



Republic of Zambia

## **REPORT**

**of the**

**AUDITOR GENERAL**

**ON THE ACCOUNTS**

**FOR THE FINANCIAL YEAR ENDED**

**31<sup>st</sup> DECEMBER 2013**





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## Executive Summary

During the year 2014, the Office carried out the audit of accounts for the financial year ended 31<sup>st</sup> December 2013. Within 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 clarify and take corrective action on the findings of the audits. Accordingly, although one hundred and fourty three (143) audits were carried out, fifty seven (57) were fully resolved leaving a balance of eighty six (86).

This Report contains ninety two (92) paragraphs, eighty six (86) paragraphs on audit findings and six (6) on other matters. It includes a paragraph on the Constituency Development Fund (CDF) and Grants to Local Authorities under the Ministry of Local Government and Housing which was previously produced as a separate Report. It however, does not include the Opinion of the Auditor General as this is contained on each Head of Expenditure in the Financial Report.

The eighty six (86) paragraphs in this Report reflect issues that could not be resolved during the audit process and whose corrective actions were not undertaken as at 31<sup>st</sup> December 2014.

The introduction highlights the responsibilities of the Minister of Finance, Secretary to the Treasury, Controlling Officers and the Auditor General as regards the management of public resources, reporting, and the accountability process. It also outlines the audit scope and its limitations as well as the methodology.

The major issues highlighted are as contained in the table below.

<b>Issue</b>	<b>2013 K</b>	<b>2012 K</b>	<b>2011 K</b>
Unaccounted for Revenue	1,220,260	1,860,280	2,253,941
Unaccounted for Funds	4,767,666	3,624,276	5,054,210
Misapplication of Funds	65,158,686	38,738,763	23,685,562
Unretired Accountable Imprest	8,170,462	25,558,789	33,136,711
Unvouched Expenditure	67,139,852	553,142,716	77,014,932
Unaccounted for Stores	72,371,091	43,063,044	22,079,935
Irregular Payments	14,467,146	1,438,527	4,233,314
Non Recovery of Advances and Loans	2,744,814	7,195,233	3,479,476
Failure to Follow Procurement Procedures	8,406,729	121,438,503	4,674,317
Undelivered Materials	19,959,462	1,232,211	2,104,187
Non Submission of Expenditure Returns	1,792,192	107,765,376	27,083,333
Wasteful Expenditure	354,939	1,195,270	2,609,341
Overpayments	360,684	206,914	6,000
Misappropriation of Funds	44,500	463,632	1,060,363

The Report highlights amounts totalling K7,172,536,611 as revenue that should have been collected by institutions such as the Zambia Revenue Authority, the Ministry of Lands and the Road Transport and Safety Agency among others which was not collected due to various weaknesses in revenue collections. See table below.

<b>Name of Institution</b>	<b>Uncollected Revenue K</b>
ZRA	6,131,275,084
RTSA	36,729,720
Civil Aviation	1,228,751
Ministry of Lands	1,002,760,386
Missions Abroad - Dar es Salaam	70,195
Missions Abroad - Windhoek	238,212
Missions Abroad - Harare	234,263
<b>Total</b>	<b>7,172,536,611</b>

Other issues that are contained in the Report are the failure to undertake activities that were funded amounts totalling K80,371,244 under the Constituency Development Fund and failure to remit statutory contributions by various institutions amounting to K22,807,848.

In addition, the Report contains an out turn report (Statement of Revenue and Expenditure) which shows an excess expenditure of K501,234,551 spent over and above the authorised provision of K2,985,788,318. This will require the passing of the Excess Expenditure Appropriation Act to normalise the situation.

Further, the Report contains observations on infrastructure projects that were either delayed in being completed or whose executions were not done with strict adherence to contracts terms.

These issues arise as a result of the failure to adhere to regulations, poor financial management and weaknesses in the implementation of internal control systems.

## **Introduction**

1. This Report is submitted to His Excellency the President for tabling in the National Assembly in accordance with the Provisions of Article 121 of the Constitution of the Republic of Zambia.

Each Appropriation Account as reflected in the Financial Report for the Year ended 31<sup>st</sup> December 2013, was certified in accordance with the provisions of the Public Finance Act No. 15 of 2004. This Report contains only issues that remained unresolved as at 31<sup>st</sup> December, 2014.

## **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 makes policy and other decisions of the Treasury except those designated under Section Six (6) of the Act to the Secretary to the Treasury who exercises the powers of the Treasury.

In exercising these powers, the Secretary to the Treasury designates in respect of each head of revenue and expenditure provided for in the financial year, an officer who shall be a Controlling Officer. The responsibilities of the Controlling Officers are outlined in Section 7 (3) to (9) of the Act and include the preparation and submission of financial statements for audit and certification before inclusion in the Financial Report. The audited financial statements are then submitted to the Secretary to the Treasury to enable him prepare the Annual Financial Report for tabling in the National Assembly by the Minister responsible for finance in accordance with the provision of Article 118 (1) of the Constitution of the Republic of Zambia.

## **Audit Scope**

The audit scope includes Government Ministries, Provinces and some Spending Agencies as contained in the Financial Report of the Republic. The audit covered Revenue and Expenditure on the accounts for the Financial Year 2013. The Report also focused on information technology systems in MPSAs.

## **Audit Methodology**

3. The Report is as a result of programmes of test checks, inspections and examination of accounting, stores, projects and other records maintained by the public officers entrusted with handling 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 responsibility over the application of public resources and execution of programmes by the Executive.

In the course of preparing the Report, each Controlling Officer, where possible, was sent appropriate Draft Annual Report Paragraph (DARP) for comments and confirmation of the correctness of the facts presented. Where the comments varied with the facts presented, and were proved to be valid, the affected DARP were amended accordingly.

In order to ensure that the limited audit resources are directed towards the most risky areas of Government operations, a risk based approach in prioritising the clients was used.

### **Limitation of Scope**

#### **4. The execution of the audit programmes was limited by the following factors among others:**

##### **i. Staff Constraints**

Although the staffing position in the Office has over the years been improving, the approved staff establishment has not been achieved to date as over one hundred (100) positions still remain vacant for various reasons beyond our control.

The Office is mandated to audit every statutory corporation or public company, every department in which funds and working accounts are established and every institution which receives Government grant, subsidy or subvention in any year. The current staffing levels cannot adequately cope with the volume of work.

##### **ii. Financial Constraints**

Most of my work involves travelling to far flung areas where the projects are being undertaken to conduct on the spot verifications without which the Government will continue losing money through shoddy works by contractors. This requires financial and other resources such as motor vehicles, both of which have been inadequate over the years.

##### **iii. Challenges Caused by the Integrated Financial Management Information System (IFMIS)**

The implementation of the IFMIS in Ministries had caused considerable challenges in the finalisation of the Financial Report. There are still challenges relating to the use of the system in the Budgeting and production of the Financial Report.

### **Internal Control**

#### **5. Although the Ministry of Finance has taken some measures aimed at addressing some of the weaknesses in the management of public resources, especially in the collection of revenue, weak internal controls continue to surface. The Internal Audit Department under the Ministry of Finance requires to be strengthened to effectively execute its mandate.**

The common internal control weaknesses observed in most MPSAs include; flouting of procurement procedures; failure to account for stores procured; failure to supervise projects for which contractors were

paid; failure to undertake activities which were paid for; failure to collect revenue due to Government; failure to terminate retired, deceased officers from the payroll; poor custody of financial records; non-processing of data in the IFMIS leading to incomplete financial statements; and misapplication of funds among others.

### **Statement of Revenue, Financing and Expenditure for the Year Ended 31<sup>st</sup> December 2013.**

6. Article 118 (2) of the Constitution states that a financial report in respect of a financial year shall include accounts showing the revenue and other moneys received by the Government in that financial year, the expenditure of the Government in that financial year other than expenditure charged by the Constitution or any other law on the general revenues of the Republic, the payments made in the financial year otherwise than for the purposes of expenditure, a statement of the financial position of the Republic at the end of the financial year and such other information as Parliament may prescribe.

The Outturn reflected in Statement B of the Financial Report for the year ended 31<sup>st</sup> December 2013 is analysed below.

Expenditure	K	K
Original	32,212,160,265	
Supplementary	8,650,663,840	
	<u>40,862,824,105</u>	
Actual Expenditure	31,853,610,012	
Under expenditure		<u><u>9,009,214,093</u></u>
The Net under expenditure of K9,009,214,093 is explained as follows:		
Savings made	9,510,448,644	
Less excess expenditure	<u>501,234,551</u>	
		<u><u>9,009,214,093</u></u>
<b>Revenue</b>		
Actual Revenue	24,942,626,510	
Revenue Estimate	<u>25,679,672,706</u>	
<b>Deficit</b>	<u>(737,046,196)</u>	
Actual Revenue	24,942,626,510	
Actual Expenditure	<u>31,853,610,012</u>	
<b>Gross Deficit</b>		(6,910,983,502)
<b>Financed by</b>		
Internal Borrowing	5,354,240,400	
External Borrowing	<u>911,954,336</u>	6,266,194,736
Net surplus (Deficit)		<u><u>(644,788,766)</u></u>

### **Shortfall/Surplus in Revenue**

As reflected in the statement B of the Financial Report for the year, the actual revenue collected was less than the estimated revenue by K737,046,196 as detailed below.

Description	Approved Estimate K	Actual Revenue K	Over/(Under) Collection K
Income Tax			
(Other than mineral tax)	11,944,321,211	11,427,697,795	(516,623,416)
Medical Levy	-	1,300,512	1,300,512
Customs and Excise	3,770,458,567	3,462,470,056	(307,988,511)
Fuel Levy	749,940,163	731,452,309	(18,487,854)
Value Added Tax	6,284,991,403	7,541,538,146	1,256,546,743
Fines	10,251,471	38,277,733	28,026,262
Licences	732,041,092	519,863,081	(212,178,011)
Commissions	20,944,808	18,558,551	(2,386,257)
Fees of court or Office	198,147,124	275,242,784	77,095,660
Interest	6,840	-	(6,840)
Other Revenue	333,222,832	578,982,623	245,759,791
Bilateral Grants	563,147,805	-	(563,147,805)
Multilateral Grants	363,323,412	-	(363,323,412)
General Budget Support	561,658,292	277,617,120	(284,041,172)
Sector Budget Support	147,217,686	69,625,800	(77,591,886)
<b>Total</b>	<b>25,679,672,706</b>	<b>24,942,626,510</b>	<b>(737,046,196)</b>
<b>Net Deficit</b>			<b>(K737,046,196)</b>

The Net Deficit of K737,046,196 was attributed to under collection in income tax, Customs and Excise, Bilateral and Multilateral Grants.

### Excess Expenditure

A review of Statement 'C' of the Financial Report for the year under review revealed that expenditure in excess of the provision voted by Parliament in respect of one (1) head of expenditure amounted to K501,234,551 as tabulated below:

Ministry	Total Authorised Expenditure K	Actual Expenditure K	Excess Expenditure K
Ministry of Finance	2,985,788,316	3,487,022,867	(501,234,551)

The excess expenditure of K501,234,551 will require approval by Parliament as provided for in Article 117 (5) of the Republican Constitution.



## **GENERAL REVENUE**

**PROGRAMME:**     **1 - Income Tax – Zambia Revenue Authority (ZRA)**

**2 - Mineral Revenue**

**3 - Customs and Excise**

**4 - Value Added Tax**

**5 - Exceptional Revenue**

**ACTIVITIES:**       **Various**

7. In the Estimate of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K22,749 million was made for the collection of revenue against which K23,164 million was collected resulting in a surplus of K414.7 million as shown in the table below.

Income Tax	Budget K	Net Collection K	Variance K
Company Tax	3,419,272,387	2,914,121,540	(505,150,847)
Individual (Self-employed)	45,937,050	56,067,851	10,130,801
Back Duty	-	-	0
Pay As You Earn	5,264,397,571	5,448,598,045	184,200,474
Employed Individuals	37,211,994	12,223,092	(24,988,902)
Withholding Tax (Rent, Interest)	1,038,764,334	979,391,644	(59,372,690)
Withholding Tax (Dividends)	27,861,658	47,736,900	19,875,242
Withholding Tax (Lump Sum)	601,203	548,020	(53,183)
Withholding Tax (Contractors)	63,879,251	17,322,696	(46,556,555)
Property Transfer Tax	118,978,494	172,227,575	53,249,081
Advance income Tax	36,583,101	19,291,750	(17,291,351)
<b>Sub - Total</b>	<b>10,053,487,043</b>	<b>9,667,529,113</b>	<b>(385,957,930)</b>
<b>Customs and Excise Duty</b>			
Customs Duty	1,965,964,283	1,787,946,197	(178,018,086)
Excise Duty-Soft Drinks	46,500,453	4,068,202	(42,432,251)
Excise Duty-Sigarettes	148,460,950	124,857,124	(23,603,826)
Excise Duty-Opeque Beer	23,556,679	43,342,356	19,785,677
Excise Duty-Clear Beer	362,427,761	351,749,116	(10,678,645)
Excise Duty-Hydro-Carbon Oils	411,212,215	263,012,287	(148,199,928)
Excise Duty-Spirits	24,326,906	10,415,262	(13,911,644)
Rummage Sales	2,868,321	2,292,233	(576,088)
Fines	16,069,980	12,688,471	(3,381,509)
Estreated Deposits	-	-	-
Warehouse Rent	691,124	500,828	(190,296)
Accounting Fees	1,046,483	845,487	(200,996)
licence fees	4,404,792	2,839,724	(1,565,068)
Other Revenue	1,995,515	1,324,601	(670,914)
Excise Duty-Motor Vehicles	340,351,477	390,486,299	50,134,822
Excise Duty-Electrical Energy	37,057,196	58,418,624	21,361,428
Excise Duty-Water	7,205,779	512,961	(6,692,818)
Excise Duty-Wine	12,445,937	16,584,300	4,138,363
Excise Duty-Airtel	314,883,335	296,281,825	(18,601,510)
Excise Duties-Scrap Metal	-	254,872	254,872
Excise Duty-Cosmetics	14,974,669	15,095,819	121,150
Excise Duty-Carbon	26,655,957	27,354,126	698,169
Export Levy-Cotton Seed	-	-	-
Export Levy-Copper Concentrates	4,871,851	12,195,764	7,323,913
Export Duty-Plastics	2,486,904	-	(2,486,904)
Sacs and Bags	-	2,422,556	2,422,556
Export Duty-Gases	-	3,445,783	3,445,783
<b>Sub - Total</b>	<b>3,770,458,567</b>	<b>3,428,934,817</b>	<b>(341,523,750)</b>
<b>Mineral Revenue</b>			
Mineral Royalty	1,890,834,167	1,760,168,682	(130,665,485)
<b>Sub - Total</b>	<b>1,890,834,167</b>	<b>1,760,168,682</b>	<b>(130,665,485)</b>
<b>Value Added Tax</b>			
Domestic VAT	29,153,237	1,389,665,219	1,360,511,982
Import VAT	6,255,838,166	6,151,872,927	(103,965,239)
<b>Sub - Total</b>	<b>6,284,991,403</b>	<b>7,541,538,146</b>	<b>1,256,546,743</b>
<b>Exceptional Revenue</b>			
Fuel Levy	749,940,163	731,452,309	(18,487,854)
Medical Levy	-	1,300,512	1,300,512
Motor Vehicle Licence	-	33,535,239	33,535,239
<b>Sub - Total</b>	<b>749,940,163</b>	<b>766,288,060</b>	<b>16,347,897</b>
<b>Grand Total</b>	<b>22,749,711,343</b>	<b>23,164,458,818</b>	<b>414,747,475</b>

## Weaknesses in the Collection and Accounting for Revenue

An examination of records maintained at ZRA Headquarters and seventeen (17) stations namely Lusaka Port, Nakonde, Mansa, Kashiba, Chembe, Chipata, Mwami border, Chanida, Livingstone, Kazungula, Chirundu, Kariba, Victoria Falls, Kasumbalesa, Ndola, Choma and Katima Mulilo revealed the following:

**a. Domestic Tax**

**i. VAT Refunds Withheld on Rule 18**

The provisions of Rule Number 18 of the Value Added Tax Act (Laws, Volume 19, Cap 331) Gazette Notice No. 27 of 2013 among others, include the following:

A taxable supplier claiming that a supply is zero rated shall produce to an authorised officer:

- Copies of export documents for the goods, bearing a certificate of shipment provided by the authority,
- Copies of import documents for the goods, bearing a certificate of importation into the country of destination provided by the Customs Authority of that country,
- Tax invoices for the goods exported,
- Proof of payments made by the customer for the goods, and
- Documentary evidence proving that payment for the goods has been made by the customer into the exporter's bank account in Zambia.

It was observed that out of a total of K7,368,898,925 claimed as VAT refunds by various companies for the period under review, claims amounting to K5,677,974,687 had been verified, out of which K4,281,686,797 had been paid leaving a balance of K1,396,287,890 unpaid as of December 2013 while claims amounting to K1,690,924,239 had been withheld due to non-compliance with Rule No. 18.

Out of the K1,690,924,239 that had been withheld due to non-compliance with Rule No. 18 of the VAT Act by thirty eight (38) companies, K1,471,174,499 (that is 87%) was attributable to three (3) mining companies as shown in the table below.

<b>Name of company</b>	<b>Amount Owed K</b>
Kansanshi	619,819,968
Mopani Copper Mine	473,587,666
Konkola Copper Mine	377,766,866
<b>Total</b>	<b>1,471,174,499</b>

**ii. Failure to Collect Mineral Royalty Tax**

According to the Mines and Minerals Act, mining firms are expected to submit monthly mineral royalty returns which stipulate the mineral royalties payable. The mineral royalty returns accompanied by the payment of the taxes due should be submitted by the 14<sup>th</sup> of the following month after sales.

However, amounts totalling K2,052,627 declared by three (3) mining companies in respect of mineral royalty as shown in the table below had not been paid as of October 2014.

Mining Company	Due Date	Amount K
First Gold Acquisition (Z) Ltd	14.06.13	43,278
Grizzly Mining	14.08.13	96,187
Ndola Lime Company Ltd	14.10.13	1,913,162
<b>Total</b>		<b>2,052,627</b>

**b. Customs Services**

**i. Uncollected Duties on Transits**

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 being 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 port of exit as the goods are leaving the country within five (5) days for R.I.Ts and thirty (30) days for R.I.Bs. The clearance of all transits on the system is done by the destination exit office as indicated on the transit documents after checking that all goods that entered the country were not consumed within Zambia.

An examination of records for the period under review revealed that eleven ports as shown in the table below had not collected duties guaranteed by banks and insurance companies in amounts totalling K134,279,133 as of December 2014.

PORT OF ENTRY	AMOUNT K
NAKONDE	10,094,406
KASUMBALESA	49,358,830
NDOLA	22,180,165
MWAMI	8,026,494
CHANIDA	11,647
LIVINGSTONE	2,269,683
VICTORIA FALLS	4,335,859
KAZUNGULA	6,000,808
LUSAKA	8,260,784
KATIMA MULILO	1,302,857
KITWE	2,623,924
KARIBA	719,126
CHIRUNDU	19,094,550
<b>TOTALS</b>	<b>134,279,133</b>

**ii. Expired Customs Importation Permits and Temporal Importation Permits**

Customs Importation Permits (CIPs) are issued to foreign visitors who come with their motor vehicles and intend to go back with them on a specific date, have a validity period of 12 months and, if an extension is not granted, the Authority is supposed to follow up on those motor vehicles to secure the duties payable.

Similarly, Temporal Importation Permits (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 2013 CIPs and TIPs revealed that 5,642 CIPs and 808 TIPs with amounts totalling K6,129,098,456 and K79,350,520 respectively, had expired and had not exited the country as of December 2013. See table below.

STATION	No. OF EXPIRED CIPs	VALUE K	No. OF EXPIRED TIPs	VALUE K
Nakonde	645	4,681,925,160	195	67,386,514
Kasumbalesa	410	110,359,487	0	-
Ndola	0	-	24	719,536
Mwami	219	132,102,505	53	1,098,468
Chanida	101	11,858,970	0	-
Livingstone	0	-	207	4,674,126
Victoria Falls	961	155,449,457	0	-
Kazungula	2188	212,747,529	284	848,514
Katima Mulilo	627	736,496,043	0	-
Kariba	491	88,159,306	6	36,580
Chirundu	0	-	39	4,586,783
<b>TOTAL</b>	<b>5642</b>	<b>6,129,098,456</b>	<b>808</b>	<b>79,350,520</b>

Although in his response dated 4<sup>th</sup> December 2014, the Commissioner General stated that the total amount of the expired 5,642 CIPs was K5,996,995,951 no breakdown was provided for audit and no reasons were provided for failure to collect the customs duty due.

### iii. Customs Importation Permits (CIPs) Registered with RTSA

Customs Importation Permits (CIPs) are raised at the port of entry for visitors coming into the country with their motor vehicles and intend to go back with them. The permit only covers one entry and one exit. It may be extended within Zambia up to a period not exceeding 12 months from the first date of issue. In accordance with section 34 (2) (a) of the Customs Act, when the stated period of temporally importation expires, steps must be immediately taken by the originating port to trace the motor vehicle and make suitable arrangements to secure the duty.

A comparison of the CIPs with the Road Transport and Safety Agency (RTSA) registered motor vehicles revealed that eleven (11) motor vehicles which came into the country on the strength of CIPs valued at K1,389,098 with Value for Duty Purposes (VDP) in amounts totalling K1,315,889 were registered with RTSA.

However, there was no proof provided to show that the vehicles were cleared by ZRA before registration with RTSA. See table below.

STATION	No. OF CIPs	VALUE K	VDP K
Chanida	1	110,090	104,288
Livingstone	2	69,570	65,903
Victoria Falls	1	20,863	19,763
Katima Mulilo	7	1,188,575	1,125,934
<b>TOTAL</b>	<b>11</b>	<b>1,389,098</b>	<b>1,315,889</b>

### iv. Unassessed Registered Bills of Entries - Nakonde

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

However, an examination of records relating to bills of entries of motor vehicles during the period under review revealed that there were 2,068 bills of entry submissions with Value for Duty Purposes (VDP) in amounts totalling K22,361,536 that were pending assessments at Nakonde Port office as of December 2014.

Consequently, this may result in loss of revenue through ZRA's failure to assess the bills of entry.

**c. Missing Goods in the Warehouse – Kazungula**

According to the Customs Compendium of Policies and Procedures, when officers detain goods, Receipts for Items Held (RIH) must be issued to the importer without fail.

Goods should be detained when the importer is unable to pay or when an investigation is to be carried out.

However, various goods with VDP in amounts totalling K14,899 placed on Receipts for Items Held (RIH) from 7<sup>th</sup> January 2013 to 2<sup>nd</sup> February 2014 did not have acquittal details and were not in the Warehouse as detailed below.

STATION	VDP	VDP OF MISSING GOODS ACQUITTED K	OUTSTANDING BALANCE K
Kazungula	44,606	34,277	10,329
Victoria Falls	16,770	12,200	4,570
<b>TOTAL</b>	<b>61,376</b>	<b>46,477</b>	<b>14,899</b>

**PROGRAMME: 8 – Fees and Fines - Judiciary**

**ACTIVITIES: 084 – Court Fines**

**085 – Library Services**

**086 – Fines of Court**

8. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K5,672,019 was made for the collection of fees and fines against which amounts totalling K8,006,906 were collected. See table below.

Revenue Type	Budgeted K	Actual K	Variance K
Court Fines	836,679	1,539,223	702,544
Library Services	4,703,207	6,300,382	1,597,175
Fines of Court	132,132	167,301	35,169
	<b>5,672,019</b>	<b>8,006,906</b>	<b>2,334,887</b>

## Accounting and Other Irregularities

An examination of the records for the period January to December 2013 at Judiciary headquarters, selected provincial offices in the Copperbelt, Southern and Eastern Provinces carried out between January and May 2014 revealed the following:

### a. Unaccounted for Revenue

Contrary to Financial Regulation No. 129, amounts totalling K156,005 collected at various stations as shown in the table below were unaccounted for in that the cash was neither banked nor found on hand.

STATION	AMOUNT COLLECTED K	AMOUNT BANKED K	UNACCOUNTED FOR FUNDS K
Ndola High Court - Sherriff fees	121,689	120,425	1,264
Ndola Surbordinate - Fines	131,437	85,240	46,197
Ndola Resident Margistrate Client account	82,719	-	82,719
Ndola Surbordinate - Sherriff fees	96,765	77,747	19,018
Ndola Surbordinate - Court fees	20,395	15,805	4,590
Supreme Court	334	-	334
Small Claims Court - Lusaka	244	-	244
Ndola High Court	1,638	-	1,638
<b>Total</b>	<b>455,221</b>	<b>299,217</b>	<b>156,004</b>

### b. Delayed Banking

Contrary to Financial Regulation No.121, there were delays in the banking of revenue in amounts totalling K759,428 for periods ranging from 3 to 46 days as shown in the table below.

STATION	Amount K	NO. OF DAYS
<b>HEADQUARTERS</b>		
Principal Registry - Court fees	699,732	6-35
Lusaka Boma Court II-Fines	3,075	6-46
Lusaka Boma Court IV-Fines	2,175	4-32
Chawama Local Court	13,220	9-33
Small Claims Court - Lsk	28,712	6-15
<b>PROVINCES</b>		
Kitwe Subordinate Court - Fees	5,585	3-10
Chipata Local Court Fees	6,929	4-14
<b>TOTAL</b>	<b>759,428</b>	

### c. Questionable Reversals by Bank – Commercial List Client Account

A scrutiny of bank statement for the Commercial List Client Account revealed that there were four (4) debit entries in amounts totalling K201,400 reflecting as reversals without corresponding credits.

As of August 2014, the amount of K201,400 erroneously debited by the bank had not been rectified.

### d. Ndola Subordinate Court - Missing Receipt Books

Contrary to Financial Regulation No.10 (n), sixteen (16) general receipt books issued to Ndola Subordinate Court were not produced for audit. See table below.

Quantity	Document Name	From	To
03	Accounts form 40	3968801	3968850
01	Accounts form 40	3969101	3969150
01	Accounts form 40	3969201	3969250
09	Accounts form 40	3969301	3969750
02	Accounts form 40	4447001	4447100

**PROGRAMME: 8 Fees and Fines – Road Transport and Safety Agency (RTSA)**

**ACTIVITIES: Road Traffic Collections**

9. In Paragraph 15 of the Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2010 mention was made of the weaknesses and irregularities in the operations of the Zambia Transport and Information System (ZAMTIS) at RTSA. In addition, there were weaknesses in the collection and accounting for revenue.

In their Report for the First Session of the Eleventh National Assembly, the Public Accounts Committee (PAC) urged the Controlling Officer to ensure that proper studies were carried out before adopting and purchasing software.

A review of the situation carried out during the period from June to October 2014 revealed the following:

**a. Information System Weaknesses**

The Zambia Transport and Information System (ZAMTIS) is the system used by RTSA for administration of revenue collections.

**i. Unaccounted for Security Paper**

The RTSA uses security paper, which is an accountable document, to process transactions on the ZAMTIS system.

A comparison of the register of accountable documents at Choma Station revealed that 16,500 security papers were used to process ZAMTIS transactions while ZAMTIS report indicated that 12,372 transactions were processed during the year under review leaving a balance of 4,128 security papers unaccounted for.

**ii. Poor User Account Management**

CoBIT DS 05.04 stipulates that all users should be granted information access rights in accordance with their business requirements and co-ordinate with business units that manage the access rights within business processes.



In addition, best practices require that all users accessing the system must use a unique user name and password.

The following were however, observed:

- **Separated Users Active on the System**

According to the human resources starters and leavers report, sixty one (61) employees had left the RTSA during the period from 2010 to 2014. A comparison of leavers report to the ZAMTIS active users revealed that fifty three (53) separated employees were deactivated leaving eight (8) separated users still active on the system.

Consequently, an employee who had been separated from the institution had performed a transaction after the date of separation, a situation which would potentially result in the loss of revenue.

- **Use of the Same User accounts and Password for All Users to Windows Application**

ISO/IEC A11.5.2 on User Identification and Authentication requires that all users shall have a unique identifier (User ID) for their personal use only, and a suitable authentication technique shall be chosen to substantiate the claimed identity of the user.

Contrary to the above, all users including the administrator on ZAMTIS were accessing the windows operating system using same usernames and passwords thereby compromising the security of the systems by making it vulnerable to unauthorised access.

### **iii. Lack of Segregation of Duties**

Cobit PO4.11 requires the Segregation of Duties - implement a division of roles and responsibilities that reduces the possibility for a single individual to compromise a critical process; make sure that personnel are performing only authorised duties relevant to their respective jobs and positions.

However, the following were observed:

- **Failure to Segregate the Duties of the Database Administrator**

RTSA had one (1) person who was carrying out both database and application administration on the system. This exposed the system to unauthorised changes, making the ownership of the ZAMTIS database and classification and protection of information thereon questionable.

- **Failure to Segregate the Duties of the Managers**

RTSA was granting access to the system using the menu and authorisation role. It was however observed that all the branch managers had menu and authorisation access to

initiate process and authorise all transactions on the system resulting in lack of segregation. The lack of segregation of duties exposed the system to abuse and intentional manipulation of records.

**iv. Lack of Support and Maintenance Level Agreement**

According to CoBIT AI3, an organisation should have processes for the acquisition, implementation and upgrade of the technology infrastructure.

This requires a planned approach to the acquisition, maintenance and protection of infrastructure in line with agreed-upon technology strategies and the provision of development and test environments. This ensures that there is ongoing technological support for business applications.

Contrary to the above, there was no support and maintenance agreement for ZAMTIS. Consequently, there was no guarantee of continuous operation of the system.

In response, Management indicated that there was a standoff between the Agency and the developer of the system arising from the unsatisfactory service delivery after the system upgrade. However, as of October 2014, there was still no support and maintenance agreement for ZAMTIS.

This exposed the ZAMTIS to system unavailability in the event of any technical failure.

**v. Use of Microsoft Windows XP Operating System on Computers**

ISO/IEC 27001:2005 A12.6.1 Control of technical vulnerabilities, requires the organisation to obtain timely information about technical vulnerabilities of information systems being used to be obtained, the exposure of such vulnerabilities evaluated and appropriate measures taken to address the associated risk.

This control measure reduces the risk resulting from the exploitation of published technical vulnerabilities.

According to Microsoft Corporation, the support services for the windows XP operating system with Service Pack 2 expired on 13<sup>th</sup> July, 2010 whilst that for Service Pack 3 expired on 8<sup>th</sup> April, 2014. The implication of the end of support is that Microsoft will no longer provide new security updates, issue fixes to non-security related problems or offer online technical content updates.

According to the Active Directory, RTSA had 383 active computers out of which 130 representing thirty four percent (34%) of the total computers were running on windows XP Professional, service packs 1, 2 and 3. These computers were more susceptible to malware and virus attacks that could compromise and/or corrupt data on the system.

Although management indicated that all computers had been upgraded to windows 7, a review of the active directory revealed that there were still 130 computers running on Windows XP as of October 2014.

**b. Accounting and Other Irregularities**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K437, 503,710 was made for road traffic collections at RTSA against which amounts totalling K451,559,728 were collected.

An examination of accounting and other records maintained at the RTSA Headquarters and selected stations carried out in June 2014 revealed the following:

**i. Unsupported System Adjustments**

Best practices requires that all changes to amounts collected be documented, authorised and supported by adequate documentation.

However, there were changes made to amounts collected that were not supported with adequate documentation.

During the period from January 2011 to December 2013, downward adjustments in amounts totalling K3,101,694 were made on the cashbook at (17) stations. It was however observed that the adjustments were neither approved nor supported with documentation.

A test check at ten (10) out of seventeen (17) stations revealed that while supporting documents for amounts totalling K1,260,302 out of K1,817,376 were available, the balance of K557,073 remained unsupported. See table below.

STATION	REVENUE LOSS			TOTAL K
	2011	2012	2013	
Dedan Kimati	2,589	12,914	23,789	39,292
Lumumba	116,283	129,339	34,440	280,062
Ridgeway	34,398	87,341	6,967	128,706
Chipata	2,152	27,144	-	29,297
Livingstone	-	13,825	-	13,825
Choma	782	8,959	-	9,742
Luanshya	6,625	6,569	-	13,194
Ndola	7,299	35,658	-	42,957
<b>Sub Total</b>				<b>557,074</b>

**ii. Unaccounted for Revenue**

Contrary to Financial Regulations No. 129, revenue in amounts totalling K1,034,606 collected at two (2) stations during the period under review was not accounted for in that the money was neither banked nor was cash found on hand. See table below.

Station	Amount Collected K	Amount Deposited K	Amount Unaccounted For K
Dedan Kimathi - HQ	6,987,468	6,042,243	945,225
Lumumba	493,396	404,015	89,381
Total	7,480,864	6,446,258	1,034,606

### iii. Failure to Collect Revenue

As of October 2014, RTSA had 530,420 vehicles on its system. However, 326,366 were licensed leaving a total of 204,054 vehicles unlicensed which implies that the Road Tax Licence Fees in amounts totalling K36,729,720 were not collected.

## PROGRAMME: 8 Fees and Fines – Civil Aviation and Maritime and Inland Waterways

### ACTIVITIES: Various

10. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K797,199 was budgeted to be collected as revenue against which amounts totalling K1,069,310 were collected. See table below.

Revenue Type	Authorised Provision K	Actual K
Air Service Permit fees	384,085	678,836
Aviation and Landing fees	363,114	146,009
Maritime and Inland Waterways fees	50,000	124,913
Civil Aviation fees	-	107,329
Passenger Service Charges	-	9,971
Other Fees	-	2,252
<b>TOTAL</b>	<b>797,199</b>	<b>1,069,310</b>

### Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry headquarters and selected stations carried out in September 2014 revealed the following:

#### a. Delayed Banking of Revenue

Contrary to the Financial Regulation No. 121 (1) there were delays of periods ranging from 7 to 82 days in the banking revenue by the Kasama and Mansa airports as shown in the table below.

Station	Amount K	No. of Days Delayed
Kasama Airport	2,700	7-82
Mansa Airport	12,375	10-62

**b. Failure to Collect Revenue - Temporal Air Services Permit**

Temporal Air Service Permits (TASPs) fees are collected by the National Airports Corporation (NAC) on behalf of the Ministry of Transport, Works, Supply and Communications at all designated International Airports for commercial non-scheduled flights.

During the period under review, there were 2,244 commercial international non-scheduled arrivals at Simon Mwansa Kapwepwe, Mfuwe and Harry Mwaanga Nkumbula International Airports from which K558,250 should have been collected in respect of TASP fees. However, only K429,385 was collected leaving a balance of K128,865 outstanding as of November 2014. See table below.

<b>Commercial International Airport</b>	<b>International Non Scheduled Arrivals</b>	<b>Expected Revenue K</b>	<b>Actual Revenue Collected K</b>	<b>Outstanding Balance K</b>
Simon Mwansa Kapwepwe	908	251,000	143,525	107,475
Mfuwe	314	73,450	64,550	8,900
Harry Mwaanga Nkumbula	1022	233,800	221,310	12,490
<b>Total</b>	<b>2244</b>	<b>558,250</b>	<b>429,385</b>	<b>128,865</b>

Although in his response dated 30<sup>th</sup> October 2014, the Controlling Officer stated that the observed air operators outlined above referred to private undertakings which did not attract TASPs, a verification carried out in November 2014 revealed that the flights were commercial and therefore attracted the payment of TASP fees.

**c. Failure to Collect Revenue from Inland Ports**

The Inland and Waterways Act CAP 466, PART III requires the department to carry out Surveying (inspection), registration of vessels (and renewal of registration) and testing of coxswain”. An amount of K171 was payable each year for each vessel for registration.

A review of the vessels register maintained at the department of Maritime and Inlands Waterways revealed that there were 6,410 vessels that operated within the waters and parameters of Samfya Port (Lake Bangweulu), Lower Zambezi (Zambezi River), Sinazongwe, (Lake Kariba) Gwembe, (Lake Kariba) Siavonga and Mpulungu Harbour (Lake Tanganyika).

In this regard, a total amount of K1,099,886 (6,410 vessels x K171) was expected to be collected as vessel registration fees during the year under review. See table below.

<b>Port</b>	<b>No. of Vessels Not Paid For</b>	<b>Expected Revenue K</b>
Samfya	2,923	499,833
Mpulungu	2,523	431,433
Lower Zambezi	150	25,650
Sinazongwe	552	97,656
Gwembe	132	22,892
Siavonga	130	22,422
<b>Total</b>	<b>6,410</b>	<b>1,099,886</b>

As of November 2014, no revenue had been collected.

**PROGRAMME:** 8 Fees and Fines - Ministry of Lands

**ACTIVITIES:** Various

11. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K81,934,479 was made for the collection of revenue against which amounts totalling K73,645,273 were collected resulting in an under collection of K8,289,206. See table below.

Revenue Type	Budget K	Collections K	Variance K
Forestry Revenue	5,203,862	5,399,639	(195,777)
Rent of Government Premises	24,686	24,000	686
Document Fees & Registration Fees	22,289,650	29,824,295	(7,534,645)
Survey Fees	7,424,587	5,879,853	1,544,734
Consideration Fees	9,249,410	8,885,943	363,467
Consent Fees	630,637	712,730	(82,093)
Preparation Fees	239,517	230,163	9,354
Interest on Late Payments	6,840	4,215	2,625
Ground Rent	36,865,291	22,684,435	14,180,856
<b>Total</b>	<b>81,934,479</b>	<b>73,645,273</b>	<b>8,289,206</b>

### Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry carried out in April 2014 revealed the following:

#### a. Uncollected Revenue

Ministry of Lands and Natural Resources had captured a total of 134,171 properties which were on offer on Land Information Management System (LIMS). An analysis of records revealed that 27,035 properties were put on title for payment of ground rent, thus representing only 20% of the total properties on the system.

Further analysis revealed that amounts totalling K73,645,273 were collected in respect of ground rent, consideration fees, preparation fees and registration fees for the period under review.

In this regard, amounts totalling K1,002,750,606 remained uncollected as of May 2014 as tabulated below.

Description	Collection as of December 2013 K	Arrears as at May 2014 K
Ground Rent	22,684,435	962,978,439
Registration Fees	29,824,295	707,369
Consideration Fees	8,885,943	38,278,802
Preparation Fees	230,163	785,996
Other Manual Collections	12,020,437	-
<b>Total</b>	<b>73,645,273</b>	<b>1,002,750,605</b>

#### b. Unreconciled Revenue

During the period under review, the Ministry used the Land Information Management System (LIMS) to manage and deliver the capturing of client data for land applications, verifications of individual

records, billing of ground rent, numbering of properties, issuing of title, preparation of lands report registers, registration of documents and receipting of land payments.

A physical inspection carried out in May 2014 revealed that out of the ten (10) Regional Offices and Headquarters, only the Headquarters and three (3) regional offices namely Livingstone, Chipata and Ndola used the LIMS while the other six (6) were receipting revenue manually. However, it was a requirement that all manually issued receipts be posted on to the system on a monthly basis to ensure that system data was up to date.

In this regard, the following were observed:

- i. The system was rarely online in the three (3) regional offices,
- ii. The system was unable to produce a report categorising revenue collection according to station,
- iii. Customer accounts for the ground rent were not regularly updated ,
- iv. There were discrepancies between figures in the system and that reported in the Financial Statement (Statement B).

**c. Unaccounted for Revenue**

Contrary to Financial Regulation No. 129, out of a total amount of K163,403 collected at the Ndola Lands Office, K152,863 was banked while the balance of K10,540 could not be accounted for as there was neither evidence of banking nor was cash found on hand.

**d. Failure to Collect Rentals of Government Premises**

A scrutiny of records relating to rentals at Acacia House Lusaka revealed that amounts totalling K9,780 had been outstanding during the period under review.

In addition, contrary to the terms of the lease agreements, the lease had not been renewed since 11<sup>th</sup> March 1997.

**e. Irregular Collection of Revenue**

The Tenancy Agreements between the Commissioner of Lands and the various tenants at Acacia House states that, “the tenants shall not assign or sublet the possession of the premises or any part thereof without the consent in writing to the Landlord and shall not use the premises for any purpose other than for commercial purposes.”

Contrary to the lease agreement, two (2) offices were sublet to two (2) tenants without the consent from the Commissioner of Lands. In this regard, amounts totalling K146,000 collected during the period from 2007 to 2013 as rentals from subletting had not been remitted to the Government.

**f. Failure to Present Accountable Documents**

Contrary to Financial Regulation No. 197, there were six (6) General Receipt Books, two (2) Production licence books and two (2) Conveyance licence books that were not presented for audit. See table below.

STATION	TYPE	RECEIPT RANGE	
Katete Forestry	General Receipt Books	4535601	4535650
		4535651	4535700
		4535701	4535750
Kaoma Forestry	General Receipt Books	4469801	4469850
		4469851	4468900
		4469901	4469950
	Production Licence Books	57151	57200
		57201	57250
	Conveyance Licence Books	48801	48850
		48901	48950

**PROGRAMME: 2 Licences - Ministry of Agriculture and Livestock**

**ACTIVITIES: 085 Fish Licence**

**090 Import and Export Permit**

**068 Other Revenue**

**097 Inspection Fees**

**030 Plant Quarantine and Phytosanitary Services**

12. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K6,803,837 was budgeted to be collected as revenue against which amounts totalling K5,756,097 were collected resulting in an under collection of K1,047,740 as shown in the table below.

Revenue Type	Provision K	Actual Collection K	Over / (Under) Collection K
Fish Licence	1,664,443	1,637,964	(26,479)
Import and Export Permit	1,766,291	1,069,996	(696,295)
Other Fees	682,768	926,585	243,817
Inspection Fees	1,766,291	1,238,106	(528,184)
Plant Quarantine & Phytosanitary Services	924,045	883,446	(40,599)
<b>Total</b>	<b>6,803,837</b>	<b>5,756,097</b>	<b>(1,047,740)</b>

**Accounting and Other Irregularities**

In Paragraph 14 of the Auditor General's Report for the financial year ended 31<sup>st</sup> December 2012, mention was made on the failure to account for revenue in amounts totalling K320,462, delayed banking and missing receipt books.



In their Report for the Third Session of the Eleventh National Assembly, the Public Accounts Committee urged the Controlling Officer to strengthen the internal controls to curb fraudulent activities in the Ministry and resolved to await a progress report on the matter.

A review of 2013 accounts revealed that there were still weaknesses in the management of revenue.

In particular, the following were observed:

**a. Loss of Revenue**

During the period under review, ten (10) Imports and Exports Permits with a total value of K9,520 were issued. However, only amounts totalling K5,663 were collected resulting in a loss of revenue amounting to K3,857 at the Ministry Headquarters.

**b. Missing Accountable Documents**

Contrary to Financial Regulation No. 10 (n) there were twenty three (23) accounts form 40 and fourteen (14) fish licence books that were not availed for audit at Chilanga Fisheries.

## **EXPENDITURE**

**HEAD: 08/1 Cabinet Office**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

- 13.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K226,431,882 was made to cater for the operations of Cabinet Office against which amounts totalling K212,943,523 were released resulting in an under funding of K13,488,359.

According to the Financial Statement (Statement 'C'), as at 31<sup>st</sup> December 2013, amounts totalling K206,226,200 had been spent.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at Cabinet Office carried out during the period from June to October 2014 and physical inspections of selected projects revealed the following:

**a. Procurement of Works for Rehabilitation of Kenneth Kaunda International Airport (KKIA)**

In October 2011, Zambia and Zimbabwe won the bid to co-host the 20<sup>th</sup> Session of the General Assembly of the United Nations World Tourism Organization (UNWTO) that took place at the border towns of Livingstone and Victoria Falls from 24<sup>th</sup> to 29<sup>th</sup> August 2013.

In this regard, in July 2013, Beautiful Living Company was engaged to refurbish the Presidential and VIP Lounge at the Kenneth Kaunda International Airport at a contract sum of K1,824,382. The scope of works were the:

- Reconstruction and change in design of 123 No. chairs for the VIP Lounges.
- Supply of 12 No. double wing chairs for the Presidential Lounge.
- Refurbishment of panel walls in all the VIP lounges.
- Supply and laying of carpets, and
- Partitioning and fitting of accessories in the ladies bathroom in the Presidential lounge.

The following were observed:

**i. Questionable Justification for Direct Bidding**

Although the justification advanced for single sourcing Messrs Beautiful Living Company was that the company had previously refurbished the Presidential and VIP lounges at the Lusaka International Airport in July 2001, a check at the Patents and Companies Registration Agency (PACRA) revealed that the Company was only incorporated on 20<sup>th</sup> December 2004 rendering the justification questionable.

In addition, there was no evidence to suggest or indicate that Beautiful Living Company had previously done similar or any other works at the Airport.

**ii. Lack of Contract**

Although the Company was engaged to carry out the works at a contract sum of K1,824,382, there was no contract signed between the two parties.

**iii. Moving on Site before Award of the Contract**

Interviews with officers at Cabinet Office revealed that Beautiful Living Company Limited took site possession before the tendering process commenced and before a “No Objection” was obtained from the ZPPA. In addition, there was no Site Possession Certificate signed at the time of moving to the site.

**iv. Non Compliance with ZPPA Regulation on Advance Payment**

The ZPPA Act of 2008 Clause No. 140 (1 to 4) requires that an advance payment of 25% be made which should be supported by an advance payment guarantee.

However, contrary to the requirement, Cabinet Office made an advance payment of K1,459,506, which was 80% of the contract sum to Beautiful Living Company Ltd without an advance payment guarantee from the contractor.

**v. Payments Made to the Contractor without Issuing Certificates of Completion**

Although the supplier was paid a total amount of K2,035,180 (Including the additional payment of K210,798 for the variation works), no certificates of completion were availed for audit to support the payment.

**vi. Inflating of Quantities on Curtaining Materials**

According to the Bill of Quantity, Beautiful Living Company Limited quoted Cabinet Office a total of K576,243 relating to curtaining of the VIP lounges at KKIA. A visit to the Airport and an actual re-measurement of curtains, lining, voile and curtain trucks by an expert from the National Council for Construction revealed that Beautiful Living Company's actual works did not reflect what was in their Bill of Quantity (BOQ) in that what was quoted and paid for was more than what was actually installed. Details are shown in the table below.

Description of Items Appearing in BOQ	BOQ Metres	Cost per Unit	Amount Paid K	Actual Measurement done at Site Metres	Difference In Qty Metres	Amount Lost K
Fabric	865	285.4	246,871	221.01	643.99	183,795
Lining	865	35	30,275	221.01	526.99	18,445
Voile	339	40	13,560	230.11	108.89	4,356
Curtain rucks	129	673	86,817	101	28	18,844
Hold/ Tie backs	50	400	20,000	20	30	12,000
<b>TOTAL</b>			<b>397,523</b>			<b>237,439</b>

In this regard, Government lost a total amount of K237,439 as a result of Beautiful Living Company inflating Materials on the Bill of Quantity.

**b. Contract for Fitting of Carpets**

On 28<sup>th</sup> March 2013, Messrs Beautiful Living Company was awarded a contract for the supply and fitting of carpets to selected offices, the passages and the foyers on the third floor at the Cabinet Office New Secretariat Building at a contract sum of K360,035.

As of May 2013, the contractor had been paid in full.

However, the following were observed:

**i. Questionable Payment of Contract Sum**

On 8<sup>th</sup> May 2013, the contractor was paid the full contract sum of K360,035 prior to commencement of any works.

**ii. Inflation of Office Space Floor Area**

A physical inspection of the works revealed that Beautiful Living Company measured a total floor area of 1,275 m<sup>2</sup> of the third floor at Cabinet Office and the amounts paid to Beautiful Living Company totalling K310,375 (Vat exclusive), was based on this floor area. However, independent measurements of the same floor area carried out in April 2014 by officers from the National Council for Construction revealed that the third floor of Cabinet Office had a total floor area of 759.15 m<sup>2</sup>. This resulted in an over payment of K125,574 which had not been recovered as of 31<sup>st</sup> December 2014.

**c. Failure to Follow Procurement Procedures - Contracting of Catering Services**

In October 2013, Cabinet Office engaged seven (7) companies to provide catering services for the 49<sup>th</sup> Independence celebrations at a total sum of K3,049,468.

The following were observed:

- i. Contrary to the ZPPA Act, the ccompanies were single sourced without obtaining a ‘No Objection’ from the ZPPA.
- ii. Although the contract amounts were above the threshold of the Controlling Officer, no Procurement Committee was constituted to approve the award of contracts.
- iii. Rolly’z catering Services provided food for 2,700 guests in four categories as shown in the table below:

QTY	DESCRIPTION	UNIT PRICE K	AMOUNT K
500	VVIP	500	250,000
500	VIP	400	200,000
1200	Ordinary	200	240,000
500	Pre- pack Meals	165	82,500
	Total		772,500
	Service Charge (10%)		77,250
	Damages and losses(not specified)		38,625
2700	Grand Total		888,375

However, a comparison with other suppliers of similar catering services revealed the following:

- **VVIP and VIP Meals**

An analytical review and test check on VVIP and VIP meals provided for one thousand (1,000) guests and comparison of quotations for the same menu as shown in the table

below revealed that the prices quoted by Rolly'z were on the average higher than that of similar suppliers.

Institution	Ordinary	Diplomat Buffet	Statesman Buffet	Ambassador's Buffet	Deluxe Buffet
Taj Pamodzi Hotel		165	185	195	225
Rolly'z Catering	200	400	500		
Nabutala Lodge	180				
Southern Sun Hotel			175		

As can be seen in the table above, the most expensive menu/meal at a five star Taj Pamodzi Hotel was K225 (Deluxe Buffet) while Rolly'z charged Government K500 per person for VVIPs.

In this regard, the charges by Rolly'z Catering Services were inflated/found to be exorbitant on the VVIP and VIP Meals by K240,000 as shown in the table below.

Name of Catering Firm	Category of Meal/Guest	Qty	Unit Price	Total	Variance K
Rollyz Catering Services	VVIP	500	500	250,000	
Taj Pamodzi Hotel	VVIP	500	225	112,500	137,500
Rollyz Catering Services	VIP	500	400	200,000	
Taj Pamodzi Hotel	VIP	500	195	97,500	102,500
<b>Total Variance</b>					<b>240,000</b>

- **Ordinary Meals**

Rolly'z Catering Services charged the highest unit price of K200 for an ordinary meal. However, an analytical review and a test check on ordinary meals for one thousand two hundred (1,200) guests and a comparison of the same menu with eight (8) other catering service providers revealed that while Rolly'z Catering Services charged K200 per meal per person, the other catering service providers charged in the range of K75 to K180 for an ordinary meal as shown in the table.

SUPPLIER	UNIT PRICE K
<b>Rollyz Catering</b>	<b>200</b>
Nabutula Lodge	180
Rosewood Place	150
Vogue Afrique	150
Hotel Edinburgh	116
Shebourne Farms	95
Hostels Board	95
Joy Catering & Bakery services Ltd	78
Cozy Kitchen Catering	75
<b>AVERAGE UNIT PRICE</b>	<b>127</b>

In this regard, Rolly'z over charged by between K20 and K125 on ordinary meals as compared to the highest and lowest provider of catering services in the same industry.

Inquiries made at Cabinet Office in November 2014, revealed that the above matters had been submitted to the Law Enforcement Agencies for further investigations.

**d. Unvouched Expenditure**

Contrary to Financial Regulations Nos. 52 and 65, fifteen (15) payments in amounts totalling K488,941 were unvouched in that the payments were either missing or inadequately supported with relevant documents such as invoices, LPOs, receipts.

**e. Failure to Provide Monitoring Reports**

During the period under review, fourteen (14) officers were paid amounts totalling K532,348 to undertake various activities such as monitoring of projects. However, no reports were availed for audit making it not possible to ascertain whether the activities were undertaken.

**f. Unauthorised Workshops and Seminars**

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 Government meeting facilities.

Contrary to the Circular, amounts totalling K283,661 were paid to various hotels and lodges during the period under review for holding meetings and workshops without obtaining authority from the Secretary to Cabinet.

**g. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, various stores items costing K2,027,150 procured during the period under review could not be accounted for in that there were no receipts and disposal details.

**h. Undelivered Services - FITCOM Limited**

A payment of K58,720 was made on 4<sup>th</sup> February 2013 to Fitcom limited for the fitting of bull bars and tow bars on twelve (12) GRZ motor vehicles. An inquiry with the Transport Officer and a physical inspection revealed that only seven (7) motor vehicles were fitted with bull bars and tow bars leaving five (5) motor vehicles not fitted. See table below.

No.	Vehicle Reg.No.	Make	Status
1	GRZ 967 CA	Suzuki Vitara	not fitted
2	GRZ 865 BX	Suzuki Vitara	not fitted
3	GRZ 115 CF	Ford Ranger	fitted
4	GRZ 586 BR	Nissan Patrol	fitted
5	GRZ 294 CE	Suzuki Vitara	not fitted
6	GRZ 668 CH	Isuzu	fitted
7	GRZ 587 BR	Nissan Patrol	fitted
8	GRZ 186 BX	Nissan Hardbody	not fitted
9	GRZ 721 CH	Isuzu	fitted
10	GRZ 110 CF	Ford Ranger	fitted
11	GRZ 861 CF	Toyota Hilux	not fitted
12	GRZ 476 CF	Ford Ranger	fitted

It was also noted that the procurement was not subjected to competitive procurement procedures.

Although in her response dated 18<sup>th</sup> December 2014, the Controlling Officer stated that the five (5) vehicles had been fitted with bull and tow bars, a verification carried out on 24<sup>th</sup> December 2014 revealed that no bull and tow bars had been fitted on the five (5) vehicles and no claim had been made by Management from the supplier.

**i. Unacquitted Allowances**

Contrary to Financial Regulation No. 45, payments in amounts totalling K631,020 made in respect of allowances to various officers during the period under review had not been acquitted as of November 2014 making it difficult to ascertain whether the funds were received by the intended beneficiaries.

<b>HEAD:</b>	<b>11</b>	<b>Zambia Police - Ministry of Home Affairs</b>
<b>DEPARTMENTS:</b>		<b>Various</b>
<b>UNITS:</b>		<b>Various</b>
<b>PROGRAMMES:</b>		<b>Various</b>
<b>ACTIVITIES:</b>		<b>Various</b>

- 14.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K996,321,608, was made to cater for various activities under the Zambia Police against which amounts totalling K935,487,763 were released, resulting in an underfunding of K61,205,742.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Zambia Police Headquarters and selected stations carried out during the period from February to April 2014 revealed the following:

**a. Supply and Delivery of Security Speed Boats**

In April 2013, the Zambia Police engaged Iconic Limited, a company incorporated in Israel to supply and deliver six (6) security speed boats and accessories at a contract price of K25,598,250 (US\$4,650,000) with a delivery period of between 8 - 12 weeks commencing from the date of signing the contract. In July, 2013, the supplier was paid a total amount of K12,389,925 made in two (2) installments.

As of April 2014, the supplier had delivered three (3) out of the six (6) boats leaving a balance of three (3) boats valued at K13,208,325.

The following were observed:

- The supplier had delayed to supply and deliver the remaining three (3) boats without providing any justifiable reasons.
- There were no technical specifications for security and speed boats available for audit.

Although in her response dated 7<sup>th</sup> August 2014, the Controlling Officer stated that the three remaining boats had since been delivered and that the technical specifications were available, as of December 2014 the boats had not been delivered and the technical specifications were not available.

**b. Undelivered Ammunition**

In August 2013, the Zambia Police engaged Messrs Mzingira Corporations of Tanzania to supply and deliver various types of ammunitions at a contract price of K411,660.

Although the supplier had been paid in full in October 2013, the ammunition had not been delivered as of December 2014. In addition, the contract had a weakness in that it did not stipulate the contract period.

**c. Poor Workmanship on the Rehabilitation of Roan Police Station**

In October 2013, the Zambia Police engaged Messrs Leanmall Investments Ltd to rehabilitate the enquiries and Cells at Roan Police Station at a contract price of K127,391 with a completion period of seven weeks starting from the date of signing the contract. The scope of works involved renovations of the office rooms, inquiries office, police cells, scrapping and cleaning the walls before painting the toilets. A scrutiny of accounting records revealed that the contractor was paid K159,055 resulting into an overpayment of K31,664 which had not been recovered as of December 2014.

A Physical inspection carried out in April 2014 revealed poor workmanship in that:

- Cracks in the wall to the police cells were not mended before painting,
- Fascia board to the cells and inquiries office were not fixed as per B.O.Q and painting not yet done,
- Door to staff toilet was poorly fixed,
- Fluorescent fittings and light points in cells and passage had not been supplied and fixed,
- Leaking pillar tap in the juveniles' cell not fixed,
- Last coat of paint to external wall and painting of skirting in black had not been done,
- The grill doors and burglar bars in cells were poorly done,
- As no provision for limited liability period was included in the contract, the defects in the works could not be rectified.



**HEAD: 13 Ministry of Chiefs and Traditional Affairs**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**15.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K107,328,313 was made to cater for various activities at the Ministry against which amounts totalling K285,927,651 were released resulting in an overfunding of K178,599,338.

According to the Financial Statement (Statement C), amounts totalling K90,398,705 had been spent as at 31<sup>st</sup> December 2013.

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

An examination of accounting and other records maintained at the Ministry headquarters and a visit to selected departments in the provinces carried out in July 2014 revealed the following:

**a. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K512,112 (General Stores – K182,112 and Fuel - K330,000) procured during the period under review could not be accounted for in that there were no receipt and disposal details such as goods received notes, goods issue vouchers and stores ledgers.

**b. Unremitted Tax**

Contrary to the Income Tax Act Cap 323, Pay As You Earn (PAYE) amounting to K13,167 deducted from various employees in respect of Commutation of Leave days and Long service bonus had not been remitted to ZRA as of April 2014.

**c. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, nineteen (19) payment vouchers in amounts totalling K772,694 were not availed for audit.

**d. Questionable Payments**

During the period under review, amounts totalling K159,545 were paid to eight (8) officers to enable them carry out various assignments. However, no reports were prepared to show that the activities were undertaken, rendering the payments questionable.

**e. Irregular Payment of Allowances**

Cabinet Office Circular No. 1 dated 8<sup>th</sup> February 2010 states that lunch allowance shall be paid to an officer who travels away from his/her normal station on official duty for eight (8) hours or more but excluding an overnight stay.

Contrary to the Circular and Terms and Conditions of Service for the Public Service, meal allowances totalling K941,200 involving thirty one (31) transactions were paid during the year under review for activities such as preparing responses to audit queries, preparing budgets, attending to chiefs during meetings and preparing Cabinet memos. The payments were irregular in that the activities were executed during the normal working hours and did not attract the payment of meal allowances. The payments are therefore recoverable.

**f. Irregular Payment of Salary Advances to Chiefs against Subsidy**

A total amount of K71,800 involving six (6) transactions was paid as advances to chiefs against their subsidies. The payments were irregular in that salary advances are not provided for in the Chiefs Guidelines on Entitlements, Services and Payments to Chiefs in Zambia. As of September 2014, the total amount of K71,800 had not been recovered.

**g. Over Payment for Traditional Ceremonies**

According to the Guideline on Chiefs Entitlements, Services and Payments to Chiefs in Zambia and the Chiefs Act Cap 287 Section 14, the Government contributes a prescribed rate not exceeding K5,000 for traditional ceremonies to Paramount Chiefs.

However, during the period under review, the Ministry paid a total amount of K45,000 instead of K10,000 in respect of Ncwala and Kuomboka ceremonies resulting in an over payment of K35,000. See table below.

Payee	Entitlement K	Payment K	Over payment K
N'cwala Organising Committee	5,000	20,000	(15,000)
Permanent Secretary Western Province (Kuomboka)	5,000	25,000	(20,000)
Total	10,000	45,000	(35,000)

**h. Unsupported Payment of Leave Travel Benefits and Commutations**

During the period under review, seven (7) officers were paid amounts totalling K68,137 as leave travel benefits, commuted days and long service bonus. However, the payments were not supported with approved leave forms and there were no computations of commutation on file to show the basis on which the payments were made.

**i. Rehabilitation of Chief's Palace - Mpika District Council**

During the period under review, the Ministry disbursed K150,000 to Mpika District Council for the rehabilitation of Chief Luchembe's Palace. Although, as of July 2014, the whole amount had been spent by the Council, a physical inspection of the Chief's Palace revealed that no works were done. In addition, it was not possible to ascertain how the money was spent as no expenditure details were provided for audit.

**j. Lack of Payment Details for Retainers' Wages**

The Ministry disbursed amounts totalling K491,040 for payments of retainers' wages and salaries to two (2) councils as shown in the table below.

<b>Distric Council</b>	<b>Amount K</b>
Solwezi	366,480
Masaiti	124,560
<b>Total</b>	<b>491,040</b>

However, there were no pay and acquittal sheets making it difficult to ascertain whether the money was paid to the intended beneficiaries.

**HEAD: 15 Ministry of Home Affairs**

**DEPARTMENTS: Various**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**16.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K141,135,987 was made to cater for various activities at the Ministry, against which amounts totalling K116,065,250 were released resulting in an under funding of K25,070,737.

**Accounting and Other Irregularities**

A review of accounting and other records maintained at the Ministry Headquarters and physical inspections of selected projects in nineteen (19) districts carried out in April 2014 revealed the following:

**a. Rehabilitation of National Registration and Passport Offices in Chingola**

On 5<sup>th</sup> December, 2012, the Copperbelt Provincial Procurement Committee engaged Messrs Moonstone Investments Ltd to rehabilitate the National Registration and Passport Offices in Chingola at a contract sum of K198,156 with a completion period of three (3) weeks.

The scope of works included carpentry works, joinery and iron monger, metal works, and electrical installations.

On 13<sup>th</sup> September 2013, the contract was varied by K74,960 to include the construction of a veranda and overhanging roof bringing the total contract sum to K273,116. As of 31<sup>st</sup> December 2013, the contractor had been paid amounts totalling K262,465.

However, the following were observed:

- The bill of quantity for additional works was not provided for audit.
- Although the variations were in excess of 25% of the contract, no procurement authority was obtained. The additional works were approved by the Project Manager.
- Although the contractor had been paid K262,465 which was 96% of the contract sum, works had stalled and the contractor was not on site. See picture below.



**b. Rehabilitation of National Registration Offices in Mufulira – Lot 6**

On 5<sup>th</sup> December 2012, Messrs A and D Elmalachi Business Solutions Ltd was engaged to carry out rehabilitation works at the National Registration and Passport Office in Mufulira at the contract sum of K175,250 with a completion period of seven (7) weeks.

On 9<sup>th</sup> August 2013, the contract was varied by K129,595 to include the construction of an ablution block bringing the total contract sum to K304,845. As of 31<sup>st</sup> December 2013, the contractor had been paid amounts totalling K184,586.

However, the following were observed:

- The bill of quantity for additional works was not provided for audit.
- Although the variations were in excess of 25% of the contract, no procurement authority was obtained. The additional works were instead approved by the Project Manager.
- A physical inspection carried out in April 2014 revealed that works had stalled and the contractor was not on site due to delays in settling stage certificates.



**c. Rehabilitation of Solwezi Records Centre**

On 26<sup>th</sup> February 2013, the Ministry engaged Instalec Engineering to rehabilitate Solwezi Records Centre at a contract price of K51,936,170 with a completion period of thirty (30) days.

The scope of works included; construction of water closet, provision of plumbing fittings, provision of sanitary fittings and fitting of ceramic floor tiles. However, on 20<sup>th</sup> December 2012, prior to the signing of the contract, the Ministry paid the Contractor in full.

The payment to the contractor prior to the signing of the contractor was irregular.

Although in his response dated 29<sup>th</sup> September 2014, the Controlling Officer stated that administrative action had been taken against the contractor and that the contractor was on site, a visit to the site on 17<sup>th</sup> October 2014 revealed that the works had not been completed and the contractor was not on site.

**HEAD: 17 Ministry of Foreign Affairs**

**DEPARTMENTS: Various**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**17.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision K53,070,516 was made to cater for various activities at the Ministry against which a total amount of K48,007,115 was released as shown below.

Head	Department	Original Budget K	Supplementary K	Total Authorised K	Releases K	Variance K
17/01	Hq	14,350,795	25,291,010	39,641,805	36,955,759	2,686,046
17/39	ZIMAC	2,465,444	2,022,353	4,487,797	4,026,142	461,655
17/40	DC & IO	2,626,439	-	2,626,439	2,258,035	368,404
17/41	Protocol	1,925,378	414,576	2,339,954	1,815,266	524,688
17/42	Political Affairs	2,607,858	-	2,607,858	2,211,280	396,578
17/49	Great Lakes	1,366,663	-	1,366,663	740,633	626,030
	<b>Total</b>	<b>25,342,577</b>	<b>27,727,939</b>	<b>53,070,516</b>	<b>48,007,115</b>	<b>5,063,401</b>

According to the financial statements (Statement C), the Ministry had spent amounts totalling K48,253,966 as at the end of the financial year.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters carried out in May 2014 revealed the following:

#### **a. Lack of a Strategic Plan**

During the period under review, the Ministry had been operating without a strategic plan since the expiry of the previous strategic plan in 2011. Due to lack of a strategic plan, it was difficult to appreciate the basis of preparing the activities that were being carried out by the Ministry.

#### **b. Lack of Updated Foreign Policy and Regulations**

The adoption of Zambia's first Foreign Policy document was done in January 1996. However, circumstances on the international scene have since changed and this has called for a revised Foreign Policy. Accordingly, in 2011, a committee was set up to revise the Ministry of Foreign Affairs Policy and Foreign Service Regulations and Conditions of Service so as to be in line with new developments in the international arena and also with the view of incorporating the vision of the current Government.

As of October 2014, the Policy and Foreign Service Regulations had not been revised.

#### **c. Irregular Payment - Travelling on First Appointment**

Contrary to Foreign Service Regulation No. 44 which states that the responsibility of the Government shall be limited to a maximum of three children per officer, the Ministry incurred expenditure of K11,490 in respect of travel expenses for the fourth child of the High Commissioner who was taking up an appointment in Ghana. As of October 2014, no recoveries had been effected from the officer.

<b>HEAD: 17/ 02</b>	<b>Ministry of Foreign Affairs-Missions Abroad - Lubumbashi</b>
<b>PROGRAMMES:</b>	<b>Various</b>
<b>ACTIVITIES:</b>	<b>Various</b>

18. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2012 and 2013, provisions of K5,929,336 and K7,736,171 were made respectively to cater for various activities at the Mission against which amounts totalling K5,851,602 and K7,648,467 were released resulting in under funding of K77,734 and K87,704 respectively.

According to the Financial Statements (Statement C), the Mission had spent amounts totalling K5,410,920 and K7,648,466 in 2012 and 2013 respectively.

### **Accounting and other Irregularities**

An examination of accounting and other records at the Ministry headquarters and the Mission and a physical inspection of properties carried out in July 2014 revealed the following:

**a. Failure to Remit Revenue Collections to Control 99**

Contrary to Financial Regulation No.130 which states that all revenue should be deposited to the credit of the Treasury Account (Control 99), out of the total revenue collections of K3,488,005 (US\$662,240) during the period under review, only K2,307,706 (US\$442,500) was remitted to the Ministry of Foreign Affairs, leaving a balance of K1,180,298 (US\$219,740) which was used at source for operations at the Mission, without authority from the Secretary to the Treasury.

**b. Loss of Revenue due to Theft**

Contrary to Financial Regulation No.171, as of September 2014, no loss report had been prepared in respect of cash amounting to K36,397 (US\$6,950) which was stolen on 26<sup>th</sup> November 2012 due to a burglary in the Accountant's office.

**c. Opening and Closing Bank Accounts Without Authority**

Contrary to Financial Regulation No. 135 which stipulates that the closing or opening of an official bank account for any purpose and change in signatories shall require the authority of the Secretary to the Treasury, the Consulate opened two (2) bank accounts in Lubumbashi, Congo DR on 29<sup>th</sup> March, 2013 and closed a bank account without authority from the Secretary to the Treasury.

**d. Employment of Locally Engaged Staff (LES) without Authority**

During the period under review, the Mission engaged nineteen (19) LES against an establishment of sixteen (16) LES. The extra three (3) LES were employed without authority from the Secretary to Cabinet. As of July 2014, amounts totalling K202,987 (US\$37,800) had been paid to the (3) LES as salaries.

**HEAD: 17/ 05 Ministry of Foreign Affairs - Missions Abroad - Lilongwe**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**19.** In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2012 and 2013, provisions of K4,475,077 and K6,056,186 were made respectively to cater for various activities against which amounts totalling K4,717,542 and K5,963,718 were released resulting in under funding of K242,466 in 2012 and K92,468 in 2013.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Mission for the period under review carried out in July 2014 revealed the following:

**a. Failure to Insert the Diplomatic Clause in Lease Agreements**

Foreign Service Regulation and Condition of Service No. 115 (iii) states that when negotiating the lease agreements, the Head of Mission shall ensure the insertion of a Diplomatic Clause' which enables the lease agreement to be terminated at short notice.

However, during the period under review, the Mission entered into five (5) lease agreements without inserting the Diplomatic Clause in the contract. Consequently, in October 2013, the Mission was charged K31,200 (US\$6,000) in respect of lieu of notice for termination of tenant agreement.

**b. Irregular Payment of Education Allowance**

Contrary to Foreign Service Regulations and Conditions of Service No. 48, the Third Secretary Accounts was irregularly paid education allowance in amounts totalling K7,622,933 (US\$11,106.26) for the period from October 2012 to June 2014 for a child who was neither in primary nor secondary school and was therefore not eligible for the allowance.

**c. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K34,213 (MK1,487,675.11) procured during the year 2012 were not accounted for in that there were no receipt and disposal details.



**HEAD:** 17/06 Ministry Of Foreign Affairs – Missions Abroad - London

**PROGRAMMES:** Various

**ACTIVITIES:** Various

**20.** In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2012 and 2013, a total provision of K39,326,032 was made to cater for various activities at the Mission against which amounts totalling K37,189,883 were released. See table below.

Year	Total Authorised K	Total released K	Variance K
2012	20,745,039	18,778,538	(1,966,501)
2013	18,580,993	18,411,345	(169,648)
<b>Total</b>	<b>39,326,032</b>	<b>37,189,883</b>	

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and the Mission carried out in July 2014 revealed the following:

**a. Transfer of Revenue without Authority**

Contrary to Financial Regulation No. 121, revenue in amounts totalling K5,203,834 (£589,789.87) collected during the period under review was transferred from the revenue account to the operation account without obtaining authority from the Secretary to the Treasury.

**b. Missing Receipt Books**

Contrary to Financial Regulation No. 10 (n), nineteen (19) general receipt books (Accounts Form 40) were not presented for audit.

**c. Uncollected Passports**

The Mission had a total of forty eight (48) Zambian passports which were issued during the period from September 2008 to December 2013 which had remained uncollected as of July 2014.

**d. Inadequately Supported Payments**

Contrary to Financial Regulation No. 65, there were one hundred and twenty eight (128) payments in amounts totalling K1,795,785 (K931,271 in 2012 and K864,514 in 2013) made during the period under review that were inadequately supported in that they lacked relevant documents such as receipts and invoices.

**e. Unretired Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K492,600 issued to fifty five (55) officers during the period under review had not been retired as of August 2014.

## **f. Property Management**

The Mission owns four (4) properties comprising the Chancery, the Official Residence and two (2) staff houses which are occupied by diplomatic staff as shown in the table below.

<b>Property</b>	<b>Physical Address</b>	<b>Date of Acquisition</b>	<b>Occupant</b>
Official Residence	Greenbanks, 17 Courtenay Avenue, London	1971	High Commissioner
Chancery	2, Palace Gate, Kensington, London, W8 5NG	1983	Offices
Residential House	13, Foscote Road, Hendon, NW4 3SE	1979	1st Secretary- Political
Residential House	12, Chelmsford Square, Willesden, NW 10 3 AR	1984	1st Secretary- Protocol

An examination of accounting records and correspondence relating to the Management of the properties and a physical inspection carried out in July 2014 revealed the following:

### **i. Failure to Appoint a Housing Committee**

Foreign Service Regulations and Conditions of Service No. 107 stipulates that “A Head of Mission shall appoint a Housing Committee comprising the Head of Chancery, the Mission Accountant and any other officer”. According to the regulation, the main responsibility of the Committee is to ensure that the Official Residence and Chancery are adequately furnished and properly maintained. Contrary to the Regulation, the Mission did not have a housing committee in place at the time of audit in July 2014.

### **ii. Lack of Title Deeds for Mission Properties**

Although the four (4) properties were recorded in the Mission asset register, title deeds in respect of the properties were not availed for audit. Further inquiries revealed that the title deeds for the Chancery and the residence were lost by the Deputy High Commissioner who had removed them from the safe and kept them in her vehicle. As of December 2014, the process to replace the title deeds had not commenced and the loss had not been reported to the Police.

### **iii. Failure to Follow Procurement Procedures - The Official Residence**

#### **• Purchase of Furniture**

During the financial year ended 31<sup>st</sup> December 2012, the Mission paid a total amount of K364,842 (£43,000) to Mondital Limited for the purchase of furniture for the Residence. The furniture comprised 2 x fixed top dining tables, 18 x dining chairs, 2 x matching display cabinets among others. As of August 2014, the supplier had delivered the furniture.

However, the payment was above the Mission’s approved threshold and no authority was obtained from the Ministerial Procurement Committee.

- **Garden Works**

In 2013, the Mission spent K466,438 (£52,865) to undertake various gardening works at the Official Residence. However the following were observed:

- There were no formal agreements to support the works,
- The amounts involved were above the Mission's authorised threshold, and
- No authority was obtained from the Ministerial Procurement Committee.

- **Electrical and Gas Works**

In February 2013, the Mission spent K326,644 (£37,806) to carry out electrical works, gas works and other associated works at the Official Residence. However, the following were observed:

- There were no formal agreements to support the works,
- The amounts involved were above the Mission's authorized threshold, and
- No authority was obtained from the Ministerial Procurement Committee.

- **Tanking Works to Basement Wall**

In November 2013, the Mission spent K502,922 (£57,000) to carry out emergency works to stop the flooding in the basement at the Official Residence. However, the following were observed:

- There were no formal agreements to support the works,
- The amounts involved were above the Mission's authorised threshold, and
- No authority was obtained from the Ministerial Procurement Committee.

**HEAD: 17/08 Ministry of Foreign Affairs - Mission Abroad - Geneva**

UNIT: Various

**PROGRAMMES:** Various

**21.** In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2012 and 2013, a total provision of K30,494,117 was made to cater for the operations of the Mission against which amounts totalling K31,499,883 were released as shown in the table below.

Year	Provision K	Released K	Overfunding K
2012	13,171,508	14,392,278	1,220,770
2013	17,322,609	17,107,605	(215,004)
<b>Total</b>	<b>30,494,117</b>	<b>31,499,883</b>	

However, there was no evidence of a supplementary provisional warrant for the excess funding.

According to the Financial Statements (Statement C) for the years ended 31<sup>st</sup> December 2012 and 2013, the Mission spent amounts totalling K30,041,732. See table below.

Year	Expenditure K
2012	12,934,130
2013	17,107,602
<b>Total</b>	<b>30,041,732</b>

In addition, the Mission collected amounts totalling K331,136 from issuance of passports, Travel Document Identities and VISAs in the period under review. See table below.

Year	Actual Collection K
2012	173,884
2013	157,252
<b>Total</b>	<b>331,136</b>

### **Accounting and Other Irregularities**

An examination of the accounting and other records maintained at the Ministry headquarters and the Mission carried out in July 2014 revealed the following:

#### **a. Failure to Prepare Bank Reconciliations**

Contrary to Financial Regulation No.138 which stipulates that bank reconciliations must be prepared on a monthly basis and in the required standard, bank reconciliations for the period from December 2012 to 31<sup>st</sup> December 2013 were not prepared for the Revenue account.

#### **b. Inadequate Staffing Level for Diplomatic Positions**

The establishment for Diplomats at the Mission provides for twelve (12) positions. However, as of July, 2014, six (6) positions had been filled leaving six (6) vacant.

The vacant positions included that of Deputy Permanent Representative, Counsellor, Counsellor Economics, First Secretary Economics, First Secretary Legal and First Secretary Political and Administration.

#### **c. Failure to Recover Repair Costs from Diplomats**

During the period under review, the Mission paid amounts totalling K35,561 (US\$6,668) in respect of repair costs for houses vacated by four (4) diplomats who had been recalled. Details are in the table below.

Position	Date	Repair Costs Paid		
		US\$	CHF	K
First secretary	18.12.12	2,333	2,146	12,216
First secretary	06.06.12	1,558	1,480	8,127
Counsellor	24.04.12	158	143	839
Deputy Permanent Representative	02.05.13	224	220	1,218
	06.08.13	2,395	2,347	13,160
		<b>6,668</b>	<b>6,335</b>	<b>35,561</b>

Contrary to Foreign Service Regulations and Condition of Service No. 108 (ii), the amounts had not been recovered from the concerned officers as of July 2014.

**HEAD: 17/ 09 Ministry of Foreign Affairs - Missions Abroad - Dar es Salaam**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**22.** In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2012 and 2013, provisions of K7,040,738 and K9,147,686 were made respectively to cater for various activities at the Mission against which amounts totalling K6,046,357 and K9,085,116 were released resulting in underfunding of K994,381 in 2012 and K62,570 in 2013.

In addition, the Mission collected amounts totalling K483,783 in 2012 and K619,886 in 2013 from Visas, Passports, and Travel Document Identity and rental income.

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

An examination of accounting and other records maintained at the Mission for the year under review, carried in July 2014 revealed the following:

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

###### **i. Use of Revenue without Authority**

During the period from January 2012 to March 2014, amounts totalling US\$210,456.83 were drawn from revenue collections and spent on various activities. However, there was no evidence that authority was sought from Secretary to Treasury and the money had not been reimbursed to the revenue account as of September 2014.

###### **ii. Failure to Reimburse Revenue**

During the period under review, the Mission was authorised to spend amounts totalling US\$13,449 on the understanding that once funded, the funds would be reimbursed to the revenue account. However, as of September 2014, the account had not been reimbursed.

### **iii. Failure to Collect Rentals**

During the period under review, the Mission rented out office space at the Chancery to six (6) tenants.

According to the provision of the lease agreements:

- The rent was to be paid quarterly in advance, the first such payment becoming due on the first day of the term credited at the office of the Lessor.
- In the event of default in paying the rent herein reserved, a penalty shall be levied in addition to the rent payable to the Lessor and the sum of such penalty shall be arrived at by applying the prevailing bank interest rate on the unpaid amount of rent at that time.

However, as of July 2014, the Mission had failed to collect rentals due from Mutual Developers K39,431 (US\$7,302) and Vertex Financial Services K30,764 (US\$5,697) that had accrued for the period from October 2013 to June 2014. No penalties had been applied on the outstanding amounts as of July 2014.

### **b. Failure to Apply for Supplementary Provision Warrant**

During the period under review, the Secretary to the Treasury granted authority to the Mission to utilise K304,970 (US\$56,476) to procure a motor vehicle. However, as of September 2014, the Mission had not applied for a Supplementary Provisional Warrant as was instructed by the Secretary to the Treasury to cover the amount of K304,970 (US\$56,476) which was not originally appropriated.

### **c. Lack of Monitoring of Work Plans**

A review of the Mission's annual work plans carried out in August 2014 revealed that although the work plans were prepared by the Mission, progress reports to help monitor the Mission's performance against set targets were not being prepared making it difficult to ascertain whether the Mission achieved the set targets. There was also no evidence that the Ministry Headquarters monitored the performance of the Mission as there was no evidence of feed back to the Mission on what actions needed to be taken in order to meet targets. As the Embassy plans were feeding into the Ministry's strategic plan, failure to monitor the performance of the Mission to ensure attainment of set targets and giving direction, where possible, may have an effect on the attainment of the Ministry's strategic objectives.

Further, the Mission staff did not prepare individual work plans and no performance appraisals were done on the staff, contrary to the provisions of Foreign Service Regulation No.15.

**d. Irregularities in the Payments of Foreign Service Allowances**

**i. Wasteful Expenditure**

The First Secretary – Trade (FST) was appointed to the Foreign Service on 19<sup>th</sup> September, 2012 and arrived in Dar es Salaam, Tanzania on 3<sup>rd</sup> December 2012.

Upon arrival in Dar es Salaam, there was no Government House available for the Officer, thus the Mission entered into a lease Agreement with Kush Baba Properties Ltd/Lea Mkono for the renting of house No. 3, Plot 319, Regent Estate, Mikocheni for the Officer for which the Mission paid US\$18,000 for a period of six (6) months. However, the lease agreement was not availed for audit.

On 22<sup>nd</sup> June 2013, the Officer was allocated a Government House No. 517 Masaki, which he declined and opted to remain in the rented house. In this regard, the Mission paid an amount of K29,072 (US\$3,466.80) on 25<sup>th</sup> July 2013 for rentals for the period 17<sup>th</sup> June to 31<sup>st</sup> July 2013 at US\$86.67 per day to the Landlord. The payment of rentals for the period from 17<sup>th</sup> June to 31<sup>st</sup> July 2013 was wasteful and recoverable from the officer as a Government house had been made available during this period.

**ii. Irregular Payment of Child and Spouse Allowance**

Foreign Service Regulations and Conditions of Service No. 43 (ii) states that Spouse Allowance shall be paid for the period that the spouse is in residence with the officer.

Contrary to the Regulation, the former First Secretary Trade was paid spouse allowances in amounts totalling K9,659 (US\$1,800) during the period from January to December 2013 when the spouse and children were not with him in Dar es Salaam. The amounts paid to the officer were irregular and therefore recoverable.

**e. Locally Engaged Staff**

**i. Failure to Avail Employment Contracts for Locally Engaged Staff**

During the period under review, the Mission had fourteen (14) locally engaged staff. However, no contracts were availed for audit making it not possible to ascertain their conditions of service.

**ii. Irregular Appointment of a Stenographer**

During the period under review, the Mission paid amounts totalling K19,564 (Tsh5,754,295) as salaries for a stenographer. However, the payment was irregular in that the establishment did not provide for a stenographer.

**f. Irregular Use of Imprest for Procurements**

Financial Regulation No. 86 (c) requires that accountable imprest be issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time of purchase.

However, contrary to the regulation, a total of K22,814 (Tsh6,806,000) in 2012 and K31,370 (Tsh9,670,054) in 2013 was issued out to two (2) officers for the procurement of Luku (electricity units), water and air tickets; whose values were easily ascertainable instead of paying directly to suppliers.

**g. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of goods costing K130,293 (Tsh42,465,552) procured during the period under review.

In addition, maintenance materials costing K29,161 (Tsh15,809,800) in 2013 involving fourteen (14) transactions had no receipt and disposal details contrary to Public Stores Regulation No. 16.

**h. Failure to Insure Properties**

The Mission owns a total of eight (8) properties as shown below;

- Plot 5/6 Ohio/Sokoine Avenue, Chancery Office Building
- Plot 39/ Ali Hassani Mwinyi, Official Residence on Bagamoyo Road
- Plot No. 22 Ocean Road, Upanga
- Plot No. 484 Mindu Street, Upanga
- Plot No. 350 Lugalo/ United Nations Road, Upanga
- Plot No. 36 Gulu Street, Ada Estate
- Plot No. 517 Masaki Road, Oysterbay
- Plot No. 392, Toure Drive

Although the properties were valued at a total sum of K2,036,600 (Tsh599,000,000) they were not insured.

**i. Physical State of Properties**

A physical inspection of the properties carried in July 2014 revealed the following:

**i. Plot 39 / Ali Hassani Mwinyi - The Residence**

- There were seepages in the walls in bedroom 2, main bedroom and in bedroom 4 down stairs causing the walls to crack and paint to peel off.
- The bathroom in the main bedroom had seepages on the walls and the paint was peeling off.
- The geyser was leaking
- The balcony and the front ceiling boards were falling off.



- The servant's quarter was in a dilapidated state.



*Seepage of water in the wall*



*Ceiling board falling off*



*Ceiling board falling off at the balcony*



*Unkempt servants quarter*

## ii. 22 Ocean Road – Upanga

There were cracks on the walls of the main bedroom, guest wing and the boundary wire fence had fallen off.

## iii. 396 Toure Drive Masaki

The house was inhabitable and needed urgent attention.



*Inbuilt display cabinet falling off in the lounge Toure drive*

## iv. 350/351 Lugalo Road – Upanga

- The parquet in the lounge had expanded and the partitioning of the lounge was not done.
- The louvre clear glasses in the sitting room were falling off.
- There were leakages in the walls on the top floor bedroom and the paint was peeling off.

## v. 517 - Masaki

- Louvers in the lounge were falling off

- There were leakages in the toilet at the ground floor
- Wardrobes were falling off in the main bedroom



*Falling off louvers*

#### **vi. Chancery**

The Chancery is a four (4) storey building situated in the central business district of Dar-Es-Salaam. As of August 2014, only the fourth and the third floors were being used by the Zambian Mission. The first and second floors were vacant while part of the ground floor and Annex building were being rented out to private institutions.

The only floor that had been renovated in the recent years is the fourth floor. The rest of the floors needed urgent attention of various works such as plumbing, painting, renovations of fittings and mending roofs to avoid further leakages since the roofs were leaking.

#### **vii. Failure to Follow Procurement Procedures**

On 2<sup>nd</sup> August 2013, the Mission paid an amount of K11,562,980 (Tsh3,301,604) to Roslac Engineering limited for the repair of the damaged ceiling in the Deputy High Commissioner's office. However, there was no proof to show that the engagement of the contractor was subjected to procurement procedures in that there were no quotations and tender documents availed for audit. In addition, the amount of K11,562,980 paid to the contractor was above the Mission's threshold.



*Part of the mended roof at the Chancery*



*Mended roof chancery*

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

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**23.** In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2012 and 2013, a total provision of K10,599,353 (K4,349,278 in 2012 and K6,250,075 in 2013) was made to cater for various activities at the Mission against which amounts totalling K10,950,305 (K6,528,129 in 2012 and K4,422,177 in 2013) were released. See table below.

<b>Year</b>	<b>Budget K</b>	<b>Release K</b>	<b>(Under)/ Over Funding K</b>
2012	4,349,278	6,528,129	2,178,851
2013	6,250,075	4,422,177	(1,827,898)
<b>Total</b>	<b>10,599,353</b>	<b>10,950,306</b>	

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and the Mission carried out in July 2014 revealed the following:

**a. Lack of a Safe**

Contrary to Financial Regulation No. 155, the Mission did not have a secure place to keep valuables such as cash and accountable documents in that it did not have a functioning safe.

**b. Inadequately Supported Payments**

Contrary to Financial Regulations No. 52, two (2) payments in amounts totalling K3,609 (P5,866) made during the period under review were inadequately supported with relevant documents such as invoices and receipts.

**c. Over Payment of Luggage Allowance**

Contrary to Foreign Service Regulation No.76 (i) c, three (3) officers who had been recalled and were entitled to be paid K56,506 (P91,984.85) as luggage allowances, were instead paid amounts totalling K63,553 (P103,286) resulting in an over payment of K7,047 (P11,301.15). As of October 2014, the amounts had not been recovered.

**d. Outstanding Advance**

Contrary to Terms and Conditions of Service for the Public Service, recoveries in respect of salary advance amounting to K35,835 (P51,600) paid to the Third Secretary - Accounts who had since been recalled had not been effected as of October 2014.

**e. Mission Properties**

The Mission has nine (9) properties consisting of the Chancery, the Residence and seven (7) staff houses. A physical inspection of the properties carried out in July, 2014 revealed the following:

**i. High Commissioner's Residence**

The High Commissioner's house was built and handed over to the Mission in August, 2011. However, a physical inspection of the property carried out in July 2014 revealed that cracks had started developing in some rooms. See picture below.

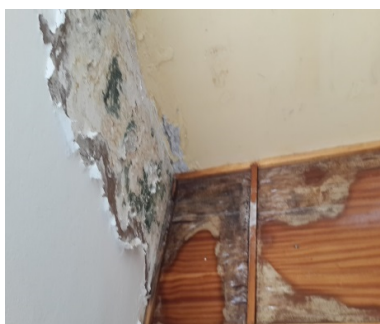


*Cracks in the minor living room*

**ii. Chancery (Former Zambia Airways Offices)**

In the Report of the Auditor General for the Financial Year ended 31<sup>st</sup> December 2011, mention was made of the dilapidated status of the Chancery. In their Report for the Second Session of the Eleventh National Assembly, the Public Accounts Committee urged the Controlling Officer to ensure that the property was worked on without further delay so as to avert further damage.

However, a physical inspection of the Chancery carried out in August 2014 revealed that the office space on the first floor which was vacant was still in a deplorable state. See picture below.



*Damaged roof and furniture*



*Damaged roof due to leakages on roof*

**HEAD:** 17/ 24 **Ministry of Foreign Affairs - Missions Abroad-Maputo**

**PROGRAMMES:** **Various**

**ACTIVITIES:** **Various**

**24.** In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2012 and 2013, provisions of K5,478,757 and K7,164,257 were made respectively to cater for various activities against which amounts totalling K4,827,211 and K7,052,083 were released resulting in underfunding of K651,546 in 2012 and K112,173 in 2013.

In addition, the Mission collected K31,621 in 2012 and K33,156 in 2013 respectively from the issuance of Visas, Passports, Travel Documents Identities and other fees.

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

An examination of accounting and other records maintained at the Mission and physical inspections of the properties for the period under review carried out in July 2014 revealed the following:

##### **a. Lack of Ownership Documents for Properties**

The Mission owned three (3) properties as follows:

- The Chancery located at No. 1286 Kenneth Kaunda Avenue
- The Official Residence No. 20 Orlando Mende Sommershield, and
- The Defence Attaché's House No. 1566 Julius Nyerere Avenue

As of July 2014, the Mission had not obtained title deeds for the Chancery and the Defence Attaché's house.

##### **b. Failure to Insure Buildings**

Foreign Service Regulation No. 110 states that "A Head of Mission/Station shall ensure that all Government property at his/her Mission/Station are adequately insured. Contrary to the regulation, the Mission had not insured all its buildings thereby causing a risk of loss in the event of a calamity.

In addition, the values of the buildings were not known as there was no documentation to show whether any valuation had ever been done.

##### **c. Rehabilitation of the Official Residence at Plot 20 Don Alfonso Henrique Avenue – Maputo**

On 28<sup>th</sup> June 2011, the Mission engaged Messrs LIS Constucoes to carry out rehabilitation works at the High Commissioner's residence at a contract sum of US\$327,779.28 for a period of three months.

The scope of works included the rehabilitations of the main house, construction of a servant's quarter and external works such as the swimming pool and the wall fence.

The contractor took possession of the site on 8<sup>th</sup> July 2011 and works were expected to be completed by October 2011 and as of July 2014 the contractor had been paid in full.

A physical inspection of the property carried out in July 2014 revealed that the works had stalled and the contract had since been terminated.

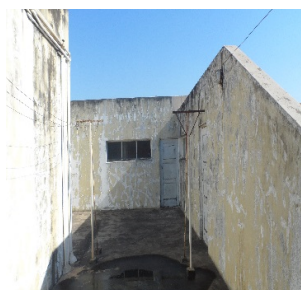
Consequently, the Mission continued renting temporary accommodation for the High Commissioner. In this regard, a total of US\$250,000 had been spent on payments of rentals for the period from December 2009 to July 2014.

**d. Chancery Plot No. 1286 Kenneth Kaunda Avenue**

A physical inspection of the Chancery revealed that the building needed urgent attention in some areas as it had a leaking roof, falling ceiling boards and dilapidated roof top as shown in the pictures below.



*Leaking roof in the Conference Room at the top floor*



*Roof top of the Chancery*



*Ceiling Board*

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

**PROGRAMME:** Various

**ACTIVITIES:** Various

25. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2012 and 2013, a total provision of K12,263,543 was made to cater for various activities at the Mission against which amounts totalling K9,556,868 were released. See table below.

Year	Budget K	Release K	(Under)/ Over Funding K
2012	4,827,495	5,035,864	208,369
2013	7,436,048	4,521,004	(2,915,044)
<b>Total</b>	<b>12,263,543</b>	<b>9,556,868</b>	

In addition, the Mission collected amounts totalling K807,235 from the issuance of passports, Travel Document Identities, VISA's and rentals. See table below.

Year	Amount Collected K
2013	397,627
2012	409,608
<b>TOTAL</b>	<b>807,235</b>

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and the Mission carried out in July 2014 revealed the following:

#### **a. Revenue**

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

During the financial year ended 31<sup>st</sup> December 2012, the Mission collected amounts totalling K409,608 (N\$660,805) out of which K408,305 (N\$658,050) was deposited leaving a balance of K1,302 (N\$ 2,755) unaccounted for in that there was no evidence that the money was banked and no cash was found on hand.

##### **ii. Failure to Collect Rentals**

In Paragraph 28 a (ii) of the Auditor General's report for the financial year ended 31<sup>st</sup> December 2011, mention was made of the failure to collect rental arrears in amounts totalling K206,003,080 (US\$39,089.74) by the Mission. In their report for the Second Session of the Eleventh National Assembly, the Public Accounts Committee recommended that a debt management policy be put in place and ensure that delays in the collection of rentals was addressed.

However, a review of records carried in July 2014, revealed that amounts totalling K206,003 (US\$39,089.74) were still outstanding from clients whose contracts had been terminated.

In addition, during the period under review, TV Worx owed the Mission amounts totalling K32,209 (N\$54,000) as rentals for three (3) months.

##### **iii. Lack of a Safe**

Contrary to Financial Regulation No. 155, the Mission did not have a safe to secure valuables such as cash and accountable documents.

Consequently, one (1) General Receipt Book (Accounts Form 40 - receipt book range 0390951-0391000) was missing. The missing of accountable documents is both contrary to the Financial Regulation No. 10 (n) and a risk in that revenue may be collected using the same documents and used for other purposes than that intended.

**b. Expenditure**

**i. Over Payment of Allowances**

In July, 2013, the Mission paid a total amount of K23,106 (N\$ 38,737.30) to the First Secretary-Economics in respect of air tickets and luggage allowance when she was entitled to K20,694 (N\$34,693.30) resulting in an overpayment of K2,412 (N\$4,044).

As of September 2014, the overpayment had not been recovered.

**ii. Irregular Payment of Education Allowance Arrears**

Amounts totalling K33,750 (N\$55, 625) were irregularly paid as education allowance arrears in January 2013 for a period of twelve (12) months to the High Commissioner. It was not clear how the arrears were accumulated. In addition, there was no correspondence to support the payment.

In his response dated 24<sup>th</sup> September 2014, the Controlling Officer stated that the Mission paid Education Allowance arrears for the child who was on Government cost which the High Commissioner was not receiving at the time she reported at the station.

However, the child in question was neither in primary nor secondary school.

**iii. Non Recovery of Utility Bills**

Contrary to Foreign Service Regulations and Conditions of Service No. 53 (ii), amounts totalling K3,709 (US\$709.29/N\$5,854.28) being 20% paid by the Mission on behalf of the Head of the Mission in respect of water and electricity bills had not been recovered as of July 2014 from the Head of Mission.

**iv. Mission Properties**

The Mission had a total number of seven (7) properties consisting of the Chancery, the residence and five (5) staff houses.

A physical inspection carried out in July, 2014 revealed the following:

- **The Chancery - No. 22 Sam Nujuma /Mandume Ndemufayo Street**

The second floor was not occupied and it was in a bad condition as the ceiling board was falling off, toilets were not functioning, the carpets had come out and some rooms had holes in the wall.

- **House No. 14 – Lydia Street - Ludwigsdorf**

There were leakages in the roof of the kitchen, the ceiling board had a dent and the wall in the main living room had a crack. See pictures below.





*Crack in the Living room*



*Leakage in the Kitchen*

**HEAD:** 17/08 **Ministry of Foreign Affairs - Mission Abroad - Brussels**

**UNIT:** **Various**

**PROGRAMMES:** **Various**

**ACTIVITIES:** **Various**

26. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2012 and 2013, a total provision of K36,090,316 was made to cater for various activities at the Mission against which amounts totalling K33,820,665 were released as shown in the table below.

<b>Year</b>	<b>Provision K</b>	<b>Released K</b>	<b>(Under) /Over Funding K</b>
2012	15,448,796	14,910,562	(538,234)
2013	20,641,520	18,910,103	(1,731,417)
<b>Total</b>	<b>36,090,316</b>	<b>33,820,665</b>	

In addition, the Mission collected amounts totalling K1,013,283 from the issuance of passports, Travel Document Identities, VISA's and rentals. See table below.

<b>Year</b>	<b>Actual Collection K</b>
2012	501,775
2013	511,508
<b>Total</b>	<b>1,013,283</b>

According to the Financial Statements (Statement C), the Mission had spent K33,902,342 for the period from 1<sup>st</sup> January 2012 to 31<sup>st</sup> December 2013. See table below.

<b>Year</b>	<b>Expenditure K</b>
2012	14,992,295
2013	18,910,047
<b>Total</b>	<b>33,902,342</b>

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and the Mission carried out in July 2014 revealed the following:

**a. Failure to Provide Information on Revenue Collected from Belsquare Residence.**

During the period under review, the Mission spent amounts totalling K1,309,840 in respect of land rates, outstanding salaries of the property manager for nine (9) months and bank loan repayments. However, no records on the collection of rentals were availed for audit.

**b. Payments for Inventory Expert Fees**

Amounts totalling K33,367 involving six (6) transactions were paid as fees to inventory experts for carrying out inventory and exit surveys on rented accommodation for Diplomats. However, the payments were not supported with reports. As a result, it was not possible to ascertain whether the service for which the payment was made was actually provided.

**c. Rehabilitation of the Chancery - Avenue Moliere 469 1050 Bruxelles**

On 26<sup>th</sup> October 2012, the Mission engaged Stones and Designs to renovate the reception area and two offices on the third floor of the Chancery at a contract price of K61,184 (€8,000) and as of July 2014, the contractor had been paid in full.

A physical inspection of the Chancery revealed that the building had cracks underneath the balcony and the steel bars were rusty.



*Cracks Underneath the Balcony*



*Rust on the Steel Bar*

**HEAD: 17/ 30 Ministry of Foreign Affairs - Missions Abroad - Harare**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**27.** In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2012 and 2013, provisions of K6,209,475 and K7,447,460 were made respectively for various activities at the Mission against which amounts of K6,059,746 and K7,346,695 were released, resulting in underfunding of K149,729 in 2012 and K100,765 in 2013.

According to the Financial Statements (Statement C), the Mission had spent K5,630,340 and K7,346,693 in 2012 and 2013 respectively.

## **Accounting and other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and the Mission and a physical inspection of properties carried out in July 2014 revealed the following:

### **a. Failure to Collect Revenue from Rented Properties**

During the period under review, the Mission rented out six (6) houses and fourteen offices at the Chancery. Amounts totalling K1,550,487 (US\$291,520) were to be collected as revenue from the rentals of houses and office space. However, only K1,316,224 (US\$249,200) was collected leaving a balance of K234,263 (US\$42,320).

### **b. Failure to Adhere to Procurement Procedures**

Contrary to Procurement Procedures, the Mission engaged Eleco Elevator Company Pvt Ltd to repair the elevator without authority from the tender committee. As of May 2012, amounts totalling K128,744 (US\$25,748.75) had been paid to the contractor.

### **c. Weaknesses in the Management of Properties**

Physical inspections carried out in July 2014 revealed the following:

#### **i. Chancery**

The Chancery is a seven storey building. The Embassy occupies the sixth and seventh floor while the first to the fifth floor are rented out.

The offices on all the rented floors have PVC tiles which were disintegrating, the wall to wall carpets are old and walls require painting.

#### **ii. House No. 8, Simms Road Mount Pleasant**

The roof was leaking, floor tiles in the bedroom had disintegrated and the ceiling board was stained.

#### **iii. House No. 44, Sloans Road Highlands**

The ceiling was stained, the roof was leaking, floor tiles were worn out and the walls had cracks.

#### **iv. 10 Turnstead, the Garage**

The walls had cracks, the roof was leaking and four doors were damaged.

#### **v. 5 Cowden Close, Chisipite**

The roof was leaking, the kitchen floor and cabinets were in a deplorable state and the tiles in one of the bedrooms were disintegrating.

**vi. 7 Samson Road, Mount Pleasant**

The carpet was old and worn out , electrical wall fence was disintegrating, the kitchen cabinet was in a deplorable state, kitchen sink and taps were damaged, the roof was leaking and the ceiling was getting damaged and one of the walls in the kitchen had a crack.

**HEAD: 17/33 Ministry of Foreign Affairs - Missions Abroad - Pretoria**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**28.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K10,457,415 was made to cater for various activities at the Mission against which amounts totalling K10,094,974 were released resulting in underfunding of K362,441.

In addition, the Mission collected revenue in amounts totalling K552,398 (ZAR982,040.64) against a budget provision of K395,277 (ZAR702,714.82) resulting in an over collection of K157,121 (ZAR279,325.73).

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and the Mission carried out in July 2014 revealed the following:

**a. Delayed Banking of Revenue**

Contrary to Financial Regulation No.121, there were delays in the banking of revenue collections during the period under review in amounts totalling K519,412 (ZAR916,610) for periods ranging from 2 to 85 days. See table below.

Delay (Days)	Amount K	Amount ZAR
3-12	9,036	15,945
11-21	17,844	31,490
9-14	28,628	50,520
30-47	13,252	23,385
20-33	12,410	21,900
7-20	13,056	23,040
9-28	29,812	52,610
10-25	24,295	42,875
7-13	13,084	23,090
10-18	11,141	19,660
8-16	12,181	21,495
3-11	16,357	28,865
7-14	10,364	18,290
2-12	13,903	24,535
6-15	13,178	23,255
10-15	12,127	21,400
8-14	14,997	26,465
24-31	14,722	25,980
28-37	14,688	25,920
22-34	14,722	25,980
22-29	12,115	21,380
43-46	10,608	18,720
28-37	10,974	19,365
43-55	15,158	26,750
45-55	11,186	19,740
36-45	12,467	22,000
56-63	13,968	24,650
45-55	16,742	29,545
38-45	12,515	22,085
30-36	12,489	22,040
20-30	13,504	23,830
48-54	11,591	20,455
42-48	11,634	20,530
59-65	10,458	18,455
71-77	13,926	24,575
79-85	10,121	17,860
72-79	10,160	17,930
	<b>519,412</b>	<b>916,610</b>

**b. Unaccounted for Revenue**

Contrary to Financial Regulation No. 129, a total amount of K1,677 (ZAR2,960) collected during the period under review was not accounted for as the money was neither banked nor was cash found on hand.

**c. Payments without Authority**

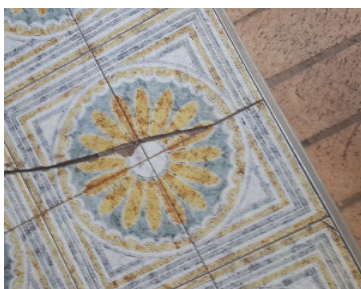
A payment of K17,698 (ZAR33,920) was made to the High Commissioner who had travelled with his spouse on 4<sup>th</sup> December 2013 without authority from the Ministry.

**d. Borrowed Funds not Reimbursed**

On 22<sup>nd</sup> May 2013, the Mission paid an amount of K6,090 (ZAR10,453.50) in respect of accommodation for Zambia's High Commissioner to Ghana. Although the High Commissioner to Ghana had committed that his Mission would reimburse the funds, as of July 2014, the funds had not been reimbursed.

**e. Mission Properties - High Commission's Residence**

A physical inspection made to the residence revealed that there were some cracks on the floor at the main entrance, dining room and the swimming pool. See picture below.



*Crack on the dining room floor*

**HEAD:** 17/37 **Ministry of Foreign Affairs – Missions Abroad - Rome**

**PROGRAMMES:** **Various**

**ACTIVITIES:** **Various**

**29.** In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2012 and 2013, provisions of K11,637,956 and K12,339,344 were made respectively to cater for various activities at the Mission against which amounts totalling K10,735,453 and K12,153,667 were released.

In addition, provisions of K161,340 in 2012 and K180,000 in 2013 were budgeted to be collected as revenue against which amounts totalling K97,284 and K161,886 were collected respectively.

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

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in July 2014 revealed the following:

##### **a. Failure to Recover Advances**

During the period under review, a total amount of K211,389 (€2,306.67) was paid as advances to three (3) diplomatic staff. Although the three officers were recalled, as of July 2014, only K157,502 (€4,071.14) was recovered leaving a balance of K79,187 (€12,102.21). As of August 2014, the balance had not been recovered from the officers. See table below.

<b>Date of Payment</b>	<b>Positions</b>	<b>Amount obtained €</b>	<b>Amount recovered €</b>	<b>Amount outstanding €</b>
18/01/2013	First Secretary - Political and Administration	7,500.00	2,500.00	5,000.00
24/01/2012	Third Secretary - P. S	7,000.00	5,833.35	1,166.65
23/11/2013	First Secretary - Agriculture	17,806.67	11,871.11	5,935.56
<b>Total</b>		<b>32,306.67</b>	<b>20,204.46</b>	<b>12,102.21</b>

##### **b. Failure to Recover Utility Bills Contribution**

According to Foreign Service Regulations and Conditions of Service No. 53, Government shall pay 80% of water and electricity bills for the Heads of Mission.

However, during the period under review, the Mission paid amounts totalling K390,943 (€57,089.71) for utility bills in full in respect of the Heads of Mission's residence. As of September 2014, amounts totalling K78,189 (€11,418) being 20% contribution had not been recovered from the ambassador.

**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 K588,178 procured during the period under review. See table below.

De tails	Amount K	Amount €
General stores	299,356	45,515.79
Fuel	288,822	42,494.49
<b>Total</b>	<b>588,178</b>	<b>88,010.28</b>

**HEAD: 19/01 Disaster Management and Mitigation Unit (DMMU) - Headquarters**

**UNITS: Disaster Management and Mitigation Unit**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**30.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K121,229,310 was made to cater for various programmes and activities against which amounts totalling K64,144,820 were released resulting in an under funding of K57,084,490.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the DMMU Headquarters and physical inspections of projects in selected districts carried out during the period from June to October 2014 revealed the following:

**a. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, twenty three (23) payment vouchers in amounts totalling K1,560,229 were not availed for audit.

Station	No. of PV	Amount K
Headquarters	22	1,559,193
Mongu	1	1,036
<b>Total</b>	<b>23</b>	<b>1,560,229</b>

**b. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprests in amounts totalling K143,183 paid to various officers between January and December 2013 had not been retired as of October 2014. See table below.

Station	Amount K
Headquarters	72,685
Chipata	11,013
Mongu	26,432
Choma	11,646
Kasama	21,407
<b>Total</b>	<b>143,183</b>

**c. Unsupported Payment Vouchers**

Contrary to Financial Regulation No. 52, four (4) payments in amounts totalling K7,300 made at Kabwe Office were not supported with receipts, wage sheets and contract forms. See table below.

**d. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K1,193,960 (General Stores - K821,383 and Fuel - K372,577) procured during the period under review could not be accounted for in that there were no receipt and disposal details.

**e. Overpayment of Fuel Imprest**

Contrary to Cabinet Office Circular No. 7 of 2012, sixteen (16) officers that made trips outside the District were paid fuel imprest in amounts totalling K127,036 instead of K69,462, as calculated using the formula thereby exceeding the authorised fuel imprest by K57,574. As of October 2014, no recoveries had been made from the officers.

**f. Failure to Return Tents**

During the period under review, DMMU headquarters disbursed a total of forty four (44) tents to DMMU – Mongu for use by displaced families in Sikongo District due to floods. In this regard, DMMU Mongu entered into an agreement with Sikongo District Disaster Management Committee to distribute the tents to the affected families and return the tents to Mongu DMMU after the floods had receded for the purpose of use for other disasters in the Province.

Contrary to the agreement, ten (10) tents costing K53,360 sent to Sikongo had not been returned as of November 2014.

**g. Procurement of Maize Seed for Army Worm Infected Victims**

During the period under review, DMMU engaged five (5) seed suppliers to deliver 3,755.92 metric tonnes of maize seed at a cost of K32,293,600 to the farmers that were affected by army worms during the 2012/2013 rainy season in various provinces. As of November 2014, the suppliers had been paid amounts totalling K19,989,663. See table below.



Payee	Amount Paid K	Contract Amount K	Date Contract Signed	Quantity Delivered (MT)	Contract Quantity (MT)	Variance in Quantities
MRI	10,666,402	17,929,859	21.12.12	921.44	1,664.50	743.06
Pannar	6,422,456	6,968,056	21.12.12	517.94	561.94	44
Zamseed	556,875	556,875	21.12.12	66.16	66.16	0
Farmers Barn	1,389,850	1,389,850	21.12.12	101.08	101.08	0
Pannar	538,080	-	-	44	-	-44
SEEDCO	416,000	5,448,960	21.12.13	104	1,362.24	1,258.24
<b>TOTAL</b>	<b>19,989,663</b>	<b>32,293,600</b>		<b>1,754.62</b>	<b>3,755.92</b>	<b>2,001.30</b>

Among the terms and conditions of the contract were the following:

- Clauses 18.4 and 18.5 of the contract state that payments to the suppliers were to be made upon the confirmation that the suppliers had supplied the maize seed to the designated depots as stipulated in the contract.
- Clause 24.1 of the contract states that if the supplier fails to deliver any or all of the goods or to perform the services within the period specified in the contract, the purchaser shall, without prejudice to it other remedies under the contract, deduct from the contract price, as liquidated damages a sum that shall not exceed 0.5% per week of the contract price for each week or part thereof of delay until actual delivery of performance, up to a maximum deduction of 10%.
- Maize seed was to be delivered within the 2012/2013 farming season with effect from the contract date.

The following were observed:

**i. Over Payment to a Supplier - MRI**

A test check on the price per tone quoted in the contract of MRI revealed that the company quoted an amount of K10,772 per tonnage. However, the Company claimed for the supply of 921.44 MT valued K10,666,402 at the rate of K11,576 per tonnage resulting in an over payment of K740,727. As of November 2014, the amount had not been recovered from the supplier.

**ii. Failure to Inspect Maize Seed – Chipata**

Clause 5.2 states that the purchaser must ensure that the maize seed supplied is subjected to pre-testing before it is distributed to the various destinations throughout the selected districts. However, out of one hundred and sixty two (162) MT of maize seed costing K1,392,884 supplied by MRI to Chipata District, 23.35MT costing K198,056 were infected with weevils and large grain borer at the time of delivery. As of November 2014, no replacements or refund was made for the infected seed.

In addition, 138.65MT costing K1,194,828 had no distribution records making it difficult to ascertain whether they were received by the intended beneficiaries.

**iii. Failure to Provide Records of Maize Seed Distribution – Choma**

14.08MT of maize seed costing K121,060 delivered to Choma during the period under review from seed companies could not be verified as distributed to vulnerable people as no distribution records were availed for audit.

**iv. Failure to Distribute Maize Seed – Ndola**

17.4MT of maize seed costing K149,605 was ordered during the period under review by Lusaka Disaster Management and Mitigating Unit for distribution in Ndola. However, records provided by the distributor, Ndola Co-operative Union, revealed that only 6.22MT of maize seed costing K53,480 were distributed leaving a balance of 11.180 tonnes of maize seed costing K96,126 undistributed.

**h. Unaccounted for General Stores**

Contrary to Public Stores Regulation No. 16, stores items costing K49,873 procured during the year under review had no receipt and disposal details. See table below.

<b>Station</b>	<b>Amount K</b>
Mongu	30,008
Choma	19,865
<b>Total</b>	<b>49,873</b>

**i. Theft by Public Servant – Chipata**

During the period from February to December 2013, eleven (11) payments in amounts totalling K133,920 were fraudulently made by an Assistant Accountant and an Office Orderly who had been charged with the responsibility of carrying out accounting duties at the Provincial Office. Although the officers were each convicted for twelve months (12) imprisonment, no loss report had been prepared and processed as of November 2014 to allow the loss to stand as a charge on public funds.

**HEAD: 20 Loans and Investments – Ministry of Local Government and Housing**

**PROGRAMMES: 04 Physical Planning and Housing Department**

**06 Infrastructure and Support Services**

**09 Decentralisation Secretariat**

**Various**

**31.** In the Estimate of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K936,191,095 was made to cater for various activities under Loans and Investments at the Ministry of Local Government and Housing, against which K159,760,180 was released resulting in an under funding of K776,430,915. See table below.

Programme	Budget Provision K	Releases K	(Over)/ Under Funding K
Physical Planning and Housing Department	12,141,600	10,854,266	1,287,334
Infrastructure and Support services	901,865,201	132,469,166	769,396,035
Decentralization Secretariat	22,184,294	16,436,748	5,747,546
<b>Total</b>	<b>936,191,095</b>	<b>159,760,180</b>	<b>776,430,915</b>

A scrutiny of the Statement ‘C’ revealed that out of the K159,760,180 funded, amounts totalling K155,978,542 were spent leaving a balance of K3,781,638.

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

An examination of accounting and other records maintained at the Ministry Headquarters and visits to selected Local Authorities and Commercial Water Utilities carried out in July 2014 revealed the following:

##### **a. Misapplication of Funds**

Contrary to the Appropriations Act of 2013, an amount of K1,910,018 meant for the National Water Supply and Sanitation Programmes was applied on unrelated activities such as the payment of rentals, terminal benefits, fuel for leaders, and purchase of three (3) tickets for a fundraising venture. Consequently, water supply activities such as construction of river crossings, rehabilitation of six (6) towns were not undertaken.

##### **b. Questionable Debt - Consultancy Fees**

In August 2013, the Ministry of Local Government and Housing paid DH Engineering amounts totalling K3,931,088 being settlement for consultancy services provided for the design and supervision of electrical, water and sanitation installation services in Livingstone, Kitwe and Solwezi for the National Housing Bonds Trust Housing Estates.

The following were observed:

- There was no contract document availed for audit. In this regard, it was not possible to ascertain the basis for the payment to DH Engineering.
- In a report dated 25<sup>th</sup> January 2010, the ministry's Internal Audit confirmed the debt owed to DH Engineering as K3,120,864. However the Ministry paid the consultant K3,931,088 resulting in an overpayment of K810,224. As of August 2014, the K810,224 had not been recovered.

No reports regarding the consultancy works undertaken in the three (3) cities / towns were availed for audit as of August 2014 rendering the expenditure questionable.

**c. Unaccounted for Toner Cartridges**

In April 2013, the Ministry paid three (3) suppliers for the supply and delivery of sixty eight (68) toners for the Department of Housing and Infrastructure Development (DHID) in amounts totalling K116,170.

Contrary to Public Stores Regulations No. 16, there was no documentation to show how the cartridges were distributed and utilised.

**d. Contract for the Supply of Ten (10) Edraulic Emergency Rescue Equipment**

In September 2013, the Ministry engaged MA & C Office and Industrial Supplies / Albert Ziegler GMBH & Company for the supply and delivery of various emergency rescue equipment at a total cost of K2,330,895 and the supplier was paid in full in October 2013.

The following were observed:

- The contract for the supply of the equipment was not availed for audit. In this regard, it was not possible to ascertain the terms and conditions that applied.
- As of August 2014, the supplier had not delivered equipment costing K270,097.

**e. Donation of 22 Second Hand Fire Fighting Equipment**

In 2011, the Society of Japan Diplomacy (SPJD) donated twenty-two (22) Second Hand Fire Fighting Equipment and four (4) Refuse Trucks to GRZ.

The following were observed:

**i. Contract for the Transportation of Donated Fire Tenders**

In May 2012, the Ministry engaged Joint International Company Limited of Japan to transport twenty two (22) fire equipment and four (4) Refuse Trucks donated by the Society of Japan Diplomacy (SPJD) from Japan to Lusaka at a cost of K1,100,371 (¥17,754,000).

However:

- the contract was not availed for audit. Therefore, it was not possible to ascertain the terms and conditions that applied.
- the Ministry paid Joint International Company Limited of Japan amounts totalling K1,290,128 resulting in an overpayment of K189,757.
- although in a correspondence for a request of payment dated 8<sup>th</sup> April 2013, Management stated that the first payment of K454,000 was made, no payment details were availed for audit.

## **ii. Questionable Transfer of Funds**

On 12<sup>th</sup> April 2013, the Ministry paid amounts totalling K852,693 to Joint International Co. Ltd through a bank transfer from the Fire Services Account.

However, as of August 2014, no documentation was availed to ascertain the purpose of the transfer rendering the transaction questionable.

## **iii. Undelivered Fire Tenders**

In May 2013, the Ministry engaged Raid Investment and General Dealers Ltd to clear and deliver five (5) fire tenders from Dar - es - Salaam to Lusaka.

In this respect, in July 2013, the Ministry paid Raid Investments and General Dealers Ltd K41,293 as storage and handling charges.

However, as of August 2014, the fire tenders had not been cleared and were still marooned in Dar-es-salaam. See pictures below.



*Part of the five (5) donated fire equipment – still marooned at Trans Africa Logistics Limited (TALL) yard in Dar-es-Salaam*

Consequently, a bill of K735,194 (US\$118,579.64) had accumulated as storage charges for the five (5) fire tenders.

In his response dated 24<sup>th</sup> December 2014, the Controlling Officer stated that the final amount agreed upon had been reduced to US\$57,778.39 and that the Ministry had since paid and equipment had been delivered.

Contrary to the Controlling Officers response, a review of correspondence from the Zambian High Commission in Tanzania and a report from the Ministry revealed that one of the fire tenders had been auctioned due to non-collection. Further, no delivery notes of the remaining four (4) fire tenders were availed for audit.

**f. Failure to Reimburse Funds**

On 3<sup>rd</sup> June 2013, DHID borrowed from the National Urban Water Supply and Sanitation Programme amounts totalling K162,319 (US\$30,059) to cater for travel expenses for the delegation attending the 99<sup>th</sup> Board Meeting and 32<sup>nd</sup> General Meeting and Symposium of Shelter Afrique in Ndjamena, Chad. However, as of August 2014, the funds had not yet been reimbursed.

**g. Questionable Payment of Allowances**

On 3<sup>rd</sup> July 2013, the Ministry paid amounts totalling K111,000 as meal allowances to fifteen (15) officers who were assigned to prepare bank reconciliation statements. However, the payments were questionable in that there was no evidence availed for audit such as bank reconciliations and attendance registers.

**h. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, there were no disposal details in respect of various stores items such as campaign material, golf t-shirts and branded caps costing K597,750 procured during the period from February to December 2013.

**i. Lack of Reports on Activities Purported to have been Undertaken**

Imprest in amounts totalling K644,733 were issued to seventeen (17) officers during the period under review for monitoring and evaluation of activities such as valuation rolls, card disaster management, data collection in Southern Province and evaluation of integrated plans among others. However, there were no monitoring and evaluation reports availed for audit making it not possible to ascertain whether the activities were undertaken.

**j. Inadequately Supported Payment Vouchers**

Contrary to Financial Regulation No 52, Fifteen (15) payment vouchers in amounts totalling K632,475 made during the period under review were inadequately supported with relevant documents such as receipts, quotations, goods received notes and fuel utilisation details.

**k. Missing Payment Vouchers**

Contrary to Financial Regulation No.65, thirty three (33) payment vouchers in amounts totalling K2,091,882 made during the period under review were not availed for audit. Included in this amount were cash payments in amounts totalling K159,682.

## **l. Questionable Payment of Allowances and Undertaking of Activities**

During the period under review, the Ministry paid amounts totalling K718,800 to forty nine (49) officers for activities such as audit verification of retrenched workers and street lighting funding to districts.

A scrutiny of supporting documents revealed that the officers were being paid for more than the days in a calendar month such as sixty (60) to one hundred and twenty (120) days in a month. Further, there were no reports availed for audit making it not possible to ascertain whether the activities were undertaken.

## **m. Disbursements to Projects and Institutions**

During the period under review, the Ministry disbursed amounts totalling K6,005,097 to two (2) projects /institutions as shown in the table below.

No	Project/ Institution	Amount K	Purpose
1	WSPS II	3,811,600	Disbursement to Councils for Water Sanitation Programme and Management Information Systems Roll Out
2	ZLCDFT	2,193,497	Operations and Construction of low cost housing units
	<b>Total</b>	<b>6,005,097</b>	

The Trust (Formerly African Housing Fund) was registered on 20<sup>th</sup> June 2005 by the Ministry of Local Government and Housing to supplement and augment Government efforts in poverty reduction through the improvement of shelter and living conditions of the poor people especially those in peri-urban and rural areas, taking over the assets and liabilities of Africa Housing Fund and continuing the programme.

Its objectives were to

- Take over the assets, liabilities including staff creditors and on-going projects of the dissolved African Housing Trust.
- Administer and maintain the Zambia Low Cost housing Development Fund Trust for the benefit of the selected and approved poor Zambian Communities identified by the Government
- Maintain and administer an effective Revolving Loan Fund
- Assist poor families, especially women headed households to construct or reconstruct their houses; and secure land tenure for that purpose
- Create employment opportunities in the production of building materials (bricks, tiles and timber) and in actual construction works
- Sensitise and disseminate HIV/AIDS awareness information to contribute to reversal of the epidemic

During the period from 2010 to 2013, amounts totalling K5,543,497 as shown in the table below were disbursed to the Institution.

Year	Purpose	Amount K
2010	Construction of houses	1,000,000
2011	Outstanding running costs	150,000
2012	Construction of houses and running costs	2,200,000
2013	Construction of houses and running costs	2,193,497
<b>Total</b>		<b>5,543,497</b>

However, it was not possible to ascertain how the funds disbursed to the Institution were utilised as no expenditure returns were availed for audit.

In his response dated 10<sup>th</sup> August 2014, the Controlling Officer stated that efforts to get expenditure returns from the Organisation failed despite several reminders to the Country Manager, and that the Ministry had since suspended further funding to the organisation.

It was however not clear why the Ministry had to wait for this long to take action.

**n. Disbursements to Provincial Department of Housing and Infrastructure Development (DHID) Offices and Councils**

An amount of K62,198,777 was released to various Provincial DHID Offices and Councils for National Rural Water Supply and Sanitation Programmes, construction of houses, markets, integrated development plans, feeder roads rehabilitation works as tabulated below.

Project Works	Amount K
National Rural Water Supply and Sanitation	28,183,501
Integrated Development Plans	2,451,344
Provincial DHID Offices	3,395,320
Urban Markets	2,438,805
Construction of houses	5,269,119
Urban and Feeder roads -Road Rehabilitations, Street lighting	20,460,688
<b>Total</b>	<b>62,198,777</b>

A visit to some selected provincial DHID Offices and district councils revealed the following:

**i. Failure to Implement Funded Activities**

Amounts totalling K5,128,804 were funded to various councils to cater for implementation of various activities as shown in the table below.



Date funds Received	Council	Amount K	Purpose	Delayed works as of August 2014
13/05/13	Kapiri Mposhi District	900,000	Water supply	15 months
14/11/2013	Lusaka City Council	1,081,022	drainage improvement	9 months
31/07/13	Livingstone City Council	800,000	Borehole drilling	13 months
31/07/13	Livingstone City Council	800,000	Street lighting	13 months
31/07/13	Mubbezi District Council	790,000	drilling of boreholes	13 months
16/01/13	Mufilira Municipal Council	200,000	Construction of Market	18 months
31/07/2013	Chadiza District Council	557,782	drilling of boreholes	13 months
<b>Total</b>		<b>5,128,804</b>		

As of August 2014, despite the availability of funds, the activities had not been implemented. The Councils attributed the lack of use of funds to none availability of guidelines from the Ministry.

**ii. Livingstone District Council - Rehabilitation of Fire Station**

The Council was funded an amount of K800,000 for the rehabilitation of a fire station. In this regard, Kakonto Construction Enterprises Limited was engaged to carry out the works at a contract sum of K1,249,805. As of June 2014, the contractor had been paid amounts totalling K393,822.

A physical inspection conducted in August 2014 revealed that works on the fire station had not been completed and the contractor was not on site.

In his response dated 12<sup>th</sup> August 2014, the Controlling Officer stated that the contractor abandoned the contract after being queried on some unsatisfactory works. The Council had since written to the Provincial Administration Office of Southern Province to assess the works for onward termination of the contract.

**iii. Luanshya Municipal Council - Wasteful expenditure - Construction of a Market at Walale**

The Ministry disbursed an amount of K200,000 for the construction of a market for the council at Walale.

A review of records revealed that the council awarded a contract to Kyakosa General Dealers for the construction of a market. Although an amount of K40,000 was paid to Kyakosa General Dealers for the construction of a market, a physical inspection of the site revealed that no works were done as of July 2014.

As of August 2014, no funds had been recovered from the Contractor rendering the expenditure wasteful.

**HEAD: 21 Loans and Investments - Ministry of Finance**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**32.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K10,233,638,613 was made to cater for loans and investments against which amounts totalling K7,486,968,763 were released resulting in an under funding of K2,746,669,850.

According to the Financial Statement (Statement C), amounts totalling K7,111,738,117 were spent during the financial year ended 31<sup>st</sup> December 2013.

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

An examination of accounting and other records maintained at the Ministry Headquarters and various institutions carried out during the period from June to September 2014 revealed the following:

##### **a. Unappropriated Expenditure**

Contrary to the approved budget of 2013, a review of Statement 'C' and the cash book for the financial year ended 31 December 2013, revealed that amounts totalling K1,423,390 were spent on an unappropriated programmes and activities as shown in the table below.

Entity	Payment Authorisation	Purpose	Funding K
Mukuba Pension House	136/2013	Rentals for Levy Mwanawasa Centre for Democracy	588,000
ING Bank N.V	072/2013	Tribunal Fees and expenses	835,390
<b>TOTAL</b>			<b>1,423,390</b>

##### **b. Projects and Institutions**

During the period under review, the Ministry disbursed amounts totalling K1,324,990,862 to various projects and Institutions to cater for operations, recapitalisation, settling of legal liabilities, infrastructure development, settling of outstanding terminal benefits, support to projects and modernization as shown in the table below.

Entity	Purpose	Expenditure K
Administrator General	Ex LINTCO workers – supplementary	24,000,000
Copperbelt Environmental Project	Counterpart funding	10,659,575
Development bank of Zambia	Eurobond allocation for on lending	108,038,000
Lusaka South MFEZ	Operational funding	37,255,193
Millennium Challenge	Counterpart funding	1,900,000
NCZ	Farmer Input Support Programme	24,973,488
TAZARA	Recapitalization	60,618,400
Zambia Consensus Program	Consensus programme	10,487,500
Zambia Railways	Rail Rehabilitation	618,532,000
Zambia Sovereign Credit Rating	Sovereign credit rating programme	4,704,406
Zambia Development Agency (ZDA)	Settlement of liabilities	3,500,000
ZESCO Limited	Power distribution network	367,542,300
ZIPA Project	Counterpart funding	2,780,000
Zambia Revenue Authority (ZRA)	Modernisation programme	50,000,000
<b>Grand Total</b>		<b>1,324,990,862</b>

A verification of the utilisation of funds at selected projects and Institutions carried out in June 2014, revealed the following:

**i. Inadequately Supported Payments**

Contrary to Financial Regulation Nos. 45 and 52, payments in amounts totalling K1,453,288 made during the period under review were not supported with relevant documents such as receipts, Goods Received Notes, acquittal sheets among others.

Project/Institution	Amount K
Millennium Challenge Account	193,097
Zambia Consensus Project	200,104
Sovereign Credit Rating	840,036
Copperbelt Environmental Project	220,050
<b>Total</b>	<b>1,453,288</b>

**ii. Missing Payment Vouchers**

Contrary to Financial Regulation No.65, various payment vouchers in amounts totalling K545,950 made under the Sovereign Credit Rating Project during the year were not produced for audit.

**iii. Failure to Recover Advance Payment from Terminated Contract-Zambia Revenue Authority (ZRA)**

In 2013, the Zambia Revenue Authority received K50,000,000 under the Modernization programme from the Ministry of Finance to finance infrastructure and the integrated tax administration system.

On 10<sup>th</sup> June 2013, the ZRA engaged Messrs Plinth Technical Works Limited at a contract sum of K2,788,493 for the construction of four (4) semi-detached houses at Kazungula Border Post. The contract was for a period of seven (7) months from the date of signing the contract.

As of April 2014, the contractor had been paid amounts totalling K1,139,535.

It was however observed that despite the ZRA terminating the contract on 24<sup>th</sup> April 2014 due to the abandonment of the site by the contractor, as of November 2014, the Performance Bond amounting to K278,856 which was valid up to 9<sup>th</sup> June 2014 had not been claimed.

**iv. Delayed Utilisation of Funds - Lusaka South Multi Facility Economic Zone (LS MFEZ) Limited**

During the year 2013, the Government incorporated the Lusaka South Multi Facility Economic Zone (LS MFEZ) Limited to operate, develop and manage the Lusaka South Multi Facility Economic Zone (LS MFEZ) in Lusaka South.

LS MFEZ is a public led zone in which Government is expected to provide basic infrastructure such as roads, electricity, telecommunications, water, sewerage and solid waste facilities to investors.

However, of the K37,255,193 funded to the project in 2013, LS MFEZ had only utilized K7,255,193 leaving a balance of K30,000,000 unutilised as of July 2014.

In addition, contrary to the requirements of Financial Regulations, the K30,000,000 was instead invested in short term fixed deposits without Authority from the Secretary to the Treasury. Further, the interest earned on this irregular investment was not declared to the Treasury.

It was also observed that although the K30,000,000 meant for the execution of the MFEZ project in 2013 remained unutilized as at the end of the financial year, in July 2014, an addition of K11,000,000 was again funded.

It was therefore not clear as to why the project implementation had continued to delay on one hand and why the Treasury had continued to fund it even when previously funded amounts remained unutilized.

**v. Misapplication of Recapitalisation Funds-Tanzania Zambia Railway Authority (TAZARA)**

A review of records at TAZARA Regional Office in Mpika revealed that during the period under review, the Ministry of Finance disbursed funds in amounts totalling K60,618,400 for recapitalization of TAZARA as shown in the table below:

Date	Amount K	Purpose
25-01-2013	10,618,400	Recapitalisation
26-03-2013	20,000,000	Recapitalisation
3/9/2013	30,000,000	Recapitalisation
<b>Total</b>	<b>60,618,400</b>	

Out of the total funds disbursed, TAZARA Head Office paid amounts totalling K13,515,295 to the Zambia Cost and Profit Centre in respect of five (5) month's salary arrears as below.

<b>Date</b>	<b>Amount K</b>	<b>Purpose</b>
4/2/2013	2,842,755	Salary Arrears
26-03-2013	4,897,190	Salary Arrears
4/9/2013	5,775,350	Salary Arrears
<b>Total</b>	<b>13,515,295</b>	

The payment of salary arrears was not in line with the purpose for which GRZ disbursed the funds as there was no Authority from the Secretary to the Treasury to use the funds for activities other than recapitalization of TAZARA.

The above situation may result in poor performance of TAZARA as funds meant for recapitalisation have been misapplied.

#### **c. Eurobond Proceeds**

On 12<sup>th</sup> September 2012, the Government issued its inaugural Euro Bond and subsequently received an amount of K3,732,208,920,368 (US\$734,397,662.41) on 26<sup>th</sup> September 2012, after deducting a 1.89% discount amounting to K72,113,580,000 (US\$14,190,000) and transaction costs amounting to K7,177,499,632 (US\$1,412,338). The Euro bond has since been disbursed as follows:

<b>Institution</b>	<b>Amount US\$</b>
NFRA -Formula 1 Re-financing	145,240,374
ZESCO-Kafue Hydro Power Station	186,000,000
DBZ- On lending	20,000,000
NFRA-Kitwe-Chingola Dual Carriage Way	100,000,000
ZESCO-Power Distribution Network	69,000,000
Zambia Railways-Recapitalisation	120,000,000
Ministry of Health-UTH/Livingstone General Hospital	15,206,222
NFRA	65,000,000
Ministry of Health	14,191,440
<b>Total</b>	<b>734,638,036</b>

Out of the US\$734,638,036 disbursed, US\$144,000,000 which was the balance from the US\$186,000,000 disbursed to ZESCO for Kafue Hydro Power Station was returned to Bank of Zambia. A follow up on the utilisation of the funds disbursed to the various institutions revealed the following:

#### **i. Zambia Railways**

On 20<sup>th</sup> February 2013, Zambia Railways Limited (ZRL) received a total of K618,532,000 (US\$120,000) for the rehabilitation of the railway network in the country.

The following were observed:

- **Failure to Recover Advance Payment Guarantee**

On 18<sup>th</sup> October 2013, ZRL entered into a contract for the supply and delivery of various GE Locomotive spares worth US\$10,647,568 with General Electric Company.

Clause GCC 35.1 of the Contract between ZRL and GE Company stipulated that the purchaser, ZRL reserved the right to terminate the contract without prejudice to any other remedy for breach of contract by written action in all or part, if the supplier failed to deliver any or all of the locomotive spare parts within the stipulated delivery period.

In November 2013, a letter of credit for US\$10,647,568 was guaranteed by the Zambia National Commercial Bank (ZANACO), out of which the contractor had drawn US\$4,199,320.20 as of April 2014.

In November 2013, G.E made the first delivery of various Locomotive spare parts and was supposed to have delivered the second consignment on 30<sup>th</sup> December, 2013. However, the second consignment was only delivered on 17<sup>th</sup> April 2014. This was a fundamental breach which resulted in the contract being terminated on 17<sup>th</sup> April 2014 by ZRL due to failure by the supplier to abide by the delivery schedule as only US\$2,950,880.41 worth of spares had been supplied leaving a balance of US\$1,248,439.79 from the drawn amount.

As of July 2014, the Advance Payment Guarantee amounting to \$1,064,757 had not been recovered by Zambia Railways.

- **Misapplication of Rehabilitation Funds**

Contrary to the purpose for which funds were released, on 11<sup>th</sup> June 2014, the Company misapplied an amount of K289,880 on the procurement of office tiles from Exotic Tiles and Things Limited.

- **Lack of Receipt and Disposal Details**

During the period January to March 2014, ZRL procured various goods in amounts totalling K19,561,564. However, there were no Delivery Notes, Goods Received Notes and Issuance Notes to show how many of the under listed procured items costing at K19,561,564 were delivered by various suppliers and also how the items were issued out. See table below.

Date	Payee	Transfer Ref No.	Amount K	Description
3/1/2014	Weave Plastic Industries Ltd	None	292,320	Elastic Rail Clips
16/01/2014	Banjoo Contractors and General Dealers Ltd	None	65,112	Construction properties
13/05/2014	Aveng Manufacturing (Infraset)	None	3,794,367	Concrete sleepers
22/05/2014	Pandrol	None	5,239,371	Rail fasteners
22/05/2014	Aveng Manufacturing (Infraset)	None	9,466,880	Concrete sleepers
13/05/2014	Gourock Ropes and Canvas Ltd	None	175,006	Uniforms for track workers
13/05/2014	Bata Shoe Company	None	176,884	Uniforms for track workers
5/3/2014	Perway Industries Ltd	None	106,544	Bolts and Nuts
5/3/2014	SAJ Coromant Mining Tools	None	245,080	Rolling Stock Tools
			<b>19,561,564</b>	

In the absence of Delivery Notes and Goods Issued Notes, it could not be ascertained as to whether the correct and right quantities of good ordered were supplied and whether the goods were used for the intended purposes.

**ii. ZESCO Limited – Construction and Rehabilitation of Power Distribution Network**

Although in February 2013, an amount of K368,094,300 (US\$69,000,000) was funded for the construction and rehabilitation of the power distribution network, ZESCO Limited had not carried out any construction or rehabilitation works as of December 2013.

**iii. Development Bank of Zambia**

In March 2013, the Development Bank of Zambia (DBZ) received an on-lent- loan from the Government in amounts totalling K104,511,200 (US\$20,000,000) from the Eurobond proceeds for onward lending to Small and Medium Sized Enterprises (SME's). The following were observed:

- Failure to Submit a Detailed Lending Framework to Government**

The Subsidiary Loan Agreement (SLA) between the Government and DBZ dated 9<sup>th</sup> January 2013, required the Bank, within three (3) months of execution of the agreement, to provide the Government with a detailed lending framework on how the Bank would utilise the loan proceeds and the criteria it would use to lend the Eurobond loan proceeds to the Small and Medium Enterprises (SME's).

However, as of September 2014, the Bank had not provided the Government with a detailed lending framework. In addition, there was no evidence of follow up by the Ministry of Finance.

- Delayed Utilisation of the Eurobond Funds**

The Bank disbursed a total of K73,857,989 (US\$14,121,986.42) as of July 2014, leaving a balance of K30,653,221 (US\$5,878,013.58) undisbursed.

In a correspondence dated 25<sup>th</sup> June 2014, to Secretary to the Treasury, the Managing Director, DBZ stated that the Bank had continued to experience delays in disbursing the balance of the Eurobond credit line proceeds funds because of protracted negotiations with SME clients in order to package collateral, perfect or register collateral on the approved facilities.

The delay in the utilisation of funds from the Eurobond entailed that DBZ failed to generate returns in good time to enable the Bank meet its repayment of Interest and Principal to Government, as the Bank was required to commence repayments to Government in September 2014.

- **Irregular Disbursement of Funds**

Contrary to Article IV of the Subsidiary Loan Agreement between the Government and DBZ which stated that the loan proceeds should be used exclusively to extend loans to SME's, out of the total K104,511,200 (US\$20,000,000) Euro Bond proceeds received from the Government, the Bank in May 2014 disbursed funds in amounts totalling K10,000,000 to two (2) Financial Institutions for the purpose of on-lending to SME's as follows:

<b>Financial Institution</b>	<b>Amount K</b>
Microfinance Zambia Limited	5,000,000
Cavmont Bank	5,000,000
<b>Total</b>	<b>10,000,000</b>

The subsequent disbursement of Eurobond funds to the Financial Institutions was questionable in that there was no mention in the Subsidiary Loan Agreement as to whether DBZ was allowed to disburse the Eurobond funds to other Financial Institutions in the event that it could not disburse funds to SME's. This also entailed that the Bank had no capacity to fully consume the Eurobond proceeds.

**iv. Ministry of Health**

During the period from March to August 2014, the Ministry of Health received a total amount of K170,357,956 (US\$29,397,662) from the Eurobond proceeds, for the rehabilitation of the University Teaching Hospital, Livingstone General Hospital, Ndola Central Hospital and Kitwe Central Hospital

In this regard, the Ministry of Health entered into four (4) contracts as shown in the table below.



CONTRACTOR	PURPOSE OF CONTRACT	START DATE	DURATION	CONTRACT AMOUNT K	AMOUNT PAID K
Hua Chang Infrastructure	Construction of an Adult Medical Emergency Unit	18.12.2013	84 Weeks	K27,013,790.74	9,616,125.02
China Jiangxi Corporation	Rehabilitation of roads at UTH	18.12.2013	128 Weeks	K33,819,092.90	6,763,818.58
China Jiangxi Corporation	Construction of a Car Park at UTH	18.12.2013	128 Weeks	K11,220,280.15	3,449,030.36
IVECO South Africa Ltd	Supply of 42 Advanced Life Support ambulances		16 Weeks	US\$11,729 211	56,417,504.91

The following were however observed;

- **Engagement of Contractors without Clearance from the Attorney General**

A scrutiny of contract records revealed that there was no authority given by the Attorney General for the three (3) contracts entered into by the Ministry Health amounting to K72,053,164 for construction works at the University Teaching Hospital and one (1) contract amounting to US\$11,729,211 for the supply of 42 Advanced Life Support Ambulances contrary to section 54 (2) (e) of the ZPPA Act 2008. The failure to obtain authority from the Attorney General is a breach of the ZPPA Act.

- **Inadequately Supported Payments.**

Contrary to Financial Regulation No. 45 (2), twenty two (22) payment vouchers in amounts totalling K1,531,585 were inadequately supported in that they did not have supporting receipts from the recipients of the payments

- **Failure to Obtain Advance Payment Guarantees and Performance Bonds for Signed Contracts**

The University Teaching Hospital undertook a number of rehabilitation works during the period under review at the institution. A scrutiny of signed contracts revealed that five (5) contractors did not provide advance payment guarantees and performance bonds contrary to the requirements of the signed contracts. However, advance payments were still made to the contractors. See table below:

CONTRACTOR	WORKS	CONTRACT AMOUNT K	ADVANCE PAID K
JDC AGENCIES	Rehabilitation of Phase V Theatre, casualty Emergency ward and Premium Admission Ward	850,542	170,108
JDC AGENCIES	Rehabilitation of Ward B 13	626,888	250,755
AJN INVESTMENTS	Installation of Aluminium partitioning at main Pharmacy	339,491	101,847
AJN INVESTMENTS	Construction of Oxygen plant	532,576	
ONDA Construction	Rehabilitation of Ward G21	800,869	160,174
		<b>3,150,366</b>	<b>682,884</b>

This may result in loss of public funds in the event that the contractors fails to honour the contracts.

- **Missing Payment Vouchers**

Contrary to Financial Regulation No.65, seven (7) payment vouchers in amounts totalling K153,366 were not availed for audit. See table below.

DESCRIPTION	AMOUNT K
Woodlands Investments-Rehabilitation of E block	25,000
B.Gons Enterprises-Rehabilitation of Incinerator	26,800
Olasachi Enterprises-Protective Clothing	6,581
Seoul Electronics-Installation of Coldroom	48,445
Jirevan Enterprises-Purchasing of black soil	21,750
Grihana Sales Agencies-Rehabilitation Materials	6,010
SNC Supplies-Building Materials	18,780
	<b>153,366</b>

**HEAD: 27 Public Service Management Division**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**33.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December, 2013, a provision of K681,397,650 was made to cater for the operations of the Public Service Management Division (PSMD) against which amounts totalling K655,039,405 were released resulting in an under-funding of K26,358,245.

According to the Financial Statement (Statement C), as at 31<sup>st</sup> December 2013, amounts totalling K653,925,134 had been spent.

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

An examination of accounting and other records maintained at the Public Service Management Division (PSMD) carried out during the period June 2014 to October 2014 revealed the following:

**a. Unacquitted Funds**

Contrary to Financial Regulation No. 45, payments in amounts totalling K513,110 made during the period under review in respect of allowances to various officers were not acquitted. It was therefore not possible to ascertain whether the funds were received by the intended beneficiaries.

**b. Unapproved Payments**

Contrary to Financial Regulations No. 48, twelve (12) payment vouchers in amounts totalling K238,585 made during the period under review were neither approved by the Controlling Officer nor any other authorised officer.

**c. Questionable Drawing of Fuel**

During the period under review, three (3) diesel propelled motor vehicles registration numbers GRZ 231 BX, GRZ 205 CA and GRZ 715 BX, drew 500 litres of petrol costing K4,569. It was not clear how a diesel propelled engine could draw petrol.

**d. Unvouched Expenditure**

Contrary to Financial Regulation Nos. 45, 52 and 65, various payments in amounts totalling K7,237,585 were unvouched in that they were either inadequately supported or missing.

**e. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, various stores items costing K2,369,764 (General Stores K2,028,029 and Fuel - K341,735) procured during the period under review were unaccounted for in that there were no receipt and disposal details.

**HEAD: 29 Ministry of Local Government and Housing**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**34.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total authorised provision of K750,674,716 was made to cater for various activities at the Ministry against which amounts totalling K455,686,374 were released.

As of 31<sup>st</sup> December 2013, amounts totalling K442,451,195 had been spent.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and a visit to five (5) districts carried out in April 2014 revealed the following:

**a. Missing Payment Vouchers**

Contrary to Financial Regulation No.65, seventy five (75) payment vouchers in amounts totalling K4,366,400 were not availed for audit.

**b. Questionable Allowances**

During the period under review, amounts totalling K175,550 involving seven (7) transactions were paid to various officers as allowances. However, the payments were questionable in that they were not authorised by either the Controlling Officer or any officer designated by him.

**c. Unsupported and Inadequately Supported Payments**

Contrary to Financial Regulation No. 52, payments in amounts totalling K677,250 made during the year under review involving nine (9) payment vouchers had no supporting documents such as receipts, contracts, authority, tenancy agreements and acquittal sheets.

**d. Questionable Drawing of Fuel**

A review of the fuel records revealed that 2,859.65 litres of petrol worth K27,727 involving sixty seven (67) transactions was drawn by diesel propelled motor vehicles. It was however not clear how petrol was drawn by diesel propelled motor vehicles. See table below.

Motor Vehicle	User	Total litres	Total Amount K
GRZ 872 BX	Deputy Minister	323.16	3,203
ALD 769	Permanent Sec	946.97	8,772
GRZ 536 CA	Deputy Minister	350.59	3,474
GRZ 256 CJ	Permanent Sec	784.01	7,770
ABD 3592	Deputy Minister	454.92	4,508
<b>Total</b>		<b>2859.65</b>	<b>27,727</b>

**e. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of assorted stores items costing K104,738 procured during the period under review.

**f. Unexplained Deposits**

A scrutiny of the bank statement for the grants account revealed that amounts totalling K178,496 were reflected as cash deposits. However, there was no evidence to show the source and the purpose of the deposits.

**g. Questionable Payment of Rehabilitation Works – Government Valuation Office - Kitwe**

During the period under review, amounts totalling K87,497 were paid to Lachinet General Dealers as payment for rehabilitation works. However, the payment was questionable in that there was neither a contract nor procurement minutes availed for audit. It was therefore not possible to ascertain the scope of works and how the contractor was selected.

**HEAD: 29/05 Ministry of local Government and Housing**

**UNIT: 04 Local Government Finance and Audit**

**PROGRAMME: Support to Institutions (Local Councils)**

**ACTIVITIES: Constituency Development Funds (CDF)**

**35.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K195,000,000 was made as Constituency Development Funds (CDF) to cater for one hundred

and fifty (150) constituencies and the whole amount was released to the Ministry of Local Government and Housing for onward disbursement to the Local Authorities. Each constituency was to receive K1,300,000.

### **Accounting and Other Irregularities**

In the Auditor General's Report on Constituency Development Funds (CDF) for the Financial Year Ended 31<sup>st</sup> December 2012, a number of irregularities were mentioned in the manner the CDF was handled at the Ministry Headquarters and the various Constituencies that were visited. In particular, mention was made of the delays in releasing CDF by the Treasury; the failure to implement projects funded and poor project management; irregularities in the procurement of earth moving equipment; missing accounting documents; irregular payments of allowances; unretired imprests; overpayments to suppliers; misapplication of funds; undelivered stores/equipment paid for among others.

In their Report for the Third Session of the Eleventh National Assembly, the Public Accounts Committee made several recommendations including the following:

- a. That the Secretary to the Treasury should come up with concrete measures to ensure that CDF funds are released during the first quarter of the financial year,
- b. That all the cases regarding the irregular procurement of second hand earth moving equipment be reported to the investigative wings for further investigations and that disciplinary action be taken against the officers who participated in the irregular procurements, and
- c. That all missing accounting documents be found and made available for audit, all undelivered material/equipment be delivered failure to which the responsible officers be surcharged.

A review of the situation carried out in August 2014 at the Ministry headquarter, local authorities and a physical inspection of selected projects in one hundred and two (102) constituencies which received amounts totalling K132,600,000 revealed that there were still weaknesses in the management and utilization of the Constituency Development Funds. In particular, the following were observed.

#### **a. Unspent Funds**

Out of the total amount of K132,600,000 disbursed to one hundred and two (102) constituencies visited, a total amount of K59,675,579 remained unutilised as of December 2014 in forty eight (48) constituencies. See table below.

District	Constituencies	Balance brought forward K	Funds Received for 2013 K	Total Funds Available K	Unspent Funds as of December 2014 K
Mongu	Nalikwanda	5,855	1,300,000	1,305,855	1,300,264
Kaoma	Kaoma Central	393,489	1,300,000	1,693,489	1,488,153
	Mangango	192,126	1,300,000	1,492,126	1,409,786
Sesheke	Sesheke Central	910,807	1,300,000	2,210,807	1,587,734
Mafinga	Mafinga	962,859	1,300,000	2,262,859	1,242,808
Mpika	Kanchibiya	556,809	1,300,000	1,856,809	459,640
	Mfuwe	-	1,300,000	1,300,000	630,276
Isoka	Isoka	397,255	1,300,000	1,697,255	235,934
Chingola	Chingola	1,078,184	1,300,000	2,378,184	1,300,000
	Nchanga	1,321,483	1,300,000	2,621,483	1,300,000
Kitwe	Nkana	1,786,934	1,300,000	3,086,934	1,477,149
	Chimwemwe	2,189,975	1,300,000	3,489,975	1,725,159
	Wusakile	2,107,342	1,300,000	3,407,342	1,887,558
	Kafinsa	1,480,226	1,300,000	2,780,226	1,740,419
	Kwacha	2,100,571	1,300,000	3,400,571	2,307,963
Masaiti	Masaiti	1,215,000	1,300,000	2,515,000	1,690,130
	Kafulafuta	1,186,394	1,300,000	2,486,394	875,359
Lusaka	Lusaka Central	1,892,255	1,300,000	3,192,255	2,740,964
	Kabwata	1,789,471	1,300,000	3,089,471	2,683,650
	Kanyama	577,474	1,300,000	1,877,474	1,779,361
	Chawama	1,717,377	1,300,000	3,017,377	1,804,193
	Mandevu	1,643,918	1,300,000	2,943,918	2,421,144
	Matero	1,700,020	1,300,000	3,000,020	1,643,396
Kafue	Kafue	168,779	1,300,000	1,468,779	693,249
Chongwe	Chongwe	1,472,988	1,300,000	2,772,988	1,571,835
Luangwa	Feira	1,025,120	1,300,000	2,325,120	1,308,359
Siavonga	Siavonga	499,547	1,300,000	1,799,547	1,551,199
Mbala	Mbala	1,377,469	1,300,000	2,677,469	554,012
	Senga	1,174,321	1,300,000	2,474,321	1,433,491
Livingstone	Livingstone	2,450,547	1,300,000	3,750,547	1,719,249
Kazungula	Kazungula	1,423,387	1,300,000	2,723,387	2,606,634
Namwala	Namwala	218,501	1,300,000	1,518,501	263,535
Chipata	Chipata Central	915,213	1,300,000	2,215,213	77,235
	Chipangali	336,641	1,300,000	1,636,641	1,300,000
	Kasenengwa	508,825	1,300,000	1,808,825	1,300,000
	Luangeni	1,028,233	1,300,000	2,328,233	95,614
Mansa	Mansa Central	1,201,211	1,300,000	2,501,211	1,906,001
	Bahati	992,109	1,300,000	2,292,109	970,026
Chipili	Chipili	996,312	1,300,000	2,296,312	682,230
Kawambwa	Pambanshe	91,769	1,300,000	1,391,769	135,870
	Kawambwa Central	759,234	1,300,000	2,059,234	187,662
Ikelenge	Ikelenge	991,745	2,300,000	3,291,745	757,454
Zambezi	Zambezi West	305,617	1,300,000	1,605,617	241,157
Solwezi	Solwezi East	278,726	1,300,000	1,578,726	912,045
	Solwezi West	173,762	1,300,000	1,473,762	822,981
	Solwezi Central	166,165	1,300,000	1,466,165	1,463,205
Kasempa	Kasempa	43,380	1,300,000	1,343,380	177,707
Zimba	Mapatizya	356,408	1,300,000	1,656,408	1,213,787
<b>Total</b>		<b>46,161,834</b>	<b>63,400,000</b>	<b>109,561,834</b>	<b>59,675,579</b>

Consequently, projects in the forty eight (48) constituencies were not implemented.

## b. Misapplication of Funds

During the period under review, amounts totalling K381,175 meant for CDF projects were spent on the payment of long service bonus, full council meeting expenses, sitting allowances, subsistence allowances on workshops, allowances to councillors, procurement of furniture, procurement of motor vehicle for council operations and LGAZ meetings among others, activities which were not related to the purpose for which the funds were intended. See table below.

Local Authority	No of Transaction	Amount K	Applied on
Senanga	23	105,927	Long service bonus, LGAZ meetings, sitting allowances and motor vehicle spare parts
Masaiti	4	66,075	Salaries and wages, sitting allowances
Namwala	64	171,423	rehabilitation of council chamber and servicing of motor vehicle
Ikelenge	3	10,400	Councillors Sitting Allowances
Zambezi	2	18,000	Councillors Sitting Allowances
Kasempa	1	1,000	Councillors Sitting Allowances
Solwezi	2	8,350	Councillors Sitting Allowances
<b>Total</b>	<b>99</b>	<b>381,175</b>	

**c. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, thirty eight (38) payment vouchers in amounts totalling K577,982 were not availed for audit. See table below.

Local Authority	No of Transactions	Amount K
Mpika	3	8,456
Lufwanyama	2	31,900
Luangwa	25	306,626
Zambezi	8	231,000
<b>Total</b>	<b>38</b>	<b>577,982</b>

**d. Unsupported Payments**

Contrary to Financial Regulation No. 65, ninety one (91) payments in amounts totalling K2,830,854 processed during the period under review were not supported with relevant documentation such as receipts and invoices. See table below.

Local Authority	No of Transactions	Amount K
Kalabo	3	28,150
Senanga	3	3,610
Mafinga	24	149,200
Mpika	10	120,410
Masaiti	20	1,992,915
Lufwanyama	14	207,777
Ikelenge	4	96,593
Zambezi	4	115,783
Kasempa	2	8,070
Chibombo	7	108,346
<b>Total</b>	<b>91</b>	<b>2,830,854</b>

**e. Unauthorised Retention of Interest Earned**

Contrary to the Public Finance Act No. 15 of 2008, which states that, “all interest accrued on bank accounts and other investments shall constitute general revenue and shall be paid into the Treasury Account”, interest in amounts totalling K483,513 earned on various bank accounts maintained by six (6) local authorities between January 2013 and July 2014 had not been remitted to the Treasury and were instead used on Council operations. See table below.

Council	Constituency	Bank	Amount K
Mbala	Mbala	Finance	27,365
	Senga	Finance	35,815
Mpulungu	Mpulungu	Cavmont	44,318
Luwingu	Lubansenshi	Natsave	11,787
	Lupososhi	Natsave	37,129
Solwezi	Solwezi West	Zanaco	42,609
	Solwezi Central	Zanaco	19,605
	Solwezi East	Zanaco	45,459
Kabwe	Kabwe central	Zanaco	85,771
	Bwacha	Zanaco	68,557
Kazungula	Kazungula	Zanaco	65,097
<b>Total</b>			<b>483,513</b>

**f. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K2,369,733 (General Stores - K2,155,551 and Fuel - K214,182) procured during the period under review were unaccounted for in that there were no receipt and disposal details. See table below.

Local Authority	No of Transactions	General Stores K	Fuel K	Total K
Senanga	11	131,103	-	131,103
Mafinga	34	746,186		746,186
Kitwe	2	6,877	85,163	92,039
Masaiti	13	43,323	13,134	56,457
Lufwanyama	28	248,768	104,144	352,912
Mbala	10	-	11,742	11,742
Kabompo	31	976,569		976,569
Kasempa	1	2,725		2,725
<b>Total</b>	<b>130</b>	<b>2,155,551</b>	<b>214,182</b>	<b>2,369,733</b>

**g. Muchinga Province**

During the period under review, a total amount of K11,700,000 was released to six (6) Councils to cater for the 2013 CDF Projects in nine (9) constituencies. In addition, amounts totalling K3,788,170 were brought forward from the previous year bringing the total funds available to K15,488,170 as detailed in the table below.

Council	No. of Constituencies	2013 Allocation	Amounts brought forward from 2012 K	Total K
Mpika	3	3,900,000	725,920	4,625,920
Chinsali	1	1,300,000	293,505	1,593,505
Mafinga	1	1,300,000	962,859	2,262,859
Chama	2	2,600,000	403,576	3,003,576
Isoka	1	1,300,000	397,255	1,697,255
Nakonde	1	1,300,000	1,005,055	2,305,055
<b>Total</b>	<b>9</b>	<b>11,700,000</b>	<b>3,788,170</b>	<b>15,488,170</b>

Records maintained at Mpika, Chinsali, Mafinga, Chama, Isoka, and Nakonde councils and physical inspections carried out on selected projects in August 2014 revealed the following:

**i. Unacquitted Payments – Mpika Council**

During the period under review, cash in amounts totalling K124,200 involving twenty four (24) transactions were drawn to facilitate payment of labour charges for various works. However,



contrary to Financial Regulation No. 45, acquittal sheets were not produced for audit making it not possible to ascertain whether the funds were received by the intended beneficiaries.

**ii. Construction of Foot Bridge – Nakonde Council**

During the period under review, the Council approved an amount of K109,840 for the construction of a reinforced concrete foot bridge at Yolo in Nakonde. In this regard, on 31<sup>st</sup> December 2013, the council engaged Thosim Supplier and Contractors at a contract price of K109,840 to carry out the works.

As of December 2014, a total amount of K209,867 had been paid to the Contractor thereby exceeding the contract sum by K100,027. See table below.

Date	Amount K	Details
03.01.14	50,000	Advance payments
09.01.14	25,000	Interim payments
21.01.14	34,860	Interim payment
10.02.14	100,008	Final payment
<b>Total</b>	<b>209,867</b>	

A physical inspection carried out in December 2014 revealed that although the works were completed in January 2014 and the bridge was in use, there were issues such as:

- **Irregular Advance Payment**

Contrary to CDF guideline 12 (a), which requires that a maximum of 15% of the contract sum be paid as advance payment, the contractor was paid an amount of K50,000 which was 46% of the contract sum.

- **Overpayment to Contractor**

Despite the final payment for certified works of K34,860 being made on 21<sup>st</sup> January 2014, the Council paid an amount of K100,008 to the contractor on 10<sup>th</sup> February 2014 for unspecified works.

- **Poor Workmanship**

Cracks had developed under the bridge and supporting pillars were falling. As of August 2014, two pillars had fallen and had been repaired twice while another had still not been fixed.

- **Failure to Provide for Retention**

The contract was defective in that it did not provide for retention and the whole contract sum of K109,840 was paid soon after completion of the works on 21<sup>st</sup> January 2014.

### iii. Irregularities in the Purchase of Graders – Chama Council

On 1<sup>st</sup> February 2013, the council engaged Techmiya Commercials Limited to supply and deliver two (2) graders at a contract sum of K700,000. The terms of payment were 100% advance payment before delivery. However, the delivery period was not specified.

As of February 2013, the supplier had been paid in full. See table below.

Date	Constituency	Amount K
07.02.2013	Chama south	350,000
25.02.2013	Chama north	350,000
<b>Total</b>		<b>700,000</b>

The following were observed:

- Though the supplier was single sourced, a “No Objection” from the Zambia Public Procurement Authority (ZPPA) was not obtained.
- There was no evidence that the contract was cleared by the Attorney General.
- As of December 2014, the Graders had not been delivered, twenty four (24) months after the payments were made.
- The advance payment of 100% was contrary to the requirement of the CDF guidelines which stipulates a 15% advance payment.

### iv. Questionable Payment - Chinsali

On 27<sup>th</sup> January 2014, an amount of K18,613 was paid to Bennedictus WG VAN NES for the shipment and clearing of Sporting Equipment donated by Malalo Sporting Equipment. However, as of December 2014, the equipment had not been received by the Council, twelve (12) months after making the payment.

### v. Project Management

There were weaknesses in the management of projects in that there was failure to complete works on time and abandonment of some projects as detailed below.

Local Authority	Project	Contractor	Contract Date	Amount Allocated/ Contract Sum K	Amount spent K	Scope of Works	Project Status and other observations
Chinsali Municipal	Fixing of tiles in the duty room, side wards, toilets and ART clinic at Chinsali District Hospital	Talesim Enterprises	01.10.13	89,994	89,994	Fixing of floor and wall tiles.	As of December 2014, works had not been completed in that the tiling in the toilets had not been done despite the contractor being paid the full contract sum and works had been abandoned.
	Rehabilitation of two staff houses at Chikanda Basic School	Glory Days	08.10.13 (12 months)	28,208	28,208	Mending of cracks, plastering, fitting of doors, glazing, replacing rotten timber on the roof and painting	A physical verification carried out in December 2014 revealed that works on House 2 had not commenced and the contractor was not on site.
	Construction of an administration block at Chinsali Day Secondary School.	RM Contractors	01.10.13 (12 months)	123,316	73,317	Construction of substructure and superstructure, roofing, fitting of doors and window frames, glazing, plastering, flooring and painting.	A physical verification carried out in December 2014, revealed that the works were abandoned at foundation level.
	Rehabilitation of a staff house at Chilunda Primary School.	Natwikatane Women's Club	01.10.13 (12 months)	12,742	12,742	Replacement of roof, fitting of doors, plastering, flooring, painting and construction of drainage.	A physical verification carried out in December 2014, revealed that only plastering and painting had been done and the works had stalled.

Mafinga	Construction of Maternity wing at Chanama Rural Health Centre	Noah Simwanza	01.08.13	22,000	20,400	construction of a maternity wing	As of December 2014, works had not been completed in that fitting of glass panes, air vents and doors, painting, flooring, completion of the roof and construction of the drainage were outstanding.
	Construction of a classroom block at Chanama Basic School	Anderson Sichembe	01.08.2013	35,000	32,445	Construction of a 1 x 2 class room block and office	A physical inspection of the site carried out in December 2014 revealed that the structure had been partially roofed and works had stalled.
	Construction of a Police cell at Thendele Police Post	Council	07.10.13	30,000	27,850	Construction of a holding police cell	Although the materials were procured in October 2013, as of December 2014, only digging of the foundation had been done.
	Construction of classroom block at Kambombo basic	Nsachi Engineering	18.10.2013	185,985	154,035	Construction of 1 x 2 classroom block	A physical inspection carried out in December 2014, revealed that the structure was at roof level.

#### **h. Lusaka Province**

During the period under review, a total amount of K13,000,000 was released to five (5) Councils to cater for the 2013 CDF projects in eleven (11) constituencies. In addition, amounts totalling K13,626,516 were brought forward from the previous year bringing the total funds available to K26,626,516 as detailed in the table below.

<b>Council</b>	<b>No. of Constituencies</b>	<b>2013 Allocation</b>	<b>Amounts brought forward from 2012 K</b>	<b>Total K</b>
Lusaka	7	9,100,000	9,654,322	18,754,322
Kafue	1	1,300,000	168,779	1,468,779
Chongwe	1	1,300,000	1,472,988	2,772,988
Rufunsa	1	-	1,305,306	1,305,306
Luangwa	1	1,300,000	1,025,120	2,325,120
<b>Total</b>	<b>11</b>	<b>13,000,000</b>	<b>13,626,516</b>	<b>26,626,516</b>

Records maintained at Lusaka, Kafue, Chongwe, Rufunsa and Luangwa councils and a physical inspections carried out on selected projects in August 2014, revealed the following:

##### **i. Misappropriation of CDF Funds for Rufunsa Constituency**

During the period under review, K1,300,000 meant for Rufunsa Constituency was misappropriated by various officers at the Ministry Headquarters. The affected officers have since been suspended, charged and appearing before the courts of law.

Consequently, the council could not procure a drilling rig which was the approved project for the whole allocation of 2013.

##### **ii. Projects Management**

There were weaknesses in the management of projects in that there was poor workmanship, failure to complete works on time and abandonment of some projects as detailed below.

- **Lusaka**

District	Constituency	Project	Contractor	Contract Date	Amount Allocated K	Amount Spent K	Scope of works	Status
Lusaka	Lusaka Central	Construction of a Boundary Wall at Bauleni Basic School	Sabila Enterprises Limited	31.05.13	291,851	262,143	Construction of a boundary wall	As of December 2014, the boundary wall fence had not been completed in that on the western part only three (3) courses had been built above the footing and the contractor was not on site.
		Rehabilitation of a borehole in Chibolya settlement compound.	ABC Global Ltd	05.03.12	500,000	119,789	Borehole cleaning, pump control house, water tap stand, water reticulation, water tank stand and plumbing works	As of December 2014, only the tank stand had been erected.

- **Kafue**

Constituency	Project	Contractor	Contract Date	Amount Allocated K	Amount Spent K	Scope of work	Status
Kafue	Construction of 1x2 Teachers Houses at Chikwama Basic school	Council workers	04.02.14	120,000	96,349	Construction of 1x2 Semi detached staff houses	As of December 2014, the structure is at roof level with the following works outstanding: fitting window frames, roofing sheets, flooring, plastering and painting; works have stalled and the contractor was not on site.
	Construction of Market Shelter at Kalukungu Market.	Vicely Enterprises	27.02.14	67,000	33,002	Construction of a market shelter	As of December 2014, the shelter was at roof level. However, works had stalled and the contractor was not on site despite having the roofing materials on site.

	Completion of a Police Post and staff house at Chiawa.	Council workers	04.02.14	15,000	15,289	<p><b>Police Post:</b></p> <p>Flooring, Fitting air vents, Fitting of one door frame, Glazing, and Spoon drains</p> <p><b>Staff house:</b></p> <p>Roofing, flooring, fitting air vents, fitting of one door frame, glazing, and Spoon drains</p>	<p><b>Police Post:</b></p> <p>The structure is at roof level with the following works outstanding: roofing, flooring, plastering, painting, glazing and spoon drains.</p> <p><b>Staff House:</b></p> <p>The structure has been roofed and plastered with outstanding: glazing, spoon drains and plastering the pillar.</p> <p>In addition, the works had stalled and the contractor was not on site.</p>
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- Chongwe District Council**

<b>Project</b>	<b>Contractor</b>	<b>Contract Date</b>	<b>Amount Allocated K</b>	<b>Amount Spent K</b>	<b>Scope of work</b>	<b>Status</b>
Construction of 1x2 CRB at Daughters of the redeemer church	Wilson Banda	14.02.14	25,961	20,241	Construction of a 1x2 classroom block	As of December 2014, the structure is at slab level and back filling is in progress. Despite the availability of materials, the contractor was not on site.

- Projects Management - Rufunsa District Council**

There were weaknesses in the management of projects in that there was poor workmanship, failure to complete works on time and abandonment of some projects as detailed below.

<b>Project</b>	<b>Contractor</b>	<b>Contract Date</b>	<b>Amount Allocated K</b>	<b>Amount Spent K</b>	<b>Scope of work</b>	<b>Status</b>
Construction of Mpanshya market.	Clement Ngulube	18.03.14	15,000	16,115	Construction of a market shelter	As of December 2014, only the foundation box had been done with six (6) courses raised in the corners and the contractor was not on site.
Construction of 1x2 CRB at Nkoloma Community School.	Banda Joseph	16.01.14	25,000	23,424	Construction of 1x2 classroom block	As of December 2014, only the concrete slab had been done and the contractor was not on site.
Construction of Chinyunyu Storage shed.	Rodwell Umpumo	06.12.13	15,000	23,125	Construction of storage shed	Although the council had over spent on the project by K8,125, as of August 2014, the shed had not been completed as works

						such as plastering, fitting of air vents, construction of a spoon drain and beam filling on the sides had not been done. Further, the Contractor was not on site.
1. Renovation of boys dormitories at Shikabeta Basic School.  2. Installation of Solar Panels at the girls dormitories.	Mike Nyangu	28.11.13	21,000	18,218	Mending of cracks, plastering, painting floor screed and glazing.	As of December 2014, the following works were still outstanding; Glazing and Landscaping
					Installation of Solar panels.	Solar panels had not been installed.
Construction of 1x2 CRB at Tengama Basic School.	Lasco Namooobe	16.12.13	20,000	16,753		As of August 2014, only One (1) classroom had been roofed, Windows and door frames fitted.  1x1 CRB was at ring beam level. Door frames fitted.  Contractor not on site.
Construction of Staff house at Chibengele Community school.	Mbofana Banda	06.12.13	25,000	17,817	Construction of staff house.	As of December 2014, only the foundation box had been built and the Contractor was not on site.

- **Luangwa District Council**

- **Failure to Deliver a Grader**

On 23<sup>rd</sup> December 2013, the Council engaged Micro Pro Innovation to supply a Grader at a contract sum of K695,000 with a delivery period of 6 to 8 weeks. In this regard, on 3<sup>rd</sup> January 2014, the supplier was paid a 10% advance payment of K69,500.

However, as of December 2014, forty six (46) weeks after the advance payment was made, the grader had not been delivered.

○ **Irregularities in the Execution of Projects**

In 2013, a total amount of K460,000 was approved for the construction and rehabilitation of ten (10) structures in the Constituency. In this regard, on 23<sup>rd</sup> December 2013, the council entered into a labour only contract with Milambo Ltd to carry out the works at a contract sum of K145,033 which was 30% of the estimated material cost.

As of August 2014, amounts totalling K455,234 had been spent on materials (K378,104) and labour (K77,130).

Contrary to CDF guideline No. 9, which states that, “projects implementation shall involve community participation in form of labour, both skilled and unskilled and that preference shall be given to local contractors and suppliers,” the contract for all infrastructure projects was awarded to Milambo Ltd a non - Luangwa resident.

A physical inspection of the projects carried out in December 2014, revealed that the works had not been completed. See table below.

Project	Contractor	Contract Date	Amount Allocated K	Amount Spent K	Scope of work	Status
Construction of Mwalilia maternity ward	Milambo Ltd	23.12.13	60,000	68,157	Construction of maternity ward	The structure is roofed with the following works outstanding; plastering, flooring, fitting air vents, beam filling, glazing, painting and provision of spoon drain.
Rehabilitation of Zalampango Community Hall.	Milambo Ltd	23.12.13	20,000	11,033	Mending structural cracks, replacement of doors and damaged roofing	Works were incomplete in that the spoon drain was not completely done. The beam filling was not complete and cracks had not been mended on the walls.

					sheets, plastering and flooring, painting, repairs to steps, aprons spoon drains	
Construction of Staff House at Kaluluzi Community School.	Milambo Ltd	23.12.13	80,000	39,752	Construction of staff house	The structure is at wall plate level with the window frames fitted.
Construction of Kakaro Bus Shelter	Milambo Ltd	23.12.13	30,000	24,894	Construction of a bus shelter	The structure is roofed with the following works outstanding; second coat painting, glazing, fitting of 3 air vents and fitting of one (1) door frame and the contractor was not on site.
Construction of Boys Dormitory at Chilombwe Boys Secondary School.	Milambo Ltd	23.12.13	60,000	71,235	Construction of dormitory	The structure is roofed. However the following works were outstanding; painting, blundering, glazing and spoon drains.

#### i. Copperbelt Province

During the period under review, a total amount of K14,300,000 was released to five (5) Councils to cater for the 2013 CDF projects in eleven (11) constituencies. In addition, amounts totalling K14,466,109 were brought forward from the previous year bringing the total funds available to K28,766,109 as detailed in the table below.

<b>Council</b>	<b>No. of Constituencies</b>	<b>2013 Allocation</b>	<b>Amounts brought forward from 2012 K</b>	<b>Total K</b>
Chingola	2	2,600,000	2,399,667	4,999,667
Kitwe	5	6,500,000	9,665,048	16,165,048
Lufwanyama	1	1,300,000	-	1,300,000
Masaiti	2	2,600,000	2,401,394	5,001,394
Mpongwe	1	1,300,000	-	1,300,000
<b>Total</b>	<b>11</b>	<b>14,300,000</b>	<b>14,466,109</b>	<b>28,766,109</b>

Records maintained at Chingola, Kitwe, Lufwanyama, Masaiti and Mpongwe councils and physical inspections carried out on selected projects in August 2014, revealed the following:

**i. Chingola Municipal Council**

- **Procurement of Two Second Hand Ambulances**

On 6<sup>th</sup> June 2013, the council engaged Noor Motors Ltd to supply and deliver two (2) ambulances at a contract price of K185,000 for Chingola and Nchanga Constituencies. As of August 2014, the whole amount had been paid.

The following were observed:

- The procurement of the second hand vehicles was done without approval of the PVEC at Cabinet Office.
- Although the ambulances were received on 6<sup>th</sup> June 2013, a physical inspection carried out in August 2014, revealed that the ambulance procured for Chingola constituency was non-functional in that the engine had been dismantled. Further inquiries revealed that the ambulance had not been working since July 2014.

**ii. Lufwanyama District Council**

- **Procurement of Second Hand Grader**

On 13<sup>th</sup> February 2013, the Council engaged Hawk Spare Limited of UK to supply and deliver a second hand grader at a contract price of K735,448 with a delivery period of four (4) weeks.

As of August 2014, amounts totalling K845,289 had been spent on the procurement of the grader (K735,448) and travel expenses to inspect the equipment (K109,842) leaving a balance of K9,251. The grader was delivered in July 2013.

The following were observed:

- i. Contrary to the provisions of the ZPPA Act of 2008, the supplier was single sourced and a “No Objection” was not obtained from ZPPA.
- ii. Contrary to Procurement Regulation No. 120 (1), the Council did not get appropriate approval from the Provincial Procurement Committee for the procurement which was above the Council threshold of K500,000.

- iii. No authority was obtained from Plant, Vehicle and Equipment Committee (PVEC) for the procurement of a second hand grader.

**iii. Mpongwe District Council**

- **Procurement of Second Hand Earth Moving Equipment**

On 10<sup>th</sup> December 2013, the Council engaged Truck Sales 2000 (UK) Ltd to supply and deliver the equipment at a contract price of K1,211,800. See table below.

Unit	Quantity	Price K
140 G/K Caterpillar Grader	1	589,300
Back hole with 2 extra bucket case	1	381,800
Used Tipper Truck	1	240,700
<b>Total</b>		<b>1,211,800</b>

As of August 2014, amounts totalling K1,412,654 had been paid to the supplier resulting in excess expenditure of K112,654 for which no satisfactory explanation was given.

In addition, the following were observed:

- No authority was obtained from Plant, Vehicle and Equipment Committee (PVEC) for the procurement of the second hand earth moving equipment.
  - A physical inspection carried out in August 2014 revealed that although the earth moving equipment was received in February 2014, the grader was non-functional in that the gears were defective since June 2014.
- **Failure to Reimburse Funds - Masaiti**

On 15<sup>th</sup> October 2013, an amount of K48,300 was transferred from the Masaiti constituency development account to the District main account and applied on the payment of salaries to council staff. However, as of August 2014, the funds had not been reimbursed.

**iv. Project Management**

There were weaknesses in the management of projects in that there was poor workmanship, failure to complete works on time and abandonment of some projects as detailed below.

District	Constituency	Project	Contractor	Contract Date	Contract sum K	Amount Paid to Contractor K	Scope of Works	Remarks/ Observations
Kitwe	Wusakile	Construction of Bridge connecting Malembeka to Luangwa Compound	Mano Construction Contractors LTD	18.07.13 (4 weeks)	95,138	80,785	Excavation, supply and installation of culvert pipes, backfilling and concrete decking	Although the works were completed on 27 <sup>th</sup> August 2013, as of August 2014, cracks had developed on headwalls and the embankment was eroding.
		Construction of a market shelter at Wusakile Market	Robima Investment LTD	17.07.13 (6 weeks)	293,403	152,027	Excavation, erecting of walls, foundation, concrete counters, Roofing, flooring of the shelter and painting.	As of December 2014, works had not been completed fifty six (56) weeks after the expected completion period in that painting, flooring and construction of concrete counters were outstanding.

	Nkana	Construction of a market shelter at Miseshi Market in Mindolo Ward	Bachoh Investment LTD	18.07.13 (8 Weeks)	286,408	256,947	Excavation, erecting of walls, foundation ,concrete counters and flooring of the shelter and painting	<p>Although the works were completed in September 2013, as of December 2014, the following defects were observed:</p> <ul style="list-style-type: none"> <li>• Cracks had developed on the concrete counters, walls and concrete benches.</li> <li>• Plastering was poorly done and was pilling off.</li> </ul>
	Nkana	Refurbishment of Kamakonde Clinic	Sinfarm Investment LTD	22.08.13 (5 Weeks)	127,894	87,728	Installation of burglar bars, grill gate, supply and fitting of PVC floor tiles, ceramic bowl urinals, construction of concrete drain, installation of tank stand and	<p>As of August 2014, although the works had been completed, the following defects were observed:</p> <ul style="list-style-type: none"> <li>• Grill doors were loosely fitted to the wall and were not flashing.</li> <li>• PVC tiles were coming out before the building handover.</li> </ul>



							water connection.	
	Kwacha	Construction of a market shelter at Kwacha market in Nkana East	Gwemuzo General Dealers	18.07.13 (8 weeks)	271,134	173,664	Construction of substructure, raising walls, concrete counters, roofing, installation of two (2) grill gate and painting	Although the works were completed in September 2013, as of December 2014, cracks had developed on the entire floor and plastering was not completed in some sections of the structure.
Masaiti	Masaiti	Lot 4 – Completion of 1 x 2 CRB and Staff houses	Sunzu Investment Ltd	06/06/14 (10 weeks)	116,120	16,920	Completion of Nyenyeshi 1 x 2 CRB under Chinondo ward, Staff house at Misapa School under Masangano ward, Staff house at Kaunga and	Although the contractor was paid 15% advance of K16,920 on 26 <sup>th</sup> June 2014, as of December 2014, the contractor had not moved on site.

							Staff house at Chinondo under Chinondo ward	
	Masaiti	Rehabilitation of a 1 x 2 CRB at Mushili Basic School and completion of Semidetached staff house at Chilese Basic School.	Rock of Ages General Dealers Ltd	06/06/14 (8 weeks)	75,302	11,295	Rehabilitation of a 1x2 CRB and completion of semidetached staff houses.	Although the contractor was paid 15% advance of K11,295 on 25 <sup>th</sup> June 2014, as of December 2014 the contractor had not moved on site.

Chingola	Nchanga	Drilling of 2 boreholes and installation of submersible pumps at Mudzabwera Basic in Nchanga constituency and Kamita Primary School in Chingola constituency	Dastech Engineering	29.07.13 2 weeks	37,000	16,638	Drilling of borehole and casing, Supply and installation of submersible pump with automatic control panel, fabrication and erection of an overhead stand, connection of pipes to the main line	As of December 2014, only one (1) borehole had been drilled.
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**j. Central Province**

During the period under review, a total amount of K11,700,000 was released to five (5) councils to cater for the 2013 CDF projects in eleven (11) constituencies. In addition, amounts totalling K7,082,517 were brought forward from the previous year bringing the total funds available to K18,782,517 as detailed in the table below.

<b>Council</b>	<b>No. of Constituencies</b>	<b>2013 Allocation</b>	<b>Amounts brought forward from 2012 K</b>	<b>Total K</b>
Kabwe	2	2,600,000	2,010,575	4,610,575
Kapiri Mposhi	1	1,300,000	2,651,716	3,951,716
Serenje	2	2,600,000	357,278	2,957,278
Mkushi	2	2,600,000	1,363,106	3,963,106
Chibombo	2	2,600,000	699,842	3,299,842
<b>Total</b>	<b>11</b>	<b>11,700,000</b>	<b>7,082,517</b>	<b>18,782,517</b>

Records maintained at Kabwe, Kapiri Mposhi, Serenje, Mkushi and Chibombo councils and physical inspections carried out on selected projects in August 2014 revealed the following:-

- **Failure to Insure a Grader – Katuba Constituency - Central Province**

In May 2013, Reba Industrial Ltd was engaged to supply a grader at a contract sum of K755,000 with a delivery period of six (6) weeks and the whole amount was paid to the supplier.

Although the grader was delivered in September 2013, as of December 2014, the grader had neither been registered nor insured.

**k. Northern Province**

During the period under review, a total amount of K10,400,000 was released to five (5) councils to cater for the 2013 CDF Projects in eight (8) Constituencies. In addition, amounts totalling K4,637,532 were brought forward from the previous year bringing the total funds available to K15,037,532 as detailed in the table below.

<b>Council</b>	<b>No. of Constituencies</b>	<b>2013 Allocation</b>	<b>Amounts brought forward from 2012 K</b>	<b>Total K</b>
Kasama	2	2,600,000	278,813	2,878,813
Mbala	2	2,600,000	2,551,790	5,151,790
Luwingu	2	2,600,000	263,657	2,863,657
Mungwi	1	1,300,000	494,468	1,794,468
Mpulungu	1	1,300,000	1,048,804	2,348,804
<b>Total</b>	<b>8</b>	<b>10,400,000</b>	<b>4,637,532</b>	<b>15,037,532</b>

Records maintained at Kasama, Mbala, Luwingu, Mungwi and Mpulungu councils and physical inspections carried out on selected projects in August 2014 revealed the following:

**i. Unapproved Projects – Mbala Council**

Contrary to CDF Guideline No.7, a total amount of K33,549 involving three (3) transactions in respect of Senga constituency was spent on projects not approved by the Council.

**ii. Procurement of Second Hand Earth Moving Equipment – Mbala Council**

On 26<sup>th</sup> August 2013, the Council engaged Dar - Express (Z) Ltd to supply and deliver earth moving equipment at a contract price of K1,845,000 as tabulated below.

<b>Unit</b>	<b>Quantity</b>	<b>Price K</b>
Compactor	1	285,000
Front end loader	1	535,000
Grader	1	580,000
Tipper truck	1	180,000
Water bowser	1	265,000
<b>Total</b>		<b>1,845,000</b>

As of August 2014, the whole amount had been paid to the supplier. However, no authority was obtained from the Plant, Vehicle and Equipment Committee (PVEC) at Cabinet Office for the procurement of the equipment.

**iii. Project Management**

There were weaknesses in the management of projects in that there was poor workmanship, failure to complete works on time and abandonment of some projects as detailed below.

District	Constituency	Project	Contractor	Contract Date	CDF Allocation Sum K	Amount Paid to Contractor K	Scope of Works	Remarks/Observations
Mbala	Mbala	Supply, delivery and installation of a laboratory equipment at Lucheche Secondary School	Sinda Chemicals and Education Supplies Ltd	04.06.14 (2 weeks)	150,000	129,050	Supply, delivery and installation of a laboratory equipment	A physical inspection carried out on December 2014 revealed that although some equipment had been supplied and installed, the following had not been supplied; 2 gas cylinders, rubber pipes for gas, 100 elbows, 2 regulators, 2 power supply DC 3V to 12 V set, 4 extractor fans sets, 20 water taps, water distiller and 2 human models
Luwingu	Lubanseshi	Construction of a bridge at Luena	Drickaz Investment	08.06.13 (2 months)	138,035	123,525	Clearing, grabbing, earth works, excavation, de-watering, steel and concrete works, compaction and gravelling	As of December 2014, works had not been completed, fourteen (14) months after expected completion period and had stalled. Outstanding works included carrying out steel and concrete works, gravelling and compaction.

## **I. Western Province**

During the period under review, a total amount of K10,400,000 was released to five (5) Councils to cater for the 2013 CDF Projects in eight (8) Constituencies. In addition, amounts totalling K2,325,522 were brought forward from the previous year bringing the total funds available to K12,725,522 as detailed in the table below.

<b>Council</b>	<b>No. of Constituencies</b>	<b>2013 Allocation K</b>	<b>Amounts brought forward from 2012 K</b>	<b>Total K</b>
Mongu	2	2,600,000	401,030	3,001,030
Kaoma	2	2,600,000	585,615	3,185,615
Sesheke	1	1,300,000	910,807	2,210,807
Senanga	1	1,300,000	-	1,300,000
Kalabo	2	2,600,000	428,070	3,028,070
<b>Total</b>	<b>8</b>	<b>10,400,000</b>	<b>2,325,522</b>	<b>12,725,522</b>

Records maintained at Mongu, Kaoma, Sesheke, Senanga and Kalabo councils and physical inspections carried out on selected projects in August 2014 revealed the following:

### **i. Irregular Transfer of Funds**

In Paragraph 3.9.3 (a) of the Auditor General's Report on the Management of CDF and Grants to Local Authorities for the financial year ended 31<sup>st</sup> December, 2012, mention was made on the irregular transfer of K83,391 CDF funds and applied on day to day operations of the council.

A review of the situation in 2014 in respect of the 2013 CDF revealed that a total amount of K298,066 was irregularly transferred from the Senanga Central CDF account to the District Fund account to facilitate the operations of the office. In this regard, as of December 2014, amounts totalling K381,457 in respect of 2012 CDF (K83,391) and 2013 CDF (K298,066) had not been reimbursed.

### **ii. Project Management**

A review of documents and physical inspections carried out on selected projects revealed weaknesses in the management of projects in that there was poor workmanship, failure to complete the projects on time in respect of ten (10) projects on which a total expenditure of K355,168 had been incurred as detailed below.

Local Authority	Constituency	Project	Contractor	Contract Date	Contract/Allocated Amount K	Total Spent K	Scope of Works	Project Status
Mongu Municipal	Mongu Central	Completion of a 1x3 CRB at Tungi Primary School	Western Solutions	24.06.14	75,000	60,670	Roofing, plastering, flooring, painting, fitting of air vents, door frames, window frames and panel doors, glazing and finishing.	A physical inspection of the project carried out in December, 2014, revealed that roofing and metal works had been done with plastering, flooring, fitting of air vents and panel doors, and glazing outstanding.  In addition, building materials costing K6,375 paid for by the council had not been delivered by the supplier
		Rehabilitation of a one (1) staff house at Tapo Primary School	Greenrite Contractors and General	30.06.14	25,000	20,608	Roofing, fitting of windows, plastering.	A physical inspection of the project carried out on 16 <sup>th</sup> December 2014, revealed that crack mending and block work was in process, roofing was partly done with plastering, painting, fitting of doors and glazing outstanding.
Senanga District	Senanga Central	Manufacturing of Light ferry	West Wheels	10.04.14 to 11.05.14 (30 days)	70,000	63,300	Manufacturing and connecting of 2 floaters, a loading bay, front and	A physical inspection of the project carried out on 18 <sup>th</sup> December 2014 revealed that works had not been completed, seven (7) months after the



							back ramps and painting of the ferry.	expected completion period. Outstanding works included connecting of the floaters, fitting of a loading bay and ramps as well as painting.
		Completion of Nande Police Post	Hamulo Engineering and General Dealers	15.05.14 to 16.08.14 ( 3 Months)	50,000	35,378	Construction of superstructure, roofing, metal works, painting and finishing.	A physical inspection of the project carried out on 17 <sup>th</sup> December 2014, revealed that the structure was two (2) courses above ring beam level and metals works had been done with roofing, plastering, painting, flooring, glazing and fitting of doors still outstanding
		Construction of 1x3 CRB at Litambya Primary School	Mix west Auto Spares and General Dealers	30.06.14	80,000	54,222	Construction of substructure and superstructure	A physical inspection of the project carried out on 18 <sup>th</sup> December 2014, revealed that concrete slab was partly done and the contractor was not on site.
	<b>Nalolo</b>	Construction of a 1x2 CRB at Lipaa Community School	Council	26.02.14	70,000	65,335	Substructure, superstructure, roofing	A physical inspection of the project carried out on 18 <sup>th</sup> December 2014 revealed that the structure was at wall plate level with works such as roofing, fitting of window frames and doors, plastering, painting, glazing and flooring outstanding.

<b>Kalabo</b>	<b>Kalabo Central</b>	Completion of a 1x3 CRB at Lunje Primary School	Muchimi General Dealers	30.04.14 to 15.08.14 (3 Months)	106,595	15,989	Roofing, mending of cracks, glazing, fitting of doors, flooring and painting	A physical inspection of the project carried out on 18 <sup>th</sup> December 2014 revealed that the structure was at wall plate level with works such as roofing, fitting of window frames and doors, plastering, painting, glazing and flooring still outstanding.
	<b>Liuwa</b>	Completion of a 1x3 CRB at Mulinga Primary School	Muchimi General Dealers	30.04.14 to 15.08.14 (3 Months)	81,108	12,166	Roofing, flooring, plastering, fitting of doors, air vents and window frames, glazing, painting and drainage works	A physical inspection of the project carried out on 16 <sup>th</sup> December 2014, revealed that only plastering of the interior walls and fitting of trusses had been done with the rest of the works outstanding.

**m. Eastern Province**

During the period under review, a total amount of K18,200,000 was released to six (6) Councils to cater for the 2013 CDF projects in fourteen (14) constituencies. In addition, amounts totalling K11,346,274 were brought forward from the previous year bringing the total funds available to K29,546,274 as detailed in the table below.

<b>Council</b>	<b>No. of Constituencies</b>	<b>2013 Allocation</b>	<b>Amounts brought forward from 2012 K</b>	<b>Total K</b>
Chipata	4	5,200,000	2,788,912	7,988,912
Chadiza	1	1,300,000	1,192,260	2,492,260
Petauke	3	3,900,000	2,647,008	6,547,008
Katete	2	2,600,000	1,367,279	3,967,279
Lundazi	3	3,900,000	2,968,570	6,868,570
Nyimba	1	1,300,000	382,244	1,682,244
<b>Total</b>	<b>14</b>	<b>18,200,000</b>	<b>11,346,274</b>	<b>29,546,274</b>

Records maintained at Chipata, Chadiza, Petauke, Katete, Lundazi and Nyimba councils and physical inspections carried out on selected projects in August 2014 revealed the following:

**i. Chipata Municipal Council**

- Procurement of Skip Trucks and Skip Bins.**

On 16<sup>th</sup> December 2013, Micro-Pro Innovations Limited was engaged to supply two (2) skip trucks and eleven (11) skip bins at a cost of K700,000 with a delivery period of eight (8) weeks. As of December 2013, the supplier had been paid amounts totalling K105,000.

On 3<sup>rd</sup> June 2014, the contract was terminated because of failure by the contractor to supply the equipment within the contract period. However, as of December 2014, the amount of K105,000 had not been recovered from A-Plus General Insurance the guarantor.

- **Drilling of Borehole at Private Land in Kasenengwa Constituency.**

On 18<sup>th</sup> September 2013, Chipata Municipal Council awarded a contract to Yelezya Enterprises Limited for the drilling of thirteen (13) boreholes in Kasenengwa Constituency at a cost of K286,000. In this regard, an advance payment of K71,500 was paid to Yelezya Enterprises Limited on 19<sup>th</sup> December 2013.

The scope of works included setting, drilling and equipping the boreholes with India Mark II Hand Pump.

A physical inspection carried out in December 2014 revealed that although all the thirteen (13) boreholes had been drilled none of them had been equipped with Mark II pumps.

It was further observed that one (1) borehole costing K22,000 meant for Gabbie Village was drilled at a private farm.

- ii. **Project Management**

A review of documents and physical inspections carried out on selected projects revealed weakness in the management of projects in that there was poor workmanship and failure to complete projects on time as detailed below.

District	Constituency	Project	Contractor	Contract Date	Allocated Amount /Contract Sum K	Amount Spent on Project K	Scope of Works	Remarks/Observations
Lundazi	Chasefu	Completion of a 1x3 Classroom Block at Dambo Primary School-	Madando Nyirenda	09.04.14	19,000	15,196	Roofing, plastering, iron mongery and glazing.	As of December 2014, the contractor was not on site and the roof had not been done halfway with the following works outstanding; roofing, plastering, flooring, fitting doors and window frames.

	Completion of a 1x3 at Classroom Block at Chindolo Primary School	K Nyirenda	21.03.14	20,000	14,805	Completion of the walls from window level, roofing, plastering, iron mongery, painting and glazing.	As of December 2014, the classroom block was at roof level with the following works outstanding: roofing, plastering, flooring, fitting window frames and panes, fitting doors and painting.
Lundazi Central	Construction of 1x3 class room block at Kambinda Day Secondary School	Martin Hara	18.02.14	40,000	31,655	Constructing 1x3 class room block up to window level.	As of December 2014, the structure was ring beam level.

	Lundazi Central	Construction of a 1X3 Classroom Block at Romance Primary School	Jack Phiri	21.03.14	40,000	37,730	Construction of super structure and roofing	As of December 2014, the roof was partially done with the following works outstanding; completing the roof, flooring, fitting doors and window frames, flooring and plastering.
Katete-	Mkaika	Construction of a Health Post at Keni	Nathan Nkhoma	13.12.13	85,000	76,324	Constructing a Health Post	As of December 2014, the structure was at gable level and works had stalled.
Chadiza	Chadiza	Completion of a staff house at Katantha primary	Christopher Zulu	01.03.14	40,000	30,900	Building super structure, roofing, plastering, iron mongery, painting, fitting of	As of December 2014, the following works were outstanding; plastering of passage and three (3) rooms, fitting air vents, fitting window panes and doors, painting, flooring and fitting ceiling board. The contractor was not on site.

							doors, drainage and glazing.	
		Completion of a 1x3 Classroom Block at Chamaseche primary	Mr Banda	02.06.14	80,000	64,609	Building walls to gable level, roofing, plastering, iron mongery, painting, fitting door, drainage and glazing	As of December 2014, the classroom block was at ring beam level and the contractor was not on site.



**n. Luapula Province**

During the period under review, a total amount of K14,300,000 was released to seven (7) councils to cater for the 2013 CDF projects in eleven (11) constituencies. In addition, amounts totalling K9,015,487 were brought forward from the previous year bringing the total funds available to K23,315,487 as detailed in the table below.

Council	No. of Constituencies	2013 Allocation	Amounts brought forward from 2012 K	Total K
Mansa	2	2,600,000	2,194,120	4,794,120
Samfya	2	2,600,000	1,209,613	3,809,613
Mwense	2	2,600,000	1,322,439	3,922,439
Kawambwa	2	2,600,000	851,009	3,451,009
Chipili	1	1,300,000	996,312	2,296,312
Mwansabombwe	1	1,300,000	887,924	2,187,924
Chienge	1	1,300,000	1,554,071	2,854,071
<b>Total</b>	<b>11</b>	<b>14,300,000</b>	<b>9,015,487</b>	<b>23,315,487</b>

Records maintained at Mansa, Samfya, Mwense, Kawambwa, Chipili, Mwansabombwe and Chienge councils and physical inspections carried out on selected projects in August 2014, revealed the following:

**i. Wasteful Expenditure - Bangweulu Constituency (Samfya District)**

An amount of K55,000 was approved for the construction of Kaishe embankment across the Kaishe dambo to facilitate community access to the main road (Samfya - Serenje road). The community was engaged to carry out the works on labour basis with the supervision of the Council. The works commenced in October 2013 and were completed in December 2013.

As of August 2014, the whole amount had been spent as detailed below.

Date	Payee	Amount K	Details
10.10.13	Sobam Investment Ltd	48,850	Materials
16.12.13	Emmanuel Ntambi	6,150	Labour
	<b>Total</b>	<b>55,000</b>	

A physical inspection carried out in December 2014, revealed that although the works were completed in December 2013, the embankment had been eroded. Consequently, the community had resorted to using logs to make the embankment passable. See picture below.



*Parts of the eroded embankment with temporal bridge constructed by the community.*

**ii. Failure to Insure the Grader – Chipili Council**

In October 2013, the council procured a grader from Twapalwa Industrial Corporations Limited of Kitwe at a cost of K719, 900. Although the equipment was delivered on 26<sup>th</sup> February 2014, it was observed that as of December 2014, it had neither been registered nor insured.

**iii. Payments to Unregistered Groups - Kawambwa Central**

Contrary to CDF guideline No. 4 which requires that clubs, associations and societies benefiting from the Fund should be registered with a local council within their constituency, amounts totalling K10,000 were paid to two (2) clubs that were not registered with the Council.

**iv. Unaccounted for Building Materials – Kawambwa Council**

During the period under review, amounts totalling K114,539 involving fourteen (14) transactions were spent on the procurement of building materials for various

projects. However, the building materials could not be accounted for in that there were no receipt and disposal details.

**v. Unaccounted for Fertiliser and Seed – Mwense District Council**

An amount of K450,000 was approved for the purchase of fertiliser and seed to benefit clubs in two (2) constituencies namely Mambilima (K300,000) and Mwense (K150,000). In this regard, during the period September 2013 to January 2014, the council procured fertiliser and seed costing K453,978 for distribution to members of beneficiary clubs in the two (2) constituencies.

However, there were no acquittal sheets availed for audit making it not possible to ascertain whether the fertiliser and seeds were delivered to the intended beneficiaries.

**vi. Project Management**

There were weaknesses in the management of projects in that there was poor workmanship, failure to complete works on time and abandonment of some projects as detailed below.

District	Constituency	Project	Contractor	Contract Date	Allocated Amount K	Total Spent K	Scope of works	Remarks
Samfya	Bangweulu	Construction of a 1x3 CRB at Kampolobombo Community School.	Council	04.10.13	35,000	35,000	Construction of a classroom block.	As of December 2014, the structure was roofed with the following works outstanding; painting, plastering, glazing, fitting air vents and window frames.
		Construction of a Maternity wing at Kalasa Mukoso Rural Health Centre.	Council	04.10.13	40,000	40,000	Construction of a maternity wing.	As of December 2014, the following was outstanding; painting, plastering and beam filling.
		Construction of Kantanshya Market.	Council	11.12.13	50,000	49,989	Foundation, steel portal	As of December 2014, the structure was at ring beam level.

							frame and roofing.	However the works had stalled and the contractor was not on site.
<b>Mansa</b>	<b>Bahati</b>	Completion of 1x3 CRB at Chibinde Primary School.	Council	25.03.14	30,000	26,121	Completion of a structure from slab level.	As of December 2014, the structure was at ring beam level. However, the works have since stalled and the contractor was not on site.
		Completion of a staff house at Lunchinka Primary School.	Council	27.05.14	30,000	23,205	Completion of a structure from window level.	As of December 2014, the structure was roofed with the following works outstanding; painting and plastering in the corridor and three (3) bedrooms.
		Completion of a staff house at Moloshi Primary School.	Chembe Nsofu	28.05.14 (2 months)	38,187	24,580	Completion of the structure from gable level.	As of December 2014, the structure was roofed with four (4) window panes and the spoon drain not done.

**o. North - Western Province**

During the period under review, a total amount of K14,000,000 was released to six (6) councils to cater for the 2013 CDF projects in ten (10) constituencies. In addition, amounts totalling K2,666,022 were brought forward from the previous year bringing the total funds available to K16,666,022 as detailed in the table below.

<b>Council</b>	<b>No. of Constituencies</b>	<b>2013 Allocation</b>	<b>Amounts Brought Forward from 2012 K</b>	<b>Total K</b>
Ikelenge	1	2,300,000	991,745	3,291,745
Zambezi	2	2,600,000	643,443	3,243,443
Kabompo	2	2,600,000	326,478	2,926,478
Solwezi	3	3,900,000	618,653	4,518,653
Mufumbwe	1	1,300,000	42,323	1,342,323
Kasempa	1	1,300,000	43,380	1,343,380
<b>Total</b>	<b>10</b>	<b>14,000,000</b>	<b>2,666,022</b>	<b>16,666,022</b>

Records maintained at Ikelenge, Zambezi, Kabompo, Solwezi, Mufumbwe and Kasempa councils and physical inspections carried out on selected projects in August 2014, revealed the following:

**i. Irregular advance Payments – Zambezi East Constituency**

According to CDF guideline No. 12 (a), the advance payment shall be a maximum of 15% of the contract sum and shall be paid to the contractor within thirty (30) days after award of contract. However, contrary to the guideline, amounts totalling K150,000 involving four (4) transactions were paid as advance payments at 30% of the contract sums.

**ii. Failure to Supply and Deliver a Grader-Mufumbwe Constituency**

On 24<sup>th</sup> December 2013, Property Masters Zambia Ltd was engaged to supply and deliver a grader at a contract sum of K928,000 with a delivery period of six (6) weeks from the date of payment. As of December 2013, the supplier was paid in full.

However, as of December 2014, thirty eight (38) weeks after the expected delivery period, the grader had not been delivered and no action had been taken against the supplier.

**iii. Over Commitment of Funds - Kabompo West Constituency**

A comparison of approved projects against the contracts signed revealed that the council overcommitted funds in amounts totalling K142,620 contrary to section 7(3) of the Public Finance Act No. 15 of 2004 and CDF guidelines. See details below.

Contractor	Project	Approved Amount K	Contract Amount K	Amount Over Committed K
Chipawa Enterprise	Construction of 2 Staff Houses at Dikolonga School	190,000	236,000	46,000
Big Tree Enterprise	Construction of 1 Staff House at Wazanga School	90,000	146,620	56,620
Samwanji Guest Lodge	Construction of 1 Staff House at Mufuli Wajamba Health Post	90,000	130,000	40,000
	<b>Total</b>	<b>370,000</b>	<b>512,620</b>	<b>142,620</b>

**iv. Unsupported Payment**

On 7<sup>th</sup> March 2014, an amount of K60,000 was paid to Kabompo Radio Station. However, the purpose of the payment could not be established as no supporting documents were availed for audit.

**v. Unapproved Project – Construction of Kabompo Community Radio Station**

On 13<sup>th</sup> May 2014, the council engaged Semunje Enterprises to construct a community radio station at a contract sum of K254,149 with a completion period of four (4) months. As of August 2014, the contractor had been paid an amount of K38,122.

However, although as of December 2014 the project was at slab level, it had not been approved by the Council, contrary to CDF Guideline No. 7.

**vi. Projects Management**

There were weaknesses in the management of projects in that there was poor workmanship, failure to complete works on time and abandonment of some projects as detailed below:

District	Constituency	Project	Contractor	Contract Date	Allocated Amount K	Total Spent K	Scope of works	Remarks
Solwezi	Solwezi East	Construction of a bridge across Sobonto stream	Chrispin Mutapi	16.08.14 (2 months)	60,000	48,865	Installation of sixteen (16) culverts and construction of head and wing walls.	As of December 2014, works were completed. However, out of the sixteen (16) culverts that were supposed to be installed, only nine (9) were done leaving a balance of seven (7) culverts costing K9,800 that could not be accounted for.
Ikelenge	Ikelenge	Completion of a staff house at Mwinilombe Primary School	Arnold Mukanzu	17.02.14 (2 months)	50,000	39,883	Completion from window level	As of December 2014, the staff house had been roofed with the following outstanding; plastering, painting, carpentry, flooring and glazing.
Zambezi	Zambezi West	Construction of Mize main market	Kash Best General Dealers	01.03.14 (3 months)	80,000	24,000	substructure, superstructure, roofing, carpentry works, construction of concrete tables, fitting of door frames and doors	As of December 2014, only digging of the foundation had been done and works had stalled.



**p. Southern Province**

During the period under review, a total amount of K11,700,000 was released to seven (7) Councils to cater for the 2013 CDF Projects in nine (9) Constituencies. In addition, amounts totalling K5,824,691 were brought forward from the previous year bringing the total funds available to K17,524,691 as detailed in the table below.

<b>Council</b>	<b>No. of Constituencies</b>	<b>2013 Allocation</b>	<b>Amounts Brought Forward from 2012 K</b>	<b>Total K</b>
Livingstone	1	1,300,000	2,450,547	3,750,547
Kazungula	1	1,300,000	1,423,387	2,723,387
Choma	2	2,600,000	745,704	3,345,704
Namwala	1	1,300,000	218,501	1,518,501
Kalomo	2	2,600,000	130,598	2,730,598
Zimba	1	1,300,000	356,408	1,656,408
Siavonga	1	1,300,000	499,547	1,799,547
<b>Total</b>	<b>9</b>	<b>11,700,000</b>	<b>5,824,691</b>	<b>17,524,691</b>

Records maintained at Livingstone, Kazungula, Choma, Namwala, Kalomo, Zimba and Siavonga councils and physical inspections carried out on selected projects in August 2014 revealed the following:

**i. Undelivered Building Materials – Choma Council**

Building materials costing K195,729 involving nine (9) transactions, procured during the period under review from various suppliers for projects in Choma and Mbala constituencies had not been delivered as of December 2014. See table below.

<b>Constituency</b>	<b>Undelivered Building materials K</b>
Choma Central	88,290
Mbabala	107,439
<b>Total</b>	<b>195,729</b>

**ii. Project management**

There were weaknesses in the management of projects in that there was failure to complete works on time and abandonment of some projects as detailed below.

Local Authority	Constituency	Project	Contractor	Contract Date	Allocated Amount K	Amount Spent K	Scope of work	Remarks
Livingstone	Livingstone	Rehabilitation and electrification of classroom block at Zambezi Sawmills Primary School.	Council	28.03.14	24,235.50	19,332	Laying of conduit pipes, wiring, plastering inside and outside.	A physical inspection carried out on 22 <sup>nd</sup> December 2014 revealed that the following works were outstanding; plumbing works in the toilet block and plastering to cover conduit pipes.
Choma	Choma Central	Construction of 1x3 Classroom Block at Lilly Pond.	Council	18.04.14	73,740	73,713	Construction up to substructure.	A physical inspection carried out on 16 <sup>th</sup> December revealed that the structure was at window level.
Choma	Mbabala	Rehabilitation of a Staff House at Ndawana School.	Council	30.05.14	29,500	29,789	Fitting of doors and window frames, replacing roofing sheets, flooring and plastering inside and outside.	As of December 2014, the structure was at roof level with the following works outstanding; roofing, plastering, fitting of window frames, glazing, painting, floor screed and air vents.
Namwala	Namwala	Completion of 1 x 2 class room block at Chuulu Chikunka Community.	Council	09.08.13	40,000	34,800	Roofing, plastering, flooring, glazing and other final finishing.	As of December 2014, the structure was at roof level with the following works outstanding; roofing, partitioning of the office to create a strong room, casting slab, flooring, painting, storm drain, glazing and door fitting.

**HEAD: 29 Ministry of Local Government and Housing**

**DEPARTMENT: 05 Local Government Administration**

**PROGRAMME: Grants to Institutions**

**ACTIVITY: Various**

36. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K448,471,000 was made to cater for grants to Local Authorities against which amounts totalling K246,494,081 were released resulting in an underfunding of K201,976,916. See table below.

Type of Grant	Budget K	Funding K	(Under) / Over Funding K
Capital Grants	81,000,000	1,600,000	79,400,000
Grant in lieu of rates	27,471,000	-	27,471,000
Recurrent grants	220,000,000	187,106,707	32,893,293
Re-structuring grants	120,000,000	57,787,374	62,212,626
<b>Total</b>	<b>448,471,000</b>	<b>246,494,081</b>	<b>201,976,919</b>

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

An examination of accounting and other records maintained at the Ministry headquarters, forty five (45) selected councils and a physical inspection of selected projects carried out from July to August, 2014 revealed the following:

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

Contrary to Financial Regulation No. 65, thirty two (32) payment vouchers in amounts totalling K3,927,983 as shown in the table below, made during the period under review were not availed for audit.

Local Authority	No. of Transactions	Amount K
Mafinga	4	32,404
Solwezi	15	771,526
Lusaka	13	3,124,053
<b>Total</b>	<b>32</b>	<b>3,927,983</b>

##### **b. Unsupported Payments**

Contrary to Financial Regulation No. 45, seventy three (73) payments in amounts totalling K1,831,806 made during the period under review were not supported with relevant documents such as receipts, invoices and Local Purchase Orders (LPOs). See details in the table below.

<b>Local Authority</b>	<b>No of Transactions</b>	<b>Amount K</b>
Sesheke	7	2,060
Kalabo	18	67,685
Mafinga	10	65,137
Mpika	2	69,262
Lusaka	28	1,583,599
Rufunsa	5	7,964
Mpongwe	2	19,854
Kazungula	1	16,245
<b>Total</b>	<b>73</b>	<b>1,831,806</b>

**c. Unaccounted for Funds**

Amounts totalling K3,858,455 received by four (4) local authorities were not accounted for in that the utilisation of the funds could not be ascertained due to lack of records such as expenditure details/ledgers, cash books, and bank statements. See table below.

<b>Local Authority</b>	<b>Amount K</b>
Serenje	508,981
Solwezi	2,208,280
Kasempa	500,000
Lusaka	641,194
<b>Total</b>	<b>3,858,455</b>

**d. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K45,799 procured during the period under review, could not be accounted for in that there were no receipt and disposal details. See table below.

<b>Local Authority</b>	<b>No. of Transactions</b>	<b>General Stores K</b>	<b>Fuel K</b>	<b>Total K</b>
Mafinga	3	27,961	-	27,961
Serenje	3	-	17,838	17,838
<b>Total</b>	<b>6</b>	<b>27,961</b>	<b>17,838</b>	<b>45,799</b>

**e. Failure to Remit Statutory Contributions**

Statutory contributions in amounts totalling K21,680,637 (comprising LASF contribution K1,440,571, Pay As You Earn (PAYE) K19,285,803 and NAPSA K954,263,) deducted from employees during the period under review had not been remitted to respective statutory institutions as of December 2014. See table below

<b>Local Authority</b>	<b>NAPSA K</b>	<b>LASF K</b>	<b>PAYE K</b>	<b>Total K</b>
Mongu	-	-	91,237	91,237
Senanga	-	-	107,281	107,281
Nakonde	-	-	183,109	183,109
Chama	65,287	121,511	-	186,798
Mpika	47,200	-	105,000	152,200
Serenje	-	-	114,014	114,014
Mkushi	-	-	42,457	42,457
Solwezi	-	-	1,070,548	1,070,548
Zambezi	-	-	270,518	270,518
Mufumbwe	-	-	112,608	112,608
Kasempa	-	-	193,416	193,416
Kasama	25,285	-	474,246	499,531
Mbala	79,240	210,689	342,426	632,355
Mpulungu	24,024	295,014	-	319,038
Luwingu	-	-	49,409	49,409
Lusaka	-	-	10,212,063	10,212,063
Chongwe	-	-	141,000	141,000
Luangwa	-	-	141,611	141,611
Chirundu	-	-	258,948	258,948
Siavonga	-	-	255,744	255,744
Kitwe	-	-	1,321,841	1,321,841
Lufwanyama	-	-	1,404,981	1,404,981
Livingstone	472,322	731,096	1,661,965	2,865,383
Kazungula	28,578	-	174,030	202,608
Choma	176,393	30,923	282,798	490,114
Namwala	-	-	274,553	274,553
Nyimba	35,934	51,338	-	87,272
<b>Total</b>	<b>954,263</b>	<b>1,440,571</b>	<b>19,285,803</b>	<b>21,680,637</b>

**f. Funds Not Received – Masaiti District Council**

During the period under review, the Ministry of Local Government and Housing instructed Investrust Bank Oddys branch to transfer amounts totalling K1,021,900 to Masaiti District Council. However, a review of the bank statements and cash books revealed that amounts totalling K558,835 had been received leaving a balance of K463,064 in respect of salary grants not credited to the Council's Bank Account. As of September 2014, no action had been taken.

**g. Unacquitted Allowances - Kitwe City Council**

Contrary to Financial Regulation No. 45, wages in amounts totalling K26,055 had not been acquitted for as of December 2014 making it difficult to ascertain whether the funds were received by the intended beneficiaries.

## **h. Irregularities in the Payment of Salaries and Allowances**

### **i. Irregular Payment of Allowances**

- During the year under review, amounts totalling K958,974 were paid to forty one (41) officers at four (4) local authorities as non - detrimental allowance. However, the payments were irregular in that they were not supported by the Conditions of Service for employees in the local Government. See table below.

<b>Local Authority</b>	<b>No. of Officers</b>	<b>Amount K</b>
Kapiri Mposhi	3	4,366
Solwezi	10	81,135
Choma	11	335,262
Livingstone	17	538,211
<b>Total</b>	<b>41</b>	<b>958,974</b>

- Contrary to the provisions of the Conditions of Service for Local Government Service, amounts totalling K102,172 were irregularly paid to eighteen (18) officers at two (2) local authorities as acting allowances without authority from the Local Government Service Commission. See table below.

<b>Local Authority</b>	<b>No. of Officers</b>	<b>Amount K</b>
Kabwe	13	85,129
KapiriMposhi	5	17,043
<b>Total</b>	<b>18</b>	<b>102,172</b>

- Contrary to the Conditions of Service for officers in the Local Government, nine (9) officers at four (4) local authorities were paid amounts totalling K94,207 in respect of housing allowances despite occupying council houses. See table below.

<b>Local Authority</b>	<b>No. of Officers</b>	<b>Amount K</b>
Isoka	1	6,609
Mpulungu	1	6,609
Chipata	6	79,337
Petauke	1	1,652
<b>Total</b>	<b>9</b>	<b>94,207</b>

**ii. Irregular Payment of Salaries**

During the period under review, three (3) officers were paid amounts totalling K126,698 at Kapiri Mposhi District Council in respect of salaries for the positions of Deputy District Planner, Senior Community Development Officer and Community Development Officer. However, the payments were irregular in that the positions were not provided for in the establishment.

**iii. Payments of Salary Arrears**

Amounts totalling K121,239 were paid to twenty (20) officers at two (2) local authorities in respect of salary arrears during the period under review. However, there was no evidence to show how the arrears were accumulated, thus rendering the payments questionable. See table below.

Local Authority	No. of Officers	Amount K
Kabwe	6	7,421
Solwezi	14	113,818
<b>Total</b>	<b>20</b>	<b>121,239</b>

**iv. Irregular Payment of Personal to Holder Allowances**

Contrary to the Circular No. MLGH/71/6/93 dated 15<sup>th</sup> October 2012, which abolished the payment of personal to holder allowances, amounts totalling K199,951 were paid to five (5) officers as personal to holder allowances. As of September 2014, no recoveries had been effected. See table below.

Local Authority	No. of Officers	Personal to Holder Allowance K
Serenje	1	33,712
Mbala	4	166,239
<b>Total</b>	<b>5</b>	<b>199,951</b>

**v. Irregular Payment of Fuel Allowance – Mkushi District Council**

During the period under review, amounts totalling K36,368 were paid to four (4) officers as fuel allowance. However, the officers were in LGSS 05 and LGSS 06 and were not entitled to fuel allowance in line with Circular No. MLGH/71/6/93 dated 15<sup>th</sup> October 2012.

**vi. Excess Payment of Fuel and Housing Allowances - Solwezi**

An examination of payroll records and a review of Salaries and Conditions of Service for employees in the Local Government revealed that six (6) officers were paid fuel and housing allowances in amounts totalling K476,381 based on unharmonised Gross salaries instead of harmonised Basic salaries. In this regard, the officers were overpaid by amounts totalling K320,556 (comprising of fuel allowance K221,56 and housing allowance K98,994).

**vii. Over Payment of Salary**

During the period under review, six (6) officers at four (4) local authorities who were entitled to be paid salaries in amounts totalling K597,946 were instead paid K801,641 based on salaries in scales which were above their substantive salary scales resulting in an overpayment of K203,695. See table below.

Local Authority	No. of Officers	Entitlement K	Amount Paid K	Amount K
Mbala	2	254,803	372,741	117,938
Mpulungu	1	90,934	108,556	17,622
Mpongwe	1	91,807	112,372	20,565
Choma	2	160,402	207,972	47,570
<b>Total</b>	<b>6</b>	<b>597,946</b>	<b>801,641</b>	<b>203,695</b>

**viii. Over Payment of Housing Allowance – Kabwe Municipal Council**

Contrary to the Terms and Conditions of Service for employees in the Local Government, one (1) officer at Kabwe Municipal Council was paid housing allowance at the rate of 47.4% instead of 20%. This resulted in the officer being overpaid by K18,630. As of September 2014, the funds overpaid had not been recovered.

**ix. Irregular Payment of Transport Allowances**

During the period under review, transport allowances in amounts totalling K23,487 were irregularly paid to two (2) officers falling in salary scales LGSS 02 and LGSS 03 at two (2) local authorities. The officers were only entitled to receive fuel allowance. See table below.



Local Authority	No. of Officers	Transport Allowance K
Chinsali	1	11,990
Mpika	1	11,497
<b>Total</b>	<b>2</b>	<b>23,487</b>

**x. Capital Projects**

During the period under review, the Ministry of Local Government and Housing disbursed a total amount of K1,600,000 to various Councils country wide to cater for the construction and rehabilitation of various infrastructure projects. A physical verification carried out in September 2014 revealed weaknesses in the implementation of the projects as shown in the table below.

Project	Contractor	Contract Period	Contract Sum K	Amount Funded K	Amount Paid to Contractor / Spent K	Scope of Works	Observations/ Status
<b>NORTH WESTERN PROVINCE - Mufumbwe District</b>							
Installation of street lights	Mushom Suppliers and General Contractor	Not stated in the contract	184,788	200,000	184,788	Installation of 50 street lights	Although the project was completed, VAT amounting to K25,488 was paid to the contractor even though the contractor was not registered for VAT.
<b>LUAPULA PROVINCE - Mwense District</b>							
construction of Kalanga Market	Mwamona Engineering & Technical Services	36 weeks (Oct. 2013 to July 2014)	894,638	500,000	239,534	Construction of Kalanga Market	As of July 2014 the market was still at foundation level.  There was an over

							commitment of K394,638.
Chipili District							
Construction of ten (10) three bedroom medium cost houses	Almut (Zambia) Limited	12 months (Oct. 2013 to Sept. 2014)	3,467,617	693,523	693,523	Construction of ten (10) three bedroom medium cost houses	As of July 2014, ten (10) houses were built up to three course level.  There was an over commitment of K2,774,094.
Mwansabombwe District							
Construction of ten (10) three bedroom medium cost houses	Stoutone Investment Limited	Twelve (12) months (Aug. 2013 to July 2014)	3,948,468	789,694	789,694	Construction of ten (10) three bedroom medium cost houses	As of July 2014, the ten (10) houses were at substructure level and works had stalled.  There was an over commitment of K3,156,774.
EASTERN PROVINCE - Katete District							
Drilling of borehole, installation of water pump and water tank	Geophi Contractors	Not stated in the contract	47,000	50,000	30,000	Drilling of borehole, installation of water pump and water tank	As of July 2014, the borehole had been drilled but not equipped.
Construction of four (4) Refuse Bays	Carlye North Limited	Not stated in the contract	48,000	50,000	48,000	Construction of four (4) Refuse Bays	As of July 2014, three (3) refuse bays had been completed leaving one (1) still outstanding.

**HEAD: 31 Ministry of Justice**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**37.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K356,878,527 was made to cater for various activities against which amounts totalling K256,307,575 were released resulting in an under funding of K116,519,759.

According to the Financial Statement (Financial Statement 'C'), as at 31<sup>st</sup> December 2013, amounts totalling K253,004,125 were spent.

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

An examination of accounting and other records maintained at the Ministry Headquarters carried out in October 2014 revealed the following:

**a. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, eighteen (18) payment vouchers in amounts totalling K354,209 processed during the period under review were not availed for audit.

**b. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K1,183,386 (General Stores – K833,386 and Fuel – K350,000) procured during the period under review were not accounted for in that there were no receipt and disposal details.

**c. Misapplication of Funds**

During the period under review, an amount of K64,153 was released to cater for costs related with debt collection. Out of the amount released, an amount of K41,740 was spent on payments for transit and Police officers' allowances that were not related to the activity contrary to the Appropriation Act of 2012.

**d. Compensation and Awards Account**

During the period under review, the Ministry received amounts totalling K118,491,400 for Compensation and Awards. In addition, an amount of K341,481 was brought forward from 2012 bringing the total funds available to K118,832,881.

However, there were weaknesses in the management of the Compensation and Awards Account. In particular, the following were observed:

**i. Questionable Interest Rates**

The State Proceedings Act Cap 71 Section 20, Volume VI of the Laws of Zambia stipulates that the Minister responsible for Finance may allow and cause to be paid out of the general revenues of the Republic to any person entitled by a judgment under this Act to any money or costs, interest thereon at a rate not exceeding six per centum (6%) from the date of the judgment until the money or costs are paid.

The Ministry paid out K2,916,063 as compensation to four hundred and sixty eight (468) beneficiaries involving seventeen (17) transactions at rates ranging from 8% to 30%. Included in the figure was an amount of K1,910,888 involving twelve (12) payments whose rates of interest were neither indicated nor provided.

In his response dated 5<sup>th</sup> December 2014, the Controlling Officer stated that interest rates are determined by the courts of law and in certain cases parties can agree with the mediation of the Attorney General and, that the Ministry was currently engaging the Judiciary on the possibility of ensuring that the awarded interest rates do not exceed 6% specified in the State Proceedings Act Cap 71.

However, as of 22<sup>nd</sup> December 2014, no evidence was availed for audit to show that the Ministry had engaged with the Judiciary on the matter.

He added that the contents of the Judgments Amendment Act Cap 81 gives authority to the courts of law to award interest rates not exceeding the current lending rate as determined by the Bank of Zambia.

However, the payment of interest at the current lending rates which in most cases are high compared to 6% provided for under the State Proceedings Act Cap 71 resulted into loss of Government funds through payment of high interest charges.

**ii. Judgments Entered in Default**

There were eight (8) cases whose judgments were entered in default due to failure by Government departments to provide necessary information to the Attorney General's Chambers to effectively defend the cases. In this regard, amounts totalling K633,277 were paid in respect of compensation and awards.

**e. Technical Committee on the Review of the Constitution**

In September 2011, the President appointed the Technical Committee on Drafting the Zambian Constitution. The Committee's terms of reference were to review:

- The Constitution of Zambia,
- The Mwanakatwe Review Commission Report and Draft Constitution of 1993,
- the Mung'omba Constitution Review Commission Report and Draft Constitution of 2005,
- The Zaloumis Electoral Technical Report of 2005, and
- The National Constitutional Conference Report and Draft Constitution of 2010

The review of the documents was aimed at establishing among others; whether they reflected the values and aspirations of the people of Zambia and whether they were relevant for the political, socio-economic, technological and scientific environment existing in Zambia in order to establish a constitutional democracy and a culture of constitutionalism for Zambia.

The following were observed:

**i. Excess Expenditure**

In the Estimate of Revenue and Expenditure for the financial year 2012, there was no provision made for the constitution review and drafting. However, the Ministry had a provision of K1,700,000 under Programme 4007 - Dismantling of Arrears to which an additional supplementary provision of K94,800,000 was made to cater for the constitution review bringing the total provision to K96,500,000. The Ministry of Finance released a total of K73,741,147 leaving a balance of K22,758,853. An amount of K77,150,048 was spent resulting in excess expenditure of K3,408,901.

In addition, in the financial year ended 31<sup>st</sup> December, 2013, a total authorised provision of K34,010,217 was made under Programme 4033 - Law Reforms, Activity 01 - Constitution Reforms which included a supplementary provision of K14,010,217. The Ministry of Finance released K35,037,677 resulting in excess funding of K1,027,500 and the Ministry of Justice incurred expenditure of K36,708,877 which was in excess of the total funds released by K1,671,200. The

source of the excess funds could not be ascertained as no documentation was availed for audit.

**ii. Unsupported Payments**

Contrary to Financial Regulation Nos. 45 and 52, payments in amounts totalling K3,371,958 involving seventy two (72) transactions made during the period under review were not supported by receipts and acquittal sheets.

**iii. Lack of Expenditure Records**

During the period under review, the Ministry disbursed amounts totalling K1,245,006 to three (3) districts as shown in the table below to meet the costs for the formulation of the draft constitution.

<b>District</b>	<b>Amount K</b>
Kapiri Mposhi	220,062
Solwezi Provincial Administration	514,587
Ndola provincial administration	510,357
<b>Total</b>	<b>1,245,006</b>

However, contrary to Financial Regulation No. 65, which requires that payment vouchers with supporting documents, and any other forms which support a charge entered in accounts, be filed, secured against loss, and be readily available for audit, no expenditure details were availed for audit making it difficult to establish how the funds were utilised.

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

**PROGRAMMES: Various**

**UNITS: Various**

**ACTIVITIES: Various**

**38.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K107,070,391 was made to cater for various programmes and activities against which amounts totalling K136,800,181 were released resulting in an over funding of K29,729,790 which was not supported by a supplementary provision.

According to the financial statement (Statement C), as of 31<sup>st</sup> December 2013, amounts totalling K83,933,614 had been spent.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and physical inspections of selected projects carried out in August 2014 revealed the following:

#### **a. Officers Not Paying Statutory Contributions**

Contrary to the National Pensions Scheme Authority (NAPSA) Act, NAPSA contributions in respect of three (3) officers who earned amounts totalling K106,327 during the period from January to August 2013 had not been deducted and paid.

#### **b. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K286,955 procured during the year under review could not be accounted for in that there were no receipt and disposal details.

#### **c. Failure to Follow Procurement Procedures**

- i. According to procurement guidelines, the Controlling Officer is authorised to approve payments of procurements of up to K50,000. Any procurement above K50,000 should be referred to the Ministerial Procurement Committee. However, contrary to the procurement regulations, the Controlling Officer authorised the procurement of goods and services costing K174,950 without referring to the Procurement Committee.
- ii. Contrary to the Public Procurement Act of 2008 and ZPPA Circular No. 1 of 2009, the Ministry single sourced a conference facility at a cost of K447,460 from Zambezi Sun International Hotel without obtaining a “No Objection” from ZPPA.

#### **d. Misapplication of Funds - Procurement of Motor Vehicles**

Contrary to the Appropriation Act of 2012, amounts totalling K2,345,073 meant for the general operations were applied on the procurement of four (4) motor vehicles without obtaining authority from Secretary to the Treasury. Consequently, budgeted for programmes were not executed.

**HEAD: 37 Ministry of Finance**

**DEPARTMENTS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

- 39.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December, 2013, a total provision of K3,135,457,723 was made to cater for various activities at the Ministry against which amounts totalling K2,914,837,547 were released resulting in an under funding of K220,620,176.

According to the financial statements (Statement C) for the financial year ended 31<sup>st</sup> December 2013, the Ministry had spent a total amount of K3,397,291,259.

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

An examination of accounting and other records maintained at the Ministry headquarters carried out in August 2014 revealed the following:

**a. Failure to Recover Loans and Advances**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of a household loan amounting to K200,000 paid to the former Permanent Secretary of the Ministry of Transport, Works, Supply and Communication during the period under review had not been effected as of December 2014.

**b. Weaknesses in the Administration of the Public Service House Loan Scheme**

**i. Unaccounted for Public Funds**

According to records provided for audit by the Zambia National Building Society, Mortgage Department, the Ministry of Finance provided a total sum of K23,798,801 as funding for the Public Service Loan Scheme from 30<sup>th</sup> April 2007 to 23<sup>rd</sup> March 2011. In addition, K7,595,944 was received as mortgage loan recoveries for the period from July 2007 to December 2013 and K120,948 was earned as interest bringing the total funds available to K31,515,693.

Two hundred and fifty six (256) beneficiaries from various Government institutions obtained mortgages amounting to K22,875,468 during the period from April 2007 to December 2012. A 3% commission of K474,576 was charged by the Zambia National



Building Society (ZNBS) and funds totalling K470,000 were returned to the Ministry of Finance leaving a balance of K7,695,649 unspent.

However, an analysis of the Mortgage Account bank statements from the Zambia National Commercial Bank (Zanaco) revealed that there was a balance of K314,661 and funds held up in the ZNBS Treasury and Mortgage Accounts of K5,260,020 and K1,700,000 respectively as at 31<sup>st</sup> December 2013 resulting in unaccounted for funds of K420,968.

**ii. Irregular Investment of Public Funds into Fixed Deposit Accounts.**

An analysis of the bank statements for the Zambia National Commercial Bank (Zanaco) Account provided by the Zambia National Building Society revealed that there were thirty (30) outward transfers in amounts totalling K26,658 and sixty one (61) inward transfers in amounts totalling K45,989 for which there were no letters of transfer clearly highlighting the purposes for transfers, deposit slips and any other correspondence in relation to the transfers.

A scrutiny of letters of transfer obtained indicated that the outward transfers related to Investments by the Zambia National Building Society Management of Public House Loan Scheme funds into fixed deposit accounts with other commercial banks. Further analysis of the letters of transfer indicated that the inward funds transfers related to Public Service Loan Scheme recoveries of K678,549 and Return on Investment of K15,064,487 (principal amount only) from twenty six (26) transactions.

It was further noted that, ZNBS management deposited public funds in fixed deposit accounts with other commercial banks without prior approval from the Secretary to the Treasury. However, net interest earned of K1,633,928 from the investment was never credited to the Scheme Account but instead used by ZNBS for operations of the Society.

It can further be noted that, the Service Level Agreement signed by the Ministry of Finance and Zambia National Building Society did not provide authority for the Society management to re - invest public funds meant for the Public Service House Loan Scheme.

**c. Weaknesses in the Operation of IFMIS**

**i. Lack of a Documented Business Continuity Plan (BCP)**

There was no documented Business Continuity plan in place to mitigate possible external or internal threats in case of an eventuality.

**ii. Transactions not being Captured in the System**

A review of the internal audit report referenced MFAL/113/10/142 dated 31<sup>st</sup> March 2014 on the performance of the Integrated Financial Management Information System (IFMIS) project revealed that 60% of the end-users did not capture the transactions in the system for six (6) sampled sites where IFMIS is live.

**HEAD: 37/09 Ministry of Finance - Central Statistical Office**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**40.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K69,151,142 was made to cater for the activities of the Department against which amounts totalling K54,077,508 were released resulting in an under funding of K15,073,634.

According to the financial statements (Statement C), as of 31<sup>st</sup> December 2013, a total amount of K48,711,672 had been spent.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at Central Statistical Office headquarters and regional offices revealed the following:

**a. Unvouched Expenditure**

Contrary to Financial Regulations No. 45, twenty eight (28) payments in amounts totalling K60,000 made during the period under review were unvouched in that the payment

vouchers were either missing or inadequately supported by relevant documents such as advance application forms, invoices and receipts.

**b. Delay in the Completion of CSO Office Block**

In Paragraph 34 of the Auditor General's Report on the accounts for the Government of the Republic of Zambia for the year ended 31<sup>st</sup> December 2010, mention was made of the delay in the completion of the office block.

In their Report for the First Session of the Eleventh National Assembly, the Public Accounts Committee recommended that the Treasury allocate adequate funds facilitate the completion of the project.

A review of the situation in October 2014 revealed that the building had not been completed. In particular, the following was observed:

**i. Revised Contract Price**

The revised cost of construction as of October 2014 was K42,413,003 from K36,584,341 as of 2013 resulting in an increase of K5,828,752. This was the fifth time that the price was being revised from the original price of K14,743,125 in 2001.

Out of the total contract price of K42,413,003 only K32,625,150 was paid as of October 2014 leaving a balance of K9,787,852 against the contract price.

**ii. Charge of Interest**

It was noted that the construction of the building commenced in 2001 and was initially expected to be completed in 2004. However, due to erratic funding, the project had not been completed as of October 2014. As a result of the erratic funding, settlement of the contractor's claims were not met on time resulting in the contractor charging interest on the outstanding payment in amounts totalling K344,202 as of October 2014.

**iii. Progress on the Works**

A review of progress reports prepared by Buildings Department and a physical inspection carried out in October 2014 revealed outstanding works as shown in the table below.

Internal Works	Works Outstanding
Ground floor	<ul style="list-style-type: none"> <li>• Internal painting</li> <li>• Balustrades</li> </ul>
First floor	<ul style="list-style-type: none"> <li>• Electrical fittings</li> <li>• Internal painting</li> </ul>
Second floor	<ul style="list-style-type: none"> <li>• Partitioning boards</li> <li>• Electrical fittings</li> <li>• Internal painting</li> </ul>
Third floor	<ul style="list-style-type: none"> <li>• Internal painting</li> </ul>
Fourth floor	<ul style="list-style-type: none"> <li>• Window frames</li> <li>• Internal painting</li> </ul>
Fifth floor	<ul style="list-style-type: none"> <li>• Internal painting</li> </ul>
Other internal works	<ul style="list-style-type: none"> <li>• Water proofing works</li> <li>• Gamma Zenith external coating</li> <li>• Lift installation</li> <li>• Basement storerooms</li> <li>• Basement parking</li> </ul>
External Works	<ul style="list-style-type: none"> <li>• Road works</li> <li>• Sewer manholes</li> <li>• Landscaping</li> </ul>

**HEAD: 44 Ministry of Labour and Social Security**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

41. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total authorised provision of K38,483,742 was made to cater for various programmes against which amounts totalling K27,041,996 were released.

According to the Financial Statement (Statement C) for the year ended 31<sup>st</sup> December 2013, amounts totalling K25,111,968 had been spent.

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

An examination of accounting and other records maintained at the Ministry Headquarters and a physical inspection of selected projects at four (4) field stations carried out in September, 2014 revealed the following:

##### **a. Unacquitted Allowances**

Contrary to Financial Regulation No. 45, amounts totalling K50,550 paid to nine (9) officers had not been acquitted making it difficult to ascertain whether the funds were received by the intended beneficiaries.

**b. Irregular Use of Imprest to Procure Goods and Services**

Financial Regulation No. 86 (c), states that, ‘accountable imprest is imprest that is issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time.’ However, during the period under review, the Ministry issued accountable imprest in amounts totalling K85,985 to various officers to procure goods and services whose values were obtainable on the market contrary to the Financial Regulation. Further, the procurements were not subjected to tender procedures in that no competitive quotations were obtained.

**c. Unsupported Payments**

Contrary to Financial Regulation No. 52, thirty one (31) payments in amounts totalling K689,435 made during the period under review were not supported with relevant documents such as receipts and invoices among others.

**d. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K975,928 (General Stores – K524,742 and Fuel – K451,186) procured during the period under review, could not be accounted for in that there were no receipt and disposal details.

**e. Stolen Motor Vehicle**

In December 2012, a Toyota Hilux motor vehicle registration number GRZ 364 CJ valued at K206,000 was reported stolen while being driven by a Driver after his official duties. According to documentation from the Zambia Police availed for audit by the Ministry, investigations revealed that the driver sold the vehicle in The Democratic Republic of Congo and was subsequently arrested. Although the Ministry officials verbally explained that the driver was convicted and jailed, there were no court documents availed for audit to prove the conviction. In addition, Professional Insurance Corporation Zambia Ltd which had insured the said vehicle could not compensate the Ministry on account of outstanding premiums in amounts totalling K225,594.

**f. Over Payments of Fuel Allowances**

A total amount of K149,582 involving twenty-three (23) transactions in respect of fuel allowances for four (4) constitutional office holders were paid in advance during the year under review. In addition, it was observed that in the months of July and December 2013,

three (3) officers were again paid fuel allowances in amounts totalling K36,800 resulting in an overpayment which had not been recovered from the officers as of October 2014.

**g. Irregular Payment of Rentals**

On 23<sup>rd</sup> August 2012, the Ministry was granted authority by the Secretary to the Cabinet to pay rentals for the Deputy Minister who was not accommodated in a Government house at a rate of K7,500 per month. However, contrary to the authority, the Ministry paid rentals amounting to K108,000 for a period of one (1) year at the rate of K9,000 per month resulting in an irregular payment of K18,000.

**h. Installation of Wireless Internet Equipment in Field Stations**

On 24<sup>th</sup> January 2013, the Ministry engaged Easy Communication Systems Limited to supply and install internet equipment at five (05) Labour field stations in Livingstone, Lusaka, Ndola, Kitwe and Solwezi at a contract sum of K140,775.

However, although the contractor had been paid in full as of March 2013, works had not been completed and the contractor was not on site. In particular, the following were observed:

**i. Ndola Labour Office**

The wireless network was not working as only the cabinet was installed.

**ii. Kitwe Labour Officer**

The wireless network was not working as only the server and cable were installed. It was further observed that the cables were not in protective conduits or trunking.

**iii. Solwezi Labour Office**

The wireless network was not working as no cables had been connected to the server.

**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 31<sup>st</sup> December 2013, a provision of K1,546,686,089 was made to cater for various activities at the Ministry against which amounts totalling K562,765,903 were released resulting in an underfunding of K983,920,186.

As of December 2013, a total amount of K565,427,545 had been spent as per Financial Statement 'C' resulting in an over expenditure of K2,661,642. The over expenditure represented 0.47% of the total funding.

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

An examination of accounting and other records maintained at the Ministry headquarters and a visit to selected provinces and district offices carried out in July, 2014, revealed the following;

**a. Food Security Pack Programme – Procurement and Distribution of Fertiliser and Seed**

The Food Security Pack (FSP) Programme was introduced in November 2000 and was targeted at the vulnerable (food insecure) but viable small scale farmers. The objective of the programme was to empower the vulnerable farming households to be self-sustaining through improved productivity and household food security thereby contributing to poverty reduction. The Programme was divided into two (2) components which are the wetland and rain-fed.

In this regard, in May and December 2013, the Ministry awarded three (3) contracts to two (2) contractors for the supply of fertilizer at a sum of K17,534,800 and five (5) contracts for the supply of seed at a total price of K5,418,060 and the suppliers were paid in full. See tables below.

**Table 1 - Supply of Fertiliser**

Date of Contract	Name of Supplier	Season	Contract Sum K	Quantity (Metric	
				Compound D	Urea
20.05.2013	Zambian Fertiliser	Wetland	1,554,000	420	0
24.05.2013	Neria Investment	Wetland	1,570,800	0	420
02.12.2013	Zambian Fertiliser	Rain-Fed	14,410,000	2,000	1,900
	<b>Total</b>		<b>17,534,800</b>	<b>2,420</b>	<b>2,320</b>

**Table 2 - Supply of Seed**

Date of Contract	Name of Supplier	Season	Contract Sum K	Seed Type	Quantity (Metric Tonnes)
24.05.2013	Pannar Seed	Wetland	530,880	Maize Seed-Early Maturing	42
01.11.2013	Zamseed	Rainfed	133,980	Maize Seed-Early Maturing	20
01.11.2013	Zamseed	Rainfed	1,103,840	Maize Seed-Medium maturing	160
01.11.2013	Chalimba Farms	Rainfed	240,000	Rice Seed-Early or medium maturing	20
21.11.2013	Kamano Seed	Rainfed	63,000	Sorghum-Early or medium maturing	5
21.11.2013	Kamano Seed	Rainfed	819,960	Beans Seed-Early or medium maturing	60
01.11.2013	Globe Stewards Limited	Rainfed	86,400	Cowpeas Seed-Early or medium maturing	8
21.11.2013	Kamano Seed	Rainfed	1,954,000	Groundnuts-Early or medium maturing (MGV4)	100
01.11.2013	Zamseed	Rainfed	486,000	Soyabeans-Early or medium maturing	60
	<b>Total</b>		<b>5,418,060</b>		<b>475</b>

The following were observed:

**i. Failure to Distribute Seeds**

Physical and site inspections of the store rooms in Kasama and Solwezi carried out in August 2014 revealed that maize, groundnuts and soya-bean seeds costing K19,986 meant for Kaputa, Mporokoso, and Solwezi Peri-Urban had not been distributed as of August 2014. As a result, beneficiaries were denied an opportunity to benefit from the programme and the maize and soya bean seed had expired. See table below.

Station	Type of Seed	Quantity Not Delivered	Expiry Date	Amount K	Expected Beneficiary
DCDO-Solwezi	Maize	6 x 10kg	04/2014	414	Solwezi Peri-Urban
	Groundnuts	67 x 10kg	09/2014	13,092	Solwezi Peri-Urban
PCDO-Kasama	Soya-beans	160 x 5kg	05/2014	6,480	Kaputa, Mporokoso
				<b>19,986</b>	



**ii. Inputs Distributed to Beneficiaries not Appearing in Registers**

The FSP Implementation Manual Guideline No. 5.3 (iv) states that the names of selected beneficiaries shall be entered into the Beneficiary Registers which are kept at the District Food Security Committee Secretariat and Area Food Security Committee (AFSC) at district and community levels, respectively. However, three (3) beneficiaries who were not on the beneficiary register were given inputs worth K2,324.50 in Luwingu and Zambezi districts.

**iii. Inputs Distributed to Unrecommended Beneficiaries in Ndola**

The FSP Implementation Manual Guideline No. 6.1, among other responsibilities, states that it is the responsibility of the District Food Security Committee to facilitate the selection and approval of the beneficiary list. Contrary to the guideline, two groups namely Ndeke Women's Association and Freedom Fighters Association with a total membership of twenty five (25) beneficiaries in Ndola were issued with inputs costing K18,475 despite not being recommended to benefit from the inputs.

**iv. Issuance of Incomplete Input Packs to Beneficiaries in Kamfinsa**

According to the FSP Implementation manual 4.1, each beneficiary should be given one of each option selected from cereals, legumes and tubers. In case of Fertilizer, all beneficiaries were to receive 4 x 50 kg bags each of basal (2 x 50 kg) and top dressing (2 x 50 kg). The objective of the input configuration was to enable each beneficiary to cultivate a 2 Lima field of cereals (mainly maize).

Contrary to the guideline, eighteen (18) beneficiaries received 2 x 50 kg bags comprising basal (1 x 50 kg) and top dressing (1x 50 kg) thereby depriving the beneficiaries of fertilisers.

**HEAD: 45 Ministry of Community Development, Mother and Child Health**

**DEPARTMENTS: District Community Medical Offices**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**43.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K162,976,229 was made to cater for various activities under selected District Community Health Offices (DCHOs) against which amounts totalling K143,499,406 were released.

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

An examination of accounting and other records maintained at selected District Medical Offices and District Hospitals carried out in July 2014 revealed the following:

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

Contrary to Financial Regulation No. 65, ninety six (96) payment vouchers in amounts totalling K764,502 processed during the period under review were not availed for audit. See table below.

Province	Station	No. of Transactions	Amount K
Southern	Kazungula DCMO	52	460,205
N/Western	Solwezi DCMO	2	9,355
	Mwinilunga DCMO	6	4,360
Luapula	Mansa DCMO	30	237,989
	Samfya DCMO	6	52,593
<b>TOTAL</b>		<b>96</b>	<b>764,502</b>

##### **b. Unsupported Payments**

Contrary to Financial Regulation Nos. 45 and 52, one hundred and forty four (144) payments in amounts totalling K704,607 processed during the year under review were not supported with relevant documents such as cash sale receipts, invoices and purchase orders. See table below.

Province	Station	No. of Transactions	Amount K
N/Western	Solwezi DCMO	6	13,286
	Zambezi DCMO	8	14,611
	Mwinilunga DCMO	2	7,263
Luapula	Mansa DCMO	55	402,599
	Samfya DCMO	44	108,934
Western	Lukulu DCMO	2	11,640
Northern	Luwingu DCMO	3	6,600
Muchinga	Mafinga DCMO	10	17,999
	Nakonde DCMO	1	4,725
Lusaka	Lusaka DCMO	1	33,694
	Chongwe DCMO	5	21,110
	Luangwa DCMO	1	3,000
	Siavonga DCMO	6	59,146
<b>Total</b>		<b>144</b>	<b>704,607</b>

**c. Misapplication of Funds**

Contrary to the Appropriation Act of 2012, amounts totalling K298,399 meant for health service delivery and health systems management were applied on unrelated activities such as payment of salary advances and leave travel benefits among others. See table below.

Province	Station	No. of Transactions	Amount K
Southern	Kalomo DCMO	10	7,900
	Zimba DCMO	13	10,040
Luapula	Mansa DCMO	81	208,731
Copperbelt	Mpongwe DCMO	19	71,728
	<b>Total</b>	<b>123</b>	<b>298,399</b>

**d. Unaccounted for Funds**

During the period under review, amounts totalling K76,231 drawn to cater for various activities could not be accounted for in that there were no expenditure records and the cash was not found on hand. See table below.

Province	District	Unaccounted for Funds K
N/Western	Zambezi DCMO	23,080
Northern	Luwingu DCMO	23,276
Lusaka	Lusaka DCMO	19,375
	Kafue DCMO	10,500
<b>Total</b>		<b>76,231</b>

**e. Irregular and Questionable Payments**

**i. Questionable MOU - Mazabuka DCMO**

On 29<sup>th</sup> November 2011, the Mazabuka DCMO entered into a Memorandum of Understanding (MOU) with a Non-Governmental Organisation (NGO), Riders for Health Zambia, for the servicing of motor vehicles and motor cycles and supply of fuel. However, a scrutiny of the MOU revealed the following:

- **MOU not Authorised by Controlling Officer**

Contrary to Part 1 of the MOU under the Obligation of Mazabuka DMO, there was no authorisation from the Controlling Officer allowing Mazabuka DMO to sign the MOU.

- **Lack of Cost Benefit Analysis**

Although the MOU was signed, there was no cost benefit analysis conducted to show the economic benefit to Mazabuka DMO for engaging Riders for Health to offer such services.

- **Lack of Basis For Payment**

Amounts totalling K251,461 were paid for the serving of motor vehicles and motor cycles and fuel in five (5) transactions to Riders For Health. However, pertinent documents such as Job Cards, Vehicle Log Books and Fuel Statements were not produced for audit to substantiate the payments.

**ii. Irregular Payment of Allowances**

- **Subsistence Allowances – Zambezi DCMO**

Terms and Conditions of Service for the Public Service No. 154 (a) provides that Subsistence Allowance shall be paid to an officer to cover additional expenses he or she has to meet when travelling on duty away from his or her normal station of duty. Contrary to this regulation, amounts totalling K6,700 involving six (6) transactions were irregularly paid as subsistence allowance to six (6) officers for work done in lodges/offices located within the Districts.

- **Transport, Out of Pocket and Lunch Allowances**

Contrary to PSMD Circular No. B12 of 2012 and Cabinet Office Circular No. 11 of 2013, amounts totalling K63,594 were paid to various officers to facilitate payment of transport, out of pocket and lunch allowances for activities such as meetings, APAS training, among others, which were conducted within the participants' normal stations of duty. See table below.

Province	Station	No. of Transactions	Type of Allowance			Total K
			Transport	Out of Pocket	Lunch	
Lusaka	Lusaka DCMO	7	10,500	30,660	11,494	52,654
	Kafue DCMO	1	-	1,610	-	1,610
	Luangwa DCMO	1	-	3,330	-	3,330
Luapula	Mansa DCMO	3	-	-	2,600	2,600
	Kawambwa DCMO	2	-	3,400	-	3,400
	<b>Total</b>	<b>14</b>	<b>10,500</b>	<b>39,000</b>	<b>14,094</b>	<b>63,594</b>

- **Irregular Payment of Loading and off - loading Allowance**

According to the Terms and Conditions of Service for the Public Service No. 155 (a), 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. However, contrary to this requirement, amounts totalling K29,215 were irregularly paid to various officers as loading and offloading allowances on first appointment. See table below.

Province	Station	No. of Transactions	Amount K
Muchinga	Chama DCMO	8	9,420
	Mpika DCMO	4	13,105
	Nakonde DCMO	6	6,690
	<b>Total</b>	<b>18</b>	<b>29,215</b>

### iii. Workshops Held without Authority

Contrary to Cabinet Office Circular No. 9 of 2012, which requires that prior authority be obtained from the Controlling Officer before holding workshops, seminars and conferences outside government meeting facilities, three (3) DCMOs spent amounts totalling K120,962 on hire of conference facilities without authority from the Controlling Officer. See table below.

Province	Station	No. of Transactions	Amount K
Southern	Choma DCMO	4	60,444
	Kalomo DCMO	4	9,024
	Kazungula DCMO	5	51,494
	<b>Total</b>	<b>13</b>	<b>120,962</b>

### iv. Irregular Payment of Tuition – Luwingu DCMO

On 21<sup>st</sup> March 2013, Luwingu DCMO paid an amount of K12,900 to the University of Zambia for tuition fees in respect of an accounting officer who was pursuing a three (3) year doctorate programme in business administration. The payments were irregular in

that there was no authority granted by the Public Service Management Division (PSMD) for the study leave contrary to the Terms and Conditions of Service for the Public Service.

**f. Irregularities in the Payment and Retirement of Imprest**

**i. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K270,393 issued to twenty one (21) officers during the period under review had not been retired as of December 2014. See table below.

Province	Station	No. of Transactions	No. of Officers	Amount K
Southern	Kalomo DCMO	4	4	19,547
Western	Mongu DCMO	2	2	5,470
Northern	Luwingu DCMO	4	2	14,925
North - Western	Kabombo DCMO	8	7	81,780
	Zambezi DCMO	1	1	2,850
Luapula	Mansa DCMO	14	4	144,821
	Samfya DCMO	1	1	1,000
	<b>Total</b>	<b>34</b>	<b>21</b>	<b>270,393</b>

**ii. Questionable Retirement of Imprest – Kazungula DCMO**

During the period under review, imprest in amounts totalling K60,814 was paid to three (3) officers to carry out various activities. However, a scrutiny of retirement details such as Accounts Form 44A, receipts and other related documents revealed that neither details of the vehicle used on assignment trips nor the purpose or period of the activities undertaken were indicated in the retirements.

**iii. Failure to Produce Activity Reports**

During the period under review, thirteen officers were paid amounts totalling K88,753 to carry out various activities such as performance assessments and staff orientation. However, there were no reports produced for audit making it difficult to ascertain whether the activities were undertaken or not. See table below.

Province	Station	No. of Transactions	No. of Officers	Amount K
Muchinga	Chama DCMO	1	1	31,000
	Mafinga DCMO	23	12	57,753
	<b>Total</b>	<b>24</b>	<b>13</b>	<b>88,753</b>

**iv. Irregular Procurement Using Accountable Imprest**

Financial Regulation No. 86, states that, “accountable imprest is issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time”. However, imprest in amounts totalling K209,425 were issued to thirty seven (37) officers to procure goods and services whose values were obtainable on the market. In addition, the procurements were not subjected to procurement procedures in that no competitive quotations were obtained. See table below.

Province	Station	No. of Transactions	No. of Officers	Amount K
Southern	Choma DCMO	16	7	28,859
	Kalomo DCMO	5	5	35,817
	Zimba DCMO	2	2	7,900
Luapula	Samfya DCMO	2	2	18,380
	Milenge DCMO	1	1	5,454
Western	Kalabo DCMO	3	3	31,048
Northern	Mbala DCMO	4	3	27,990
Copperbelt	Mufulira DCMO	5	5	9,605
	Mpongwe DCMO	10	3	36,142
	Chingola DCMO	3	3	3,650
	Chililabombwe DCMO	4	3	4,580
<b>Total</b>		<b>55</b>	<b>37</b>	<b>209,425</b>

**g. Weaknesses in Accounting for Drugs and Other Medical Supplies**

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

Contrary to Public Stores Regulation No. 16, drugs and medical supplies costing K3,414,475 purchased during the period under review and involving two thousand five hundred and eleven (2,511) transactions had no receipt and disposal details. As a result, it was difficult to ascertain whether the drugs and medical supplies were received and used for the intended purpose.

**ii. Undelivered Drugs and Medical Supplies - Mumbwa DCMO**

During the year 2013, drugs and medical supplies costing K25,512 were not delivered to the district by Medical Stores Limited.

**iii. Expired Drugs**

A scrutiny of stores records maintained at various stations revealed that drugs costing K345,587 had expired during the period from May 2010 to May 2014 and they had not been disposed off. See table below.

Province	Station	Amount K
Central	Chibombo DCMO	24,235
Western	Kaoma DCMO	8,730
Muchinga	Chinsali DCMO	160,375
	Isoka DCMO	63,139
	Mpika DCMO	40,589
	Mafinga DCMO	15,084
	Nakonde DCMO	33,434
<b>Total</b>		<b>345,587</b>

#### **h. Weaknesses in Accounting and Management of Stores**

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

Contrary to Public Stores Regulation No. 16, various stores items costing K1,224,382 procured during the period under review could not be accounted for in that there were no receipt and disposal details.

##### **ii. Irregular Drawings of Fuel**

Fuel drawings costing K142,021 made during the period under review were either questionable or irregular in that:

- Fuel was drawn without raising fuel requisition vouchers/coupons authorizing the drawings,
- There were no registration numbers of motor vehicles that drew fuel,
- Fuel was drawn by privately owned or unknown vehicles without authority,
- Fuel was drawn by motor vehicles not on the fleet of vehicles under the DCMOs, and
- Fuel was drawn by a non – runner vehicle.

See table below.

Province	District	No. of Transactions	Amount K
Southern	Kalomo DCMO	41	23,036
	Kazungula DCMO	44	16,429
Copperbelt	Mufulira DCMO	96	19,616
	Mufulira DCMO	217	38,099
Lusaka	Luangwa DCMO	86	33,924
	Kafue DCMO	44	10,917
	<b>Total</b>	<b>528</b>	<b>142,021</b>



### iii. Questionable Use of Fuel Tax Invoices (Coupons) - Kazungula DCMO

On 17<sup>th</sup> June 2013, an amount of K20,000 was paid to Gawula Agricultural Supplies as an advance payment for fuel for various operations for Kazungula District Community Medical Office.

However, a scrutiny of records such as fuel statements and tax invoices (coupons) revealed that, in accounting for the fuel costing K20,000, the DCMO used duplicate tax invoices (coupons) worth K10,516 which were already used to account for fuel costing K15,700 and K20,000 paid to the same filling station on 10<sup>th</sup> May 2013 and dated 30<sup>th</sup> January 2013 respectively.

In this regard, duplicate tax invoices (coupons) supporting fuel drawings costing K10,516 were questionable.

### i. Failure to Remit Tax (PAYE) and NAPSA Contributions

Contrary to Income Tax Act Cap 323 and NAPSA Act of 1996 of the Laws of Zambia, amounts totalling K84,456 deducted from various employees' earnings as Pay As You Earn (PAYE) Tax (K46,208) and NAPSA contributions (K38,248) were not remitted to the respective institutions as of December 2014. See table below.

Province	Station	Type of Earning	Deduction		Total K
			NAPSA K	PAYE K	
Southern	Choma DCMO	Leave terminal benefits	-	7,199	7,199
N/Western	Zambezi DCMO	Settling in allowance	-	8,815	8,815
Luapula	Mansa DCMO	Salaries and leave terminal benefits	29,404	-	29,404
	Mwense DCMO	Salaries and leave terminal benefits	1,064	28,254	29,318
	Samfya DCMO	Salaries and leave terminal benefits	7,780	1,940	9,720
		<b>Total</b>	<b>38,248</b>	<b>46,208</b>	<b>84,456</b>

**HEAD:** 46 Ministry of Health

**UNITS:** Various

**PROGRAMMES:** Various

**ACTIVITIES:** Various

44. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K2,423,328,491 was made for the Ministry's operations against which a total

amount of K1,859,450,483 was released resulting in under funding of K563,878,008. See table below.

DEPARTMENT	AUTHORISED PROVISION K	RELEASES K	VARIANCE K
Human Resource & Administration	278,560,354	236,671,143	41,889,211
Policy & Planning	304,043,533	278,232,488	25,811,045
Public Health & Research	94,898,366	93,271,184	1,627,182
Clinical Care & Diagnostic Services	1,203,906,760	793,991,211	409,915,549
Technical Support	4,335,024	2,977,853	1,357,171
Mobile & Emergence Services	8,997,800	6,417,123	2,580,677
Central Province	56,697,887	49,523,988	7,173,899
Copperbelt Province	56,659,445	47,342,229	9,317,216
Eastern Province	60,291,044	52,788,011	7,503,033
Luapula Province	40,439,331	32,996,223	7,443,108
Lusaka Province	49,378,120	39,115,876	10,262,244
North Western Province	48,221,362	41,927,532	6,293,829
Northern Province	53,205,624	45,865,133	7,340,490
Southern Province	99,879,704	87,455,195	12,424,509
Western Province	40,243,116	33,313,009	6,930,107
Muchinga Province	23,571,023	17,562,285	6,008,738
<b>Total</b>	<b>2,423,328,492</b>	<b>1,859,450,483</b>	<b>563,878,008</b>

According to the Financial Statement (Statement C), as of 31<sup>st</sup> December 2013, the Ministry had spent amounts totalling K1,829,606,949.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry of Health Headquarters and a physical inspection conducted on selected projects in twenty seven (27) districts, carried out in May and June, 2014 revealed the following:

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

Contrary to Financial Regulation No. 65, seven (7) payment vouchers in amounts totalling K235,628 made during the period under review were not availed for audit.

#### **b. Unacquitted Payments**

Contrary to Financial Regulation No.45, amounts totalling K157,911 paid to nine (9) officers to facilitate the payments of meal and repatriation allowances to various officers had not been acquitted making it not possible to ascertain whether the funds were paid to the intended beneficiaries.

#### **c. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, various stores items costing K2,741,490 procured during the period under review could not be accounted for in that there were no

receipt and disposal details such as delivery notes, goods received vouchers and goods issued vouchers.

**d. Misapplication of Funds**

During the period under review, amounts totalling K5,600,000 meant for the procurement of Medical Equipment were disbursed to hospitals to mitigate manpower challenges caused by the strike action by nurses and other health workers that took place during the period November to December 2013. The money was meant to pay wages to part time nurses, an activity not related to the procurement of equipment. The funds were disbursed as follows:

<b>Health Institution</b>	<b>Amount K</b>
University Teaching Hospital	1,000,000
Ndola Central Hospital	800,000
Levy Mwanawasa General Hospital	600,000
Kitwe Central Hospital	800,000
Arthur Davison Children's Hospital	600,000
Livingstone General Hospital	500,000
Chipata General Hospital	500,000
Lewanika General Hospital	300,000
Kasama General Hospital	500,000
<b>Total</b>	<b>5,600,000</b>

However, there was no authority from the Secretary to the Treasury to vary the funds from the activity of procuring medical equipment to the activity of paying wages to the part time nurses.

**e. Failure to Recover Loans and Advances**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of loans and advances in amounts totalling K330,626 paid to thirty five (35) officers had not been effected as of November 2014.

**f. Procurement of Hospital Linen**

During the period under review, the Ministry engaged seven (7) suppliers to supply hospital linen and as of December 2014, the suppliers had been paid amounts totalling K9,436,066. See table below.

Contractor	Contract No.	Contract Date	Description of goods	Delivery Period	Contract Price K	Amount Paid K
Chamboniza Bedding	MoH/ORD/011/12	Dec-12	2000 (Child) Cellular blankets	4 to 8 Weeks	243,402	243,402
Liberty Quality Suppliers	MoH/ORD/011-03/12	27 <sup>th</sup> December 2012	15,000 pairs of bedsheets & pillow cases	4 to 8 Weeks	6,150,000	6,150,000
Manal Investment	MoH/ORD/011/12	Dec-12	5000 X 4" rexin single mattresses	4 to 8 Weeks	1,798,000	1,798,000
Midrand Business Systems	MoH/ORD/011-05/12	Dec-12	5000 (Adult) Cotton Cellular Blankets	4 to 8 Weeks	725,000	725,000
Prime Link Investments	MoH/ORD/011-07/12	28 <sup>th</sup> December 2012	7200 Adult Mortuary Gowns	4 to 8 Weeks	653,899.20	416,075
			7800 Paediatric/Child Mortuary Gowns			
Fedders Lloyd Corporation Ltd	MoH/ORD/011-01/12	Mar-13	9000 Filled Non Woven Pillows	4 to 8 Weeks	USD88,072	43,589
Sanjinza Investments Limited	MoH/ORD/011-08/12	20/12/12	3000 Neo Natal Shrouds ( Mortuary Gowns)	4 to 8 Weeks	60,000	60,000
<b>Total</b>						<b>9,436,066</b>

However, various hospital linen costing K855,312 had not been delivered by the suppliers to Medical Stores as of December 2014 and no action had been taken against the suppliers for non-performance.

Although in his response dated 22<sup>nd</sup> September 2014, the Controlling Officer stated that the suppliers delivered as per contract, a physical inspection at Medical Stores Limited and the Provincial Medical Offices carried out in November 2014 revealed that no deliveries were made.

**g. Undelivered Linen at District Medical Offices and Hospitals**

Although the distribution lists prepared by PMOs revealed that linen costing K131,941 had been distributed to five (5) District Medical Offices (DMOs) and six (6) Hospitals, a review of stores records maintained at the DMOs and hospitals revealed that the linen had not been received as of November 2014.

**HEAD: 46 Ministry of Health**

**DEPARTMENT: 07 Clinical Care and Diagnostic Services**

**UNIT: 02 University Teaching Hospital (UTH)**

**PROGRAMMES: Various**

**ACTIVITIES : Various**

**45.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K25,126,013 was made to cater for the operations of the University Teaching Hospital (UTH) against which amounts totalling K25,687,446 were released resulting in an over funding of K561,433 which was not supported by a supplementary provision.

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

An examination of accounting and other records maintained at UTH carried out in September 2014 revealed the following:

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

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

Contrary to Financial Regulation No. 65, thirty (30) payment vouchers in amounts totalling K196,099 made during the period under review were not availed for audit.

<b>Account Name</b>	<b>No. of PVs</b>	<b>Amount K</b>
RDC a/c	7	94,920
Medical Fees Account	23	101,179
<b>Total</b>	<b>30</b>	<b>196,099</b>

###### **ii. Inadequately Supported Payments**

Contrary to Financial Regulation No. 52, there were one hundred and thirty seven (137) payments in amounts totalling K789,385 made during the period under review that had no supporting documents such as receipts, invoices and goods received notes. See table below.

<b>Account Name</b>	<b>No. of Payment Vouchers</b>	<b>Amount K</b>
RDC a/c	22	329,062
Medical Fees Account	115	460,323
<b>Total</b>	<b>137</b>	<b>789,385</b>

In addition, cash payments in amounts totalling K37,219 made from the user fees account were not supported by receipts making it not possible to ascertain whether it was utilised for the intended purpose.

**iii. Unacquitted Payments**

Contrary to Financial Regulation No. 10 (n), sixty one (61) payments in amounts totalling K388,412 made during the period under review in respect of allowances were not supported with acquittal sheets. See table below.

Account Name	No. of PVs	Amount K
RDC a/c	13	158,646
Medical Fees Account	48	229,766
<b>Total</b>	<b>61</b>	<b>388,412</b>

**b. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, various stores items costing K1,063,433 procured during the period under review could not be accounted for in that there were no receipt and disposal details.

Account Name	Amount K
RDC a/c	805,298
Medical Fees Account	258,135
<b>Total</b>	<b>1,063,433</b>

**c. Undelivered Medical Supplies**

During the period under review, an amount of K3,750 was paid to Lateta General Import and Suppliers for the supply of two hundred (200) 30 x 50 boxes of Sterile Surgical Gloves (Size 7.5). However, as of September 2014, the gloves had not been supplied.

**HEAD: 46 Ministry of Health**

**UNIT: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**46.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K175,225,122 was made to cater for various activities such as General

Administration and Infrastructure Development at the Provincial Health Offices (PHO), selected Hospitals and Schools of Nursing in the ten (10) provinces against which K173,361,985 was released resulting in an underfunding of K1,863,136 as shown in the table below.

Province	Institution	Budget Provisions K	Releases K	Variance K
Western	PHO	14,046,405	15,948,671	(1,902,266)
	Lewanika Sch of Nursing	989,867	907,379	82,488
Central	PHO	12,431,790	12,081,309	350,481
	Kabwe General Hospital	3,939,079	3,610,847	328,232
Luapula	PHO	12,921,754	11,688,188	1,233,566
	Mansa General Hospital	4,314,597	3,955,050	359,547
Copperbelt	PHO	15,673,483	21,288,654	(5,615,171)
	Roan Antelope Gen.Hosp	1,654,363	1,516,514	137,849
	Nchanga N. Gen Hospital	2,641,783	2,565,525	76,258
	Nchanga N. Sch of Nursing	720,382	660,342	60,040
North Western	PHO	13,086,974	10,918,324	2,168,650
	Kalene School of Nursing	585,932	538,108	47,824
Northern	PHO	13,704,485	16,137,681	(2,433,196)
	Kasama Gen. Hospital	4,209,384	3,858,602	350,782
	Kasama School of Nursing	1,007,485	923,362	84,123
Southern	PHO	20,211,705	19,388,747	822,958
	Monze School of Nursing	618,346	566,819	51,527
	Chikankata Sch of Nursing	1,040,188	953,502	86,686
Eastern	PHO	14,750,445	11,515,634	3,234,811
	Chipata General Hospital	5,152,082	4,722,740	429,342
	Chipata School of Nursing	1,201,784	1,001,481	200,303
Muchinga	PHO	10,611,524	6,626,980	3,984,544
	Chilonga School of Nursing	786,894	721,325	65,569
	Chilonga Mission Hospital	1,968,796	1,804,726	164,070
Lusaka	PHO	15,634,079	18,250,091	(2,616,012)
	Mpanshya School of Nursing	790,379	724,515	65,864
<b>Totals</b>		<b>175,225,122</b>	<b>173,361,985</b>	<b>1,863,136</b>

In addition, a total amount of K8,306,470 was collected by four (4) schools of nursing and six (6) general hospitals as tuition and user fees as detailed below.

Province	Institution	User Fees K
Western	Lewanika School of Nursing	548,293
Luapula	Mansa General Hospital	468,478
	Mansa School of Nursing	936,489
North Western	Kalene School of Nursing	498,392
Central	Kabwe General Hospital	981,189
Southern	Choma General Hospital	441,551
Muchinga	Chilonga Mission Hospital	762,388
Lusaka	Mpanshay School of Nursing	787,051
Copperbelt	Roan Antelope General Hospital	499,504
	Nchanga North General Hospital	2,383,136
<b>Total</b>		<b>8,306,470</b>

## Accounting and Other Irregularities

An examination of accounting and other records maintained at the ten (10) Provincial Health Offices, selected hospitals, schools of nursing and physical inspections of selected projects carried out in November 2014 revealed the following:

### a. Unsupported Payments

Contrary to Financial Regulation Nos. 45, and 52, twenty seven (27) payment vouchers in amounts totalling K164,966 were not supported with relevant documents such as cash sale receipts and LPOs. See table below.

Province	Institution	No of Transactions	Amount K
Luapula	PHO	3	36,545
	Mansa General Hospital	1	3,277
	Mansa School of Nursing	1	10,800
Southern	PHO	3	22,929
	Choma General Hospital	4	13,643
Northern	Kasama General Hospital	2	6,213
	Kasama School of Nursing	13	71,558
	<b>Total</b>	<b>27</b>	<b>164,966</b>

### b. Failure to Undertake Activities

Amounts totalling K187,265 were paid to thirty two (32) officers to undertake Health Service Delivery and related activities. However, as of December 2014, there was no evidence such as reports to show that the activities were undertaken and no action had been taken against the officers. See the table below.

Province	Institution	No. of Transactions	No. of Officers	Amount K
Copperbelt	Roan Antelope Sch. of Midwifery	12	7	19,094
North Western	PHO	1	1	7,532
Southern	PHO	5	5	46,396
Northern	PHO	7	5	43,292
	Kasama General Hospital	1	1	3,640
	Kasama School of Nursing	17	13	67,311
	<b>Total</b>	<b>43</b>	<b>32</b>	<b>187,265</b>

### c. Irregular Issuