150,000,000 was released for the rehabilitation and procurement of furniture for the community centre in Katete District.

A review of records revealed that amounts totalling K82,219,000 were spent on the procurement of furniture (K23,550,000), building materials (K48,669,000) and labour (K10,000,000) leaving a balance of K67,781,000 as of October 2012.

The following were however observed:

i. Failure to Provide Contract Document

The Department of Community Development entered into a labour only contract with Mierna Construction. However, the contract period and sum could not be ascertained as no contract document was provided. As of October 2012, the Contractor had been paid amounts totalling K10,000,000.

ii. Undelivered tables

In March 2011, an amount of K23,550,000 was paid to Milestone Commercial Enterprises for the supply of thirty (30) chairs and thirty (30) tables. However, as of October 2012, the supplier had not delivered fifteen (15) tables costing K9,750,000.

iii. Failure to deliver Building Materials

In June 2011, an amount of K48,669,000 was paid to Inner Change Dealers for the supply of assorted building materials. However, as of October 2012, the supplier had not delivered materials costing K16,474,000.

A physical inspection carried out in March 2012 revealed that rehabilitation works had not been completed as painting and fitting of the ceiling board were still in progress. See pictures below.



Painting works not completed



Ceiling Board not Completed

b. Construction of Mtilizi Community School in Nyimba District

During the period under review, an amount of K122,287,400 was released for the completion of the School. Out of the funds released, K105,971,000 was spent on the purchase of building materials, K3,426,400 on fuel and K12,890,000 for the payment of allowances leaving a balance of K54,329,145.

The following were however observed:

i. Undelivered Building Materials

An amount of K83,321,000 was paid to Johabie and Brastone Ltd in December 2011 for the supply of assorted building materials. However, as of October 2012, the supplier had not delivered materials costing K37,613,000.

ii. Uncompleted Works

A physical inspection of the project revealed that works had not been completed with plastering of the walls, flooring, fitting of doors and window frames, construction of dish drains and painting still outstanding.



Incomplete Works - Mtilizi Community

c. Unaccounted for Stores

- i.** In May 2011, an amount of K39,990,000 was paid to MEBS General dealers for the purchase of five (5) water pumps, fifty (50) G I pipes and one hundred and four (104) pockets of cement for the community boreholes. However, as of October 2012, there was no evidence that the items had been delivered.

Further inquiries with the supplier revealed that the Department of Water Affairs had instead collected 666 bags of cement. In addition, although the supplier's records indicated that the stores officer from the Department of Water had

collected the cement, there was no record of receipt or disposal of the cement at the Department of Water Affairs.

- ii. In May 2011, the Department of Water Affairs paid MEBS General Dealers K21,914,500 for the supply of assorted plumbing and electrical materials. However, as of October 2012, the materials had not been delivered.

d. Irregular Payment of Goods

- In May 2011, an amount of K24,965,000 was paid to MEBS General Dealers for the supply of various building materials. It was observed that, although the materials were purported to have been supplied over a period of three (3) years, a scrutiny of invoices revealed that they were generated in sequence as detailed below.

| Date | Invoice No. | Amount |
|----------|-------------|------------|
| | | K |
| 22.02.10 | 1213 | 5,415,000 |
| 16.02.10 | 1214 | 4,650,000 |
| 16.07.08 | 1215 | 15,175,000 |
| 16.07.08 | 1216 | 1,950,000 |
| 03.12.08 | 1217 | 922,500 |
| 10.03.09 | 1218 | 1,985,000 |
| 06.11.09 | 1219 | 4,400,000 |
| 15.01.10 | 1220 | 1,367,000 |

It was questionable why the sequencing of the invoice numbers was such that the higher number was issued earlier than the lower one in terms of dates. In addition, as of October 2012, the materials had not been delivered.

- On 23rd May 2011, King Hardware was paid an amount of K36,685,000 for supply of building materials to be used at the Provincial Administration.

A comparison of original copies of the invoices and the duplicate copies at the supplier's premises revealed that the dates were altered.

Further, an inspection of stores records revealed that, contrary to Stores Regulation No.16, the building materials had no receipt and disposal details.

HEAD: 97 Office of the President-North-Western Province

PROGRAMME: 2 General Administration

ACTIVITIES: Various

84. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a provision of K12,058,345,068 was made to cater for General Administration against which amounts totalling K9,623,403,739 were released resulting in an underfunding of K2,434,941,328.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration carried out in March 2012 revealed the following:

a. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, twenty five (25) payment vouchers in amounts totalling K113,439,292 were not produced for audit.

b. Unsupported Payments

Contrary to Financial Regulation Nos. 45 and 52, there were one hundred and fifty seven (157) payments in amounts totalling K756,948,356 that were not supported with relevant documents such as receipts, local purchase orders and invoices.

c. Unacquitted Payments

Contrary to Financial Regulation No. 45 (3), allowances in amounts totalling K23,024,783 were not acquitted and the money was not found on hand as of October 2012.

d. Unaccounted for fuel

Contrary to Public Stores Regulation No. 16, fuel costing K557,128,353 purchased during the period under review had no receipt and disposal details. As a result, it was not possible to ascertain whether the fuel was used for the intended purposes.

e. Unretired Imprest

Contrary to Financial Regulations No. 96, imprest in amounts totalling K476,735,511, issued to eighty three (83) officers had not been retired as of October 2012.

f. Failure to Obtain Study Leave

During the period under review, the Provincial Administration paid amounts totalling K37,635,000 for tuition fees in respect of two (2) officers without obtaining study leave from the Public Service Management Division (PSMD), contrary to Terms and Conditions of Service for the Public Service.

g. Misapplication of Funds

Amounts totalling K30,657,341 were applied on unrelated activities such as salary advances, payment of bills for main market, paying allowances to election officers among others.

HEAD: 98 Office of the President – Southern Province

PROGRAMMES: Various

ACTIVITIES: Various

85. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, total provision of K15,402,657,534 were made to cater for General Administration at the Provincial Administration, against which amounts totalling K14,336,442,138 were released leaving a balance of K1,066,215,396.

Out of the total amount released, amounts totalling K13,714,484,319.33 were spent leaving a balance of K621,957,819.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration carried out in March 2012 revealed the following:

a. Misapplication of Funds

Contrary to the Appropriation Act for 2011, amounts totalling K509,721,514 meant for the “Keep Zambia Clean Campaign”, dismantling of arrears and IFMIS training were applied on unrelated activities such as presidential visits, construction of a water fountain at the provincial administration and furnishing of the VIP Lounge at the Airport. As a result the planned activities were not implemented.

b. Failure to obtain Competitive Quotations

Contrary to procurement guidelines, various items in amounts totalling K282,852,578 were procured without obtaining three (3) competitive quotations.

c. Unvouched Expenditure

Contrary to Financial Regulation No. 45, one hundred and one (101) payments in amounts totalling K408,060,844 were either unsupported or inadequately supported with relevant documents such as receipts, invoices, acquittal sheets, LPOs among others.

d. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, two (2) payment vouchers in amounts totalling K6,793,450 were not produced for audit.

e. Irregular Payments

Contrary to Cabinet Office Circular No. 7 of 2006, payments in amounts totalling K120,224,626 were paid to various officers as sitting allowances for budgeting activities and facilitation allowances among others without authority from the Secretary to the Cabinet.

f. Stores Items Without Receipt and Disposal Details

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details for stores items procured during the period costing K567,336,328.

g. Failure To Insure Motor Vehicle

On 9th July 2011, a motor vehicle Nissan Hardbody registration number GRZ 491 BX belonging to the Protocol Department was involved in a road traffic accident. A scrutiny of records and inquiries made revealed that the vehicle was not insured at the time of the accident. As a result, Provincial Administration bore the repair costs amounting to K5,100,000 paid to Mackab General Dealers on 22nd July 2011.

It was further observed that, as of October 2012, no police report had been obtained and the matter had not been reported to the Standing Accidents Board.

h. Weaknesses in Management of Imprest

i. Unretired Imprest

Contrary to Financial Regulation No. 96(1), imprest in amounts totalling K69,370,000 issued to eighteen (18) officers involving nineteen (19) transactions had not been retired as of October, 2012.

Included in the total outstanding amount was subsequent imprest amounting to K3,000,000 issued to an officer contrary to Financial Regulation No. 91.

ii. Questionable Retirement of Imprest

In November 2011, the cashier drew cash amounting to K25,220,000 to meet various activities being undertaken at the Provincial Administration. Out of the amount drawn, K16,980,000 was issued as imprest to three (3) officers to meet the cost of the Vice President's visit to Mazabuka.

However, a scrutiny of retirement details revealed that the officers only signed on the acquittal sheet without completing the official retirement form (Accounts Form 44) and attaching supporting documents. As a result, it was not possible to ascertain the validity of the retirements of the imprest in question.

i. Choma Accounting Unit

The Provincial Administration has a sub-accounting unit in Choma to cater for the departments of Water Affairs, Land Resettlement, Physical Planning and Forestry which are based in Choma. During the year under review, amounts totalling K1,563,633,553 were released to Choma Sub Accounting Unit.

An examination of records maintained at Choma Sub Accounting Unit revealed the following:

i. Irregular Deductions From Department's Funding for Accounts Operations

In paragraph 75.g.(i) of the 2010 Auditor General's report, mention was made in respect of Choma Accounting Unit irregularly deducting amounts totalling K54,400,000 from the funding for the four (4) departments whose Provincial Headquarters are based in Choma.

It was, however, observed that the situation had not improved during the period under review in that amounts totalling K88,500,000 were again deducted from the

four departments' funding and as of October 2012, no reimbursement had been made.

ii. Payment for Security Services

During the period under review amounts totalling K52,300,160 were paid to Anderson Security Services Ltd for the provision of security at Water Affairs Department. However, contrary to the Zambia Public Procurement Act, the Provincial Administration single sourced the security company.

Further, there was no formal contract signed between the Provincial Administration and Anderson Security Services Ltd.

iii. Rehabilitation of Office Block – Resettlement Department

During the period under review Choma Resettlement Office engaged Lloyd Glass Hardware to rehabilitate the office block in Choma. As of March 2012, amounts totalling K34,525,500 had been spent on building materials (K17,540,500) and labour (K16,985,000).

However, it was observed that, although amounts totalling K16,985,000 were paid to the Contractor, no formal contract with the Contractor was availed for audit. As a result, it was difficult to ascertain the validity of the amount paid to the Contractor and the terms and conditions agreed upon by the two (2) parties. It was also observed that the executed works were not certified by Buildings Department.

HEAD: 98/ 01 Office of the President – Southern Province – Headquarters

PROGRAMME: General Administration

ACTIVITIES: General Deposit Account

- 86.** The Provincial Administration maintains a General Deposit Account 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 2011, amounts totalling K4,342,496,119 were deposited into the General Deposit Account. The funds were for various activities such as, presidential visits (K2,842,570,177), Cultural Department (K756,175,901), Forestry Department

(K190,000,000), Construction of Namafulo Border Post (K100,000,000), Rehabilitation of Aerodromes in Monze, Kalomo and Choma (K70,000,000), state funerals (K70,000,000), tourism activities (K63,331,841) and grants to chiefs for traditional ceremonies (K45,500,000) among others.

In addition an amount of K78,789,989 was carried forward from the year 2010 bringing the total funds available to K4,421,286,108.

Accounting Irregularities and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in March 2012 revealed the following:

a. Misapplication of Funds

Contrary to the Appropriation Act for 2011, amounts totalling K69,576,928 were applied on activities such as payment of allowances for budget hearing and long service bonus among others which were not related to the purposes for which the funds were released.

b. Unretired Imprest

Contrary to Financial Regulation No. 96, imprests in amounts totalling K306,962,400 issued to sixteen (16) officers during the period under review, had not been retired as of June, 2012.

Included in the unretired imprest, is an amount of K37,716,617 issued to two (2) officers who had not retired the previous imprest, contrary to Financial Regulation No. 91.

c. Questionable Retirement of Imprest

Retirements in respect of imprest in amounts totalling K152,627,800 meant for the presidential visit were questionable, in that:

- Attached receipts for transport did not have details of transporters - K110,600,000
- Receipts of fuel did not indicate details of motor vehicles that were refuelled - K11,257,000.
- Purchase of fifty (50) pockets of cement - K2,550,00

- Payment to SWASCO for water bills - K2,180,000.
- Purchase of men and ladies attires - K19,665,000
- Purchase of talk time and others - K6,375,800

d. Failure to Follow Procurement Procedures

Contrary to procurement guidelines, amounts totalling K65,098,588 were paid to various suppliers of goods and service providers without following procurement procedures in that three (3) competitive quotations were not obtained.

Included in the above figure were amounts totalling K37,584,000 paid to Treasure Care Security Ltd for the provision of security services at Maramba Cultural Village construction site where there was no contract entered into with provincial Administration and Treasure Care Security Ltd.

e. Unvouched Expenditure

Contrary to Financial Regulation No. 45, six (6) payments in amounts totalling K48,209,301 were unvouched in that they were either unsupported or inadequately supported with relevant documents such as receipts, invoices and bills.

f. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, five (5) payment vouchers in amounts totalling K15,295,000 were not produced for audit verification.

g. 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 K30,958,990.

h. Rehabilitation of Aerodromes

During the period under review, amounts totalling K70,000,000 were received for the rehabilitation of aerodromes in Choma (K20,000,000), Kalomo (K30,000,000) and Monze (K20,000,000).

A review of records and physical inspections carried out in March 2012 revealed the following:

i. Choma

On 4th August 2011, the District Administration Office awarded a contract to Wekens Enterprises to rehabilitate an Aerodrome at a contract sum of K20,000,000. The works were for a period of two (2) weeks. The scope of works included clearing of the grass and shrubs, regravelling the gullies on the runway and painting the concrete pads. As of March 2012, an amount of K18,700,000 had been paid to the Contractor leaving a balance of K1,300,000.

The following were observed:

- **Lack of Bills of Quantities**

There were no bills of quantities (BoQs) or schedule of works prepared for rehabilitation of the aerodrome. As a result, it was not possible to ascertain how the contract sum of K20,000,000 was arrived at.

- **Failure to Account for Supervision Cost**

As of October 2012, amounts totalling K1,631,000 in respect of supervision costs had been paid to the Contractor. However, there was no evidence to show how the money was utilised.

ii. Kalomo

On 29th November 2011, Buildings Department awarded Bbobwa General Contractors a labour only contract for the rehabilitation of the Aerodrome in Kalomo.

The scope of works included clearing of grass and shrubs, renovating the runway, applying undercoat plus white gloss paint, mending cracks and casting 0.5mm thick concrete slab on the wind cone circular and two (2) air craft washers.

As of October 2012, amounts totalling K13,840,000 had been spent on the project, (contractor - K5,650,000, building materials - K4,510,000, allowances - K2,600,000 and fuel and bus fares - K1,800,000).

The following were observed:

- **Failure to Provide a Contract**

Although Bbobwa General Contractors was engaged to rehabilitate the Aerodrome and paid an amount of K5,650,000, there was no contract. Therefore, it was not possible to ascertain the commencement and completion dates.

- **Incomplete Works and Poor Workmanship**

Although amounts of K3,680,000 were spent on the supervision of works by the Buildings Department, one (1) airstrip washer was halfway done, cracks had developed, the floor was peeling off while the other had not been renovated.

It was also observed that cracks had developed on the runway boundary and paint on the wind cone circular was fading in some areas. See pictures below.



Air craft washer not worked on



Cracks on the rehabilitated Air craft washer

HEAD: 98/ 01 Office of the President – Southern Province - Headquarters
16 Forestry
19 Water Affairs
24 Social Welfare
42 Resettlement

PROGRAMME: Various

ACTIVITIES: Various

87. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K10,003,810,900 was made to cater for various Poverty Reduction Programmes against which amounts totalling K7,336,865,830 were released resulting in an underfunding of K2,666,945,070.

In addition, a total of K1,057,230,642 was remitted as reimbursement from the previous year`s borrowing, bringing the total funds available to K8,394,096,472.

Accounting and Other Irregularities

A review of accounting and other records relating to PRP revealed the following:

a. Failure to Account for Funds

Out of the total amounts of K8,394,096,472 available for PRP projects, K7,312,828,764 was spent on various PRP activities, K959,902,531 was in the account while the balance of K121,365,177 could not be accounted for as there were no expenditure records produced for audit.

b. Misapplication of Funds

Contrary to the Appropriation Act for 2011, amounts totalling K371,934,982 were applied on unrelated activities such as allowances on the board of survey.

c. Unretired Imprest

i. Contrary to Financial Regulation No. 96, imprest in amounts totalling K74,237,352 issued to nine (9) officers had not been retired as of October, 2012.

Included in the unretired imprest were amounts totalling K34,910,000 issued to three (3) officers who had not retired previous imprest, contrary to Financial Regulation No. 91.

- ii. Amounts totalling K8,300,000 were disbursed to four (4) district community development centres for the monitoring of the distribution of food security packs, HIV/AIDS awareness campaign and sensitisation. However, as of October 2012, the amount had not been retired as there were no expenditure returns to show how the money was utilised.

d. Inadequately Supported Payments

Contrary to Financial Regulation No. 45, four (4) payments in amounts totalling K17,537,500 were not supported with relevant documents such as receipts, quotations, invoices and acquittal sheets among others.

HEAD: 98/03 Office of the President - Southern Province – Rural Roads
Department
UNIT: 1 Human Resource Administration
PROGRAMME: 8 Rural Roads (PRP)
ACTIVITIES: Various

88. In the Estimates of Revenue and Expenditure for the financial year ended 31st December, 2011, provisions totalling K6,000,000,000 were made to cater for rehabilitation and construction of rural roads in eleven (11) districts against which amounts totalling K4,520,552,660 for ten (10) districts were released leaving a balance of K1,479,447,340 as shown in the table below.

| No. and Activity | Budget K | Released K | Over/ (Under) Funding K |
|----------------------------|----------------------|----------------------|-------------------------------|
| 01-Livingstone Rural Roads | 300,000,000 | 1,000,000,000 | 700,000,000 |
| 02-Kalomo Rural Roads | 686,750,000 | 686,750,000 | - |
| 03-Sinazongwe Rural Roads | 858,423,087 | 158,423,687 | (699,999,400) |
| 04-Mazabuka Rural Roads | 983,366,913 | 868,500,000 | (114,866,913) |
| 05-Siavonga Rural Roads | 444,570,000 | 100,000,000 | (344,570,000) |
| 06-Choma Rural Roads | 400,000,000 | 400,651,913 | 651,913 |
| 07-Namwala Rural Roads | 650,000,000 | 400,000,000 | (250,000,000) |
| 08-Kazungula Rural Roads | 554,490,000 | 554,490,000 | - |
| 09-Itezhi-Tezhi Roads | 350,000,000 | 100,000,000 | (250,000,000) |
| 10-Monze Rural Roads | 533,625,000 | 251,737,060 | (281,887,940) |
| 11-Gwembe Rural Roads | 238,775,000 | - | (238,775,000) |
| Total | 6,000,000,000 | 4,520,552,660 | (1,479,447,340) |

In addition, K977,779,105 was brought forward from the previous year while K315,561,037 was received as reimbursements to the Account, bringing the total funds available to K5,813,892,802.

During the period under review, amounts totalling K4,516,199,239 were spent on various activities leaving a balance of K1,297,693,564.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration, Rural Roads Department and a physical inspection of projects in selected districts carried out in March 2012 revealed the following:

a. Misapplication of Funds

- i. Contrary to the Appropriation Act for 2011, amounts totalling K993,541,920 were applied on unrelated activities such as insurance of motor vehicles, stationery, security services and workshops among others. As a result only seventeen (17) out of thirty five (35) planned rural roads were rehabilitated and constructed, as shown in the table below.

| District | No. of Roads Planned | No. of Roads Completed | No. of Roads Partially Done | No. of Roads Not Done |
|-----------------|-----------------------------|-------------------------------|------------------------------------|------------------------------|
| Namwala | 1 | - | - | 1 |
| Kazungula | 2 | 1 | - | 1 |
| Mazabuka | 3 | 2 | - | 1 |
| Choma | 1 | 1 | - | - |
| Kalomo | 3 | 2 | 1 | - |
| Itezhi -Tezhi | 2 | 1 | - | 1 |
| Monze | 8 | 5 | - | 3 |
| Sinazongwe | 5 | - | - | 5 |
| Siavonga | 6 | 1 | - | 5 |
| Livingstone | 2 | 2 | - | - |
| Gwembe | 2 | 1 | - | 1 |
| Total | 35 | 16 | 1 | 18 |

- ii. In May 2011, the Provincial Administration procured two (2) reconditioned graders at a total cost K997,600,000. However, the Provincial Administration did not obtain authority from the Secretary to the Treasury to vary funds from Rural Road to the procurement of the graders.



Reconditioned Grader

b. Irregular Refund

In May 2011, the Provincial Administration refunded the Acting Road Engineer an amount of K4,500,000, being personal funds used to procure a bull bar (K1,755,000), an alarm system (K765,000), a roll bar (K1,530,000) and a central locking system(K750,000) for the Toyota Land Cruiser registration number ALB 5669.

However, the Engineer did not seek prior authority from the Controlling Officer to utilise his personal funds to procure the items. In this regard, the refund was irregular. Further, the refund of K1,755,000 was wasteful as the vehicle had already been fitted with a bull bar procured in April 2011 at a cost of K1,445,000.



*Original bull bar costing
K1,445,000*



*Bull bar procured by Acting
Road Engineer costing
K1,755,000*



*The extra bull bar fitted on a non
runner*

c. Procurement of Tyres, Tubes and Spare Parts from Unregistered Companies

During the period under review amounts totalling K841,884,198 were paid to various hardware shops and companies for the procurement of tyres, tubes and spare parts.

Included in the amount of K841,884,198 were costs of tyres, tubes and spare parts amounting to K120,535,000 procured from six (6) companies. An inquiry made with the Patents and Company Registration Agency (PACRA) and the Zambia Revenue Authority (ZRA) in respect of company and VAT registration respectively, revealed that the companies were not registered with both institutions. In this regard, the Provincial Administration was dealing with companies that operated illegally.

d. Unaccounted for Stores Items

During the year under review RRU Provincial Office procured culverts and portal frames costing K276,717,932 for Maamba - Masuku road in Sinazongwe district.

Contrary to the Public Stores Regulation No. 16, there were no receipt and disposal details in respect of thirty-four (34) culverts and a portal frame costing K73,883,282.

e. Weaknesses in Fuel Usage

During the period under review, fuel and other lubricants costing K1,095,915,400 were procured for rehabilitation and construction of rural roads in nine (9) districts.

However, the following were observed:

i. Fuel Drawn By Non Runner Vehicles/Equipments

A scrutiny of monthly reports showing the condition of the vehicles/equipment for RRU revealed that vehicles/equipment with registration numbers GRZ371CB, GRZ722 BN and GRZ7-781 were non runners in May, October and December 2011. However, it was observed that included in the amount of K1,095,915,400 was the cost of fuel and lubricants (K67,541,179) drawn by the same vehicles in the period when they were not functioning.

| Reg. No. | Condition | Period Non-Running | Fuel drawn by Non Runners K |
|-----------------|---|---------------------------|------------------------------------|
| GRZ 722BN | Non Runner –need overhaul injection pump and replacing left brake calliper | May, October and December | 8,889,025 |
| GRZ 371 CB | Non Runner- to replace thermostat housing and pressure pipe | May, October and December | 5,198,000 |
| GRZ 7-781 | Non runner- To replace tandem bush, bearing housing, tandem seals and tandem bearings | May, October and December | 4,171,940 |
| | Total | | 18,258,965 |



Non-Runner Vehicle No. GRZ 722

In addition, it was also observed that 934 litres of diesel costing K7,066,680 was drawn by RRU vehicles, either on the same day (368 litres costing K2,784,288) or in intervals of a day in between (566 litres costing K4,282,392).

Further, there were a number of instances in which these vehicles drew fuel in large quantities in excess of their tank capacities within two (2) days. The movements of these vehicles could not be verified to determine the utilisation of the fuel due to lack of log books.

ii. Fuel Used on Activities Not Related to RRU

Fuel and lubricants costing K43,906,134 were used on activities not related to the RRU such as general administration (K29,641,689), Presidential visits (K7,269,875), workshops (K3,629,320) and funerals (K3,365,250).

In addition, RRU received 1,650 litres of fuel worth K10,899,900 as reimbursement from Roads Development Agency (RDA) for the fuel borrowed in 2010 for the rehabilitation and construction of rural roads in Sinazongwe District. However, it was observed that the reimbursed fuel and lubricants was used on other activities by Provincial RRU.

iii. Questionable Retirement of Fuel Imprest

Imprest in amounts totalling K30,050,000 was issued to two (2) officers to carry out various activities under RRU. A scrutiny of retirement details revealed that the details included receipts for fuel in amounts totalling K8,881,535 bought for four (4) motor vehicles. However, it was observed that the same four (4) vehicles which the imprest holders purportedly bought fuel for, drew fuel in amounts totalling K11,117,391 from RRU fuel accounts within the period in which the retirement covered.

f. Roads Rehabilitation and Construction

i. Questionable Fuel Drawings - Construction of Maamba - Masuku Road

During the period under review, 56,877 litres of fuel and other lubricants costing K452,654,988 were drawn from Maamba Collieries by RRU vehicles working on Maamba-Masuku road under a Memorandum of Understanding (MoU) with RRU to collaborate in the areas of interest. One of the responsibilities of Maamba Collieries Limited was to provide logistical support in form of diesel, cement, reinforced steel, stone aggregates and sundry materials for road draining works.

However, a scrutiny of records maintained at Choma RRU revealed that during the same period a total of 1,881 litres of fuel costing K15,730,640 was also drawn from the RRU account for construction of the Maamba-Masuku road on the same day or at an interval of a day, in Maamba and in various districts for construction of the same road. However due to the failure by RRU to provide log books, it was not possible to verify the utilisation of the 1,881 litres drawn from the RRU accounts, rendering the drawings questionable.

ii. Questionable Usage of Fuel - Grading and Rehabilitation of Choma Roads

In July and November 2011, amounts totalling K100,000,000 were paid to a service station in Choma for the procurement of fuel to be used for administration, grading and rehabilitation of roads in Choma.

However, a scrutiny of records and inquiries made with management at Choma RRU revealed that no roads were rehabilitated, although all the fuel had been consumed.

HEAD: 98/52 Office of the President – Southern Province
District Administration

PROGRAMME: 08 District Administration

ACTIVITIES: Various

89. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a total provision of K3,980,867,804 was made to cater for various activities at eleven (11) District Administration (DA) Offices, against which amounts totalling K4,218,070,862 were released resulting in an overfunding of K237,203,058.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and nine (9) selected districts namely Livingstone, Kalomo, Mazabuka, Choma, Monze, Namwala, Itezhi-Tezhi, Kazungula and Sinazongwe carried out in March 2012 revealed the following:

a. Unaccounted for Funds

Out of the total amount of K4,218,070,862 received, amounts totalling K2,462,183,776 were for Personal Emoluments while K1,755,887,086 were for operations at eleven (11) District Administration (DA) Offices.

Subsequently, amounts totalling K1,021,386,405 were disbursed to eleven (11) District Administration offices while the balance of K734,500,681 was retained at Provincial Administration office to meet other payments on behalf of District Administration Offices.

However, out of the amounts retained, K77,968,755 was not accounted for, as neither expenditure records were made available for audit nor the funds found on hand or in the bank.

b. Questionable Retirement of Imprest

Imprest in amounts totalling K95,000,000 were issued to six (6) District Commissioners to cater for office operations.

A scrutiny of retirement details revealed that retirements in amounts totalling K10,050,000 were questionable in that some receipts had no dates and the items procured were not described.

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 K335,201,215 procured during the period under review.

d. Uncompetitive Procurements

Contrary to procurement guidelines, various stores items costing K96,136,176 were procured without obtaining three (3) competitive quotations.

Recommendations of the Public Accounts Committee which have either not been Implemented or have been Partially Implemented

90. In 1992, the Public Accounts Committee (PAC) resolved to appoint a committee of officials from the Ministry of Finance, National Assembly and the Office of the Auditor General to deal exclusively with outstanding issues on a continuous basis. Since then, the committee has been meeting to ensure that all outstanding issues are cleared.

During the year 2010, Two Hundred and Eighty Four (284) out of the Six Hundred and Sixty One (661) issues raised in the Report of the Auditor General for the year 2010 were resolved leaving a balance of 327 outstanding as of December 2012. This brings the total number of issues outstanding to One Thousand, Three Hundred and Thirty Six (1,336) covering the period from 1994 to 2010.

Appendix 2 to this report therefore summarises the status of the unresolved issues as at 31st December 2012 for which necessary remedial action is required. This forms part of the report of the Auditor General for the financial year ended 31st December 2011 where as appendix 1 is a glossary of terms. The glossary of terms has been included in order to make the Report to be clearer and to assist the users of the report to fully understand the issues raised.

**AUDIT HOUSE
HAILE SELASSIE
AVENUE
LUSAKA
31st December 2012**

**ANNA O CHIFUNGULA FCCA, FZICA
AUDITOR GENERAL
REPUBLIC OF ZAMBIA**

Appendix 1

| GLOSSARY OF TERMS | |
|--|--|
| Accountable Documents | These are documents such as cheques, receipts, licences, certificates, discs or tokens and others used in the collection of revenues in the Public Service. |
| Controlling Officer | An officer designated as such by the Secretary to the Treasury to be the accounting officer of a Ministry, Province or a Spending Agency. |
| Delayed Banking | Failure to bank moneys received not later than the next business day or at least twice every month where banking facilities do not exist as per financial regulations. |
| Excess expenditure | Expenditure incurred without the authorisation of National Assembly normally above the authorised budget amounts. This will require National Assembly's approval to be normalised. |
| Failure to Follow Procurement Procedures | Non-Compliance with the ZPPA Act and Procurement guidelines in the purchase of goods and services. |
| Irregular payments | Payments made outside the Finance Act, Financial Regulations or any applicable rules and regulations. |
| Irregularity | Breach of rules, regulations or laws. |
| Imprest | Funds or monies advanced to facilitate payments of a minor nature, meet expenses when the officer is travelling on duty or to facilitate the purchase of goods and services whose value cannot be ascertained at the time. |
| Misapplication | Usage of funds on unrelated activities other than the purpose intended as per budget provision without authority from the Secretary to the Treasury. |
| Misappropriation | Unlawful usage of public funds for personal gain. |
| Non-Recovery of Salary advances and Loans | Failure to effect recovery of loans or advances. |
| Overpayments | Payments made above the normal price charged. |
| Parliament | Legislative organ of Government |
| Public Accounts Committee (PAC) | A Sessional Committee of the National Assembly established in terms of the standing orders. PAC examines the Auditor General's Report, as part of their mandate of examining the accounts showing the appropriation of the sums approved by the National Assembly. |
| Unaccounted For Revenue | Revenue collected but neither banked nor on hand. |
| Statement B | Statement of budget execution. This highlights the budget performance of the Government during the period under review. |

| | |
|--|---|
| Statement C | Statement of detailed budget execution (Comparative statement of authorized provision and actual expenditure). |
| Unvouched Expenditure | Payment vouchers not availed for audit because they are either missing or inadequately supported. This may be a means of concealing a wrong doing |
| Unretired Imprest | Monies advanced but not retired within the stipulated time as outlined in the Financial Regulations. |
| Unauthorised expenditure | Funds spent for the purpose not intended for or in excess of the allocated amount. |
| Unacquitted payments | Payments made without evidence of having been received by the intended beneficiaries. |
| Unapproved payments | Payments made without the necessary approval from the Controlling Officer. |
| Unaccounted-For Stores | Lack of receipt and disposal details for goods procured. |
| Undelivered Materials | Goods or services paid for but not delivered. |
| Non-Submission of Expenditure Returns | Failure to provide details of how funds disbursed have been expended. |
| Unaccounted for Funds | Missing funds. |
| Wasteful expenditure | Expenditure incurred where there is no benefit derived. |

Appendix II

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 31st 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 31st 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 31st 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 31st 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 31st 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 31st 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) onstruction 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 31st 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 31st 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 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 31st 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 31st 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 31st 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.*
- Paragraph32(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 Paragraph raised in (a)I and iv*

- Paragraph 46(45) Irregularities in Procurement of Motor vehicles- Current position on item (a)iii and (b)*
- Paragraph47 (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.*
- Paragraph49(48) Accounting and Other Irregularities – As to whether the building has been completed and commissioned.*
- Paragraph50 (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.*
- Paragraph53(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*
- Paragraph56 (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.*

TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY.

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2009.

- Paragraph 7 (5) *Outturn and Appropriation accounts - Current position on (d) unretired imprest.*
- Paragraph 8 (6) *Weaknesses in Revenue Collection - Current position on item d (i) and (ii)*
- Paragraph 10 (8) *Misappropriation of Revenue and other Irregularities – As regards the current position on the matters raised in a,b and c.*
- Paragraph 11 (9) *Weaknesses in Accounting for Revenue – Current position on matters raised in a to c.*
- Paragraph 12(10) *Irregularities in Accounting for Revenue – Whether the matters raised in a and b have been addressed.*
- Paragraph 13 (11) *Accounting and Other Irregularities – Progress made in addressing the issues raised in a (ii,iii,iv)and b.*
- Paragraph 14 (12) *Weaknesses in the Administration of PMEC – The current position on issues raised in a –f.*
- Paragraph 15 (13) *Accounting and Other Irregularities – Progress made on the issues raised in a, c, d (ii , e, g and h.*
- Paragraph 16 (14) *Accounting and Other Irregularities – Progress made on the issue raised in d.*
- Paragraph 17 (15) *Irregularities in Accounting and Contract Management – Progress on the matters in a, b, c(ii),f, and h(ii).*
- Paragraph 18 (16) *Weaknesses in the Personalised Passport System (PPS) – Progress made regarding the issues raised in a, e(i),(ii) (iii), f, g, h j,k, and m.*
- Paragraph19(17) *Accounting Irregularities – Latest position on the matter raised in e.*
- Paragraph 20 (18) *Accounting and Other Irregularities - As to whether the issues raised in b and c (i-ii) have been addressed.*
- Paragraph 21 (19) *Accounting and Other Irregularities - Latest position on the matters raised in a and c.*
- Paragraph22 (20) *Accounting and Other Irregularities - Progress made on issues raised in a,b(ii) and c.*
- Paragraph 23 (21) *Accounting and Other Irregularities - Progress made on issues raised in a to c.*

- Paragraph 24 (22) Accounting and Other Irregularities -Latest position on the matters raised in a and b (misapplication).*
- Paragraph 26 (24) Accounting and Other Irregularities – Current status on items a, c(ii), d, and e.*
- Paragraph 27 (25) Accounting and Other Irregularities – As to whether the issues raised in a and c have been addressed.*
- Paragraph 28 (26) Accounting and Other Irregularities –Progress made in addressing the issues raised in a, b (ii) and c.*
- Paragraph 29 (27) Accounting and Other Irregularities – As to whether the issues raised in b – e have been addressed.*
- Paragraph 30 (28) Accounting and Other Irregularities – Progress made in addressing the issues raised in a (i) and b.*
- Paragraph 31 (29) Accounting and Other Irregularities - As to whether the issues raised in a, b, c, e, f, g and h have been addressed.*
- Paragraph 32 (30) Accounting and Other Irregularities - Current status on items a-c.*
- Paragraph 33 (31) Accounting and Other Irregularities - As to whether the issues raised in a, b, c, d, g, h and j have been addressed.*
- Paragraph 34 (32) Accounting and Other Irregularities - Current status on items c and e.*
- Paragraph 36 (34) Accounting and Other Irregularities - As to whether the issues raised in a, c (ii),(iii), d (i),(iii), e, i and j have been addressed.*
- Paragraph 37 (35) Accounting and Other Irregularities - As to whether the issues raised in a, e(ii),(iv), i and j have been addressed.*
- Paragraph 38 (36) Accounting and Other Irregularities – Progress made in addressing the issues raised in a, c(ii) , and d .*
- Paragraph 39 (37) Weaknesses in the Implementation of IFMIS – Progress made in addressing issues raised in a, b, c, d (iii), e, f, h and i.*
- Paragraph 40 (38) Accounting and Other Irregularities – Progress in addressing issues raised in a-d.*
- Paragraph 41 (39) Accounting and Other Irregularities – As to whether the issues raised in f(i),(ii),(iii) g and K.*
- Paragraph 42 (40) Accounting and Other Irregularities - Progress in addressing issues raised in the Mirror Account relating to a, b, d and e and Expanded Basket- matters raised in to a, b, c, d, e, f, g, m and n.*
- Paragraph 43 (41) Accounting and Other Irregularities – Latest position on the matter raised in c.*

- Paragraph 44 (42) Accounting and Other Irregularities – Progress made in resolving the issues raised in a, d, h, I and j.*
- Paragraph 45 (43) Accounting and Other Irregularities – Latest position on the matter raised in d.*
- Paragraph 46 (44) Accounting and Other Irregularities – As to whether the outstanding works raised in (c) concerning the works at Kasiya, Solwezi, Mongu, Kaoma Trades Training Institutes and Gemstone Processing and Lapidary Training Centre have been completed.*
- Paragraph 47 (45) Accounting and Other Irregularities –Progress made in addressing the issues raised in a, b, c, d, e and g .*
- Paragraph 48 (46) Accounting and Other Irregularities – Progress made in resolving issues raised in a, c, d and e.*
- Paragraph 49 (47) Accounting and Other irregularities - Progress made in addressing the issues raised in a, b, c, and f.*
- Paragraph 50 (48) Accounting and Other Irregularities – Progress made in resolving issues raised in a, b, c, d, f, g, h, i, j, K, l and m.*
- Paragraph 51 (49) Accounting and Other Irregularities – Latest position regarding the matters raised in a and b.*
- Paragraph 52 (50) Accounting and Other Irregularities – Progress made in resolving all outstanding issues raised in a, b, c, d, e and f.*
- Paragraph 54 (52) Accounting Irregularities - Progress made in resolving issues raised in a, b, and d.*
- Paragraph 55 (53) Accounting Irregularities – Progress made regarding issues raised in a (i),(iii), (iv), b (ii),(iv), d , e, f and g.*
- Paragraph 56 (54) Accounting and Other Irregularities - Latest position regarding the matters raised in a to d.*
- Paragraph 57 (55) Accounting and Other Irregularities - Latest position regarding the matters raised in a to f.*
- Paragraph 58 (56) Accounting Irregularities –Progress made in addressing issues raised in a - e.*
- Paragraph 59 (57) Accounting and Other irregularities – Progress made in addressing issues raised in a –f.*
- Paragraph 60 (58) Accounting Irregularities – The Current position regarding the issues raised in a – h.*

- Paragraph 61 (59) Accounting and Other Irregularities – The current position on items a (ii, iii and iv), b (i-iv) and c (i-ii).*
- Paragraph 62 (60) Accounting Irregularities – Progress made in addressing issues raised in a,b,c(i,iii,iv,) ,d, e, f, g and h*
- Paragraph 63 (61) Irregularities in the Administration of the General Deposit Account – The current position regarding the issues raised in a- c.*
- Paragraph 65 (63) Irregularities in the Payment and Recoveries of Loans and Advances – Progress made in addressing the issues raised in a-c.*
- Paragraph 66 (64) Non Operational Health Posts and Misapplication of Funds – Current position of items a and b.*
- Paragraph 67 (65) Irregularities in Accounting for PRP Funds –The current position regarding issues raised in a, b, c, d, e and f.*
- Paragraph 68 (=) Irregularities in Accounting for PRP Funds – Current position on items a – f.*
- Paragraph 70 (67) Accounting and Other Irregularities - As regards progress made in addressing issues raised in a, b, c, d(i) and e.*
- Paragraph 71 (68) Accounting and Other Irregularities – Progress made in addressing issues raised in a – c.*
- Paragraph 72 (69) Weaknesses in the Implementation of Rural Roads Projects – Current position on issues raised in a and b.*
- Paragraph 73 (70) Accounting and Other Irregularities – Whether the issues raised in a, b and c (iii).*
- Paragraph 74 (71) Weaknesses in Accounting for Personal Emoluments – Latest position on the matters raised in a – e.*
- Paragraph 75 (72) Accounting Irregularities – Current position on issues raised in a – c.*
- Paragraph 76 (73) Accounting Irregularities on the General Deposit Account (GDA) – The current position on issues raised in b-d*

TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIRST SESSION OF THE ELEVENTH NATIONAL ASSEMBLY.

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2010.

- Paragraph 8 (7) Weaknesses in Revenue Collection - Latest position on b (ii) concerning transits clearance documents not availed for audit – Ndola and c (iv) concerning unaccounted for deposits at Mwami, c(V), (vii).*

- Paragraph 8 (8) Accounting and Other Irregularities - Latest position on a (regarding Mongu and Chipata – unaccounted for revenue), d and e.*
- Paragraph 9 (9) Accounting and Other Irregularities – Whether the issues raised in a –e and g have been addressed.*
- Paragraph 10 (10) Weaknesses in Accounting for Revenue – Latest position on a, b (Kitwe and Livingstone regarding missing accountable documents), c, d and e.*
- Paragraph 11 (11) Accounting and Other Irregularities – Whether the issues raised in a and c have been addressed.*
- Paragraph 12 (12) Irregularities in Accounting for Revenue Collections - Latest position on f – unsupported deposits.*
- Paragraph 13 (13) Accounting and Other Irregularities - As regards progress made in addressing issues raised in b, e and g*
- Paragraph 14 (14) Irregularities in Accounting and Contract Management – Progress made on the matters raised in b, c, d, e, f, I, j, k and l.*
- Paragraph 16 (16) Weaknesses in Accounting for Prisons Industries Revolving Fund - Latest position on Provincial Offices (Northern Region) item c (i).*
- Paragraph 17 (17) Accounting and Other Irregularities – Progress on the matters raised in a, b(ii) and c.*
- Paragraph 18 (18) Accounting and Other Irregularities – As to whether the issues raised in b and d have been addressed.*
- Paragraph 19 (19) Accounting and Other Irregularities – The current position on the issues raised in c.*
- Paragraph 20 (20) Accounting and Other Irregularities - The current position on the issues raised in b (i- iii and vi).*
- Paragraph 21 (21) Accounting and Other Irregularities – Whether the issues raised in b (ii) and c have been addressed.*
- Paragraph 22 (22) Accounting and Other Irregularities – Whether the queries raised in a to f have been addressed.*
- Paragraph 23 (23) Accounting and Other Irregularities - Progress made in addressing issues raised in b (ii and iv).*
- Paragraph 24 (24) Accounting and Other Irregularities – Whether the queries raised in (a) have been addressed.*
- Paragraph 25 (25) Accounting and Other Irregularities – Whether the queries raised in (b) and (c) have been addressed.*

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| <i>Paragraph 26 (26)</i> | <i>Accounting and Other Irregularities – Progress made in addressing the issues raised in b (iii and iv).</i> |
| <i>Paragraph 28 (28)</i> | <i>Accounting and Other Irregularities - Whether the issues raised in d (i ,ii- regarding unretired imprest and unacquitted payments).</i> |
| <i>Paragraph 29 (29)</i> | <i>Accounting and Other Irregularities – Progress made in addressing issues raised in a, b, c and d.</i> |
| <i>Paragraph 30 (30)</i> | <i>Weaknesses in the Administration of the Scheme – Current position on the matters raised in b and d.</i> |
| <i>Paragraph 31 (31)</i> | <i>Weaknesses in Accounting for Government Grants – Latest position on the matters raised in a, b, c, d, e, f, g and i</i> |
| <i>Paragraph 32 (32)</i> | <i>Accounting and Other Irregularities – Latest position on the matters raised in a – c.</i> |
| <i>Paragraph 33 (33)</i> | <i>Accounting and Other Irregularities – Current position on issues raised in a , b, c and f (i-iii).</i> |
| <i>Paragraph 34 (34)</i> | <i>Accounting and Other Irregularities – Latest position on the matters raised in b, c(ii- iii), d , h(ii), j, l, m, n, o(ii) and the double payment of allowances – Mungwi , q (iii and iv) and r.</i> |
| <i>Paragraph 35 (35)</i> | <i>Accounting and Other Irregularities – Whether the issues raised in b , c, d, f, h(ii) and j (vi).</i> |
| <i>Paragraph 36 (36)</i> | <i>Accounting and Other Irregularities - As to whether the issues raised in a (i- ii), c, d, e, f, g (i),i, j, and n have been addressed.</i> |
| <i>Paragraph 37 (37)</i> | <i>Accounting and Other Irregularities – Latest position on the issues raised in b –f.</i> |
| <i>Paragraph 38 (38)</i> | <i>Accounting and Other Irregularities – Progress made in addressing the issues raised in a(i),d, e and g.</i> |
| <i>Paragraph 39 (39)</i> | <i>Accounting and Other Irregularities - Current position on the issues raised in d (ii&iv) and e (iii-iv).</i> |
| <i>Paragraph (41)</i> | <i>Accounting and Other Irregularities –</i> |
| <i>Paragraph 41 (42)</i> | <i>Accounting and Other Irregularities – As to whether the issues raised in c, d and e have been addressed.</i> |
| <i>Paragraph 42 (43)</i> | <i>Accounting and Other Irregularities - The current position on the issues raised in a and b(ii) .</i> |
| <i>Paragraph 43 (44)</i> | <i>Accounting and Other Irregularities - As regards the latest position on the issues raised in a, c, d(i & iii), e, f and g.</i> |

- Paragraph 44 (45) Accounting and Other Irregularities – The current position on the issues raised in e.*
- Paragraph 45 (46) Accounting and Other Irregularities - As to whether the issues raised in e (i ,iv) f and h.*
- Paragraph 46 (47) Accounting and Other Irregularities – The current position on the matters raised in a-g, i-p.*
- Paragraph 47 (48) Weaknesses in Accounting for the National Implementation Framework (NIF) – Progress made in addressing issues raised in a – g, i –m and p.*
- Paragraph 48 (49) Accounting and Other Irregularities – Current position on the issues raised in a to c and d (i).*
- Paragraph 49 (50) Accounting and Other Irregularities - Progress made in addressing the issues raised in a, d (i –regarding Nelkan Industrial Construction, iv, v and vi).*
- Paragraph 50 (51) Accounting and Other Irregularities – Regarding the current position on matters raised in d and e.*
- Paragraph 51 (52) Accounting and Other Irregularities – Progress made on items b, d, f(ii), g and m.*
- Paragraph 52 (53) Weaknesses in Accounting for Personal Emoluments and Other Irregularities – As regards the latest position on the matters raised in a – e.*
- Paragraph 53 (54) Irregularities in Accounting for Rural Roads Funds – Progress made on the matters raised in b, c and d(ii,iii,v).*
- Paragraph 54 (55) Accounting and Other Irregularities – Progress made to resolve the matters raised in b, c, d and f.*
- Paragraph 55 (56) Accounting and Other Irregularities - As regards the Latest Position on the matters raised in a and b.*
- Paragraph 56 (57) Accounting and Other Irregularities – Whether the issues raised in a to c have since been addressed.*
- Paragraph 57 (58) Accounting and Other Irregularities – As to whether the matters raised in a(ii-iii), b to i.*
- Paragraph 58 (59) Irregularities in Accounting for Rural Roads Funds - whether the matters raised in a to c have been resolved.*
- Paragraph 59 (60) Irregularities in the Management of Funds - Regarding the latest position on a ,b and c.*
- Paragraph 61 (62) Accounting and Other Irregularities – Progress made in addressing the issues raised in a, b, c(i, ii and iv) and d.*

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| <i>Paragraph 62 (63)</i> | <i>Accounting and Other Irregularities –The current position on the matters raised in a - e.</i> |
| <i>Paragraph 63 (64)</i> | <i>Irregularities in Accounting for PRP Funds – Latest position on the item raised in a.</i> |
| <i>Paragraph 64 (65)</i> | <i>Accounting and Other Irregularities - Whether the issues raised in a,b, c(i) and f (ii&iii).</i> |
| <i>Paragraph 65 (66)</i> | <i>Accounting and Other Irregularities - Latest position on the issues raised in b.</i> |
| <i>Paragraph 66 (67)</i> | <i>Accounting Irregularities - Whether the issues raised in a – b have been resolved.</i> |
| <i>Paragraph 67 (68)</i> | <i>Accounting and Other Irregularities - The current position on the matters raised in a – c, e (ii), and f.</i> |
| <i>Paragraph 68 (69)</i> | <i>Accounting and Other Irregularities – Latest position on issues raised in b and c.</i> |
| <i>Paragraph 70 (71)</i> | <i>Accounting and Other Irregularities - The current position on the matters raised in a, b and d.</i> |
| <i>Paragraph 71 (72)</i> | <i>Accounting and Other Irregularities – Latest position on the issue raised in a (ii).</i> |
| <i>Paragraph 72 (73)</i> | <i>Accounting and Other Irregularities – The current position on issues raised in a – d.</i> |
| <i>Paragraph 73 (74)</i> | <i>Accounting and Other Irregularities – Whether the issues raised in c and d have been addressed.</i> |
| <i>Paragraph 74 (75)</i> | <i>Accounting and Other Irregularities - Latest position on the issues raised in a, b, c, d, e and f.</i> |
| <i>Paragraph 75 (76)</i> | <i>Accounting and Other Irregularities – The current position on the matters raised in a and b.</i> |
| <i>Paragraph 76 (77)</i> | <i>Accounting and Other Irregularities – Latest position on the issues raised in a and b.</i> |
| <i>Paragraph 77 (78)</i> | <i>Irregularities in Accounting for Funds - Whether the issues raised in b, c, d and e(ii).</i> |
| <i>Paragraph 78 (79)</i> | <i>Accounting and Other Irregularities – Latest position on c (lack of Reconciliation).</i> |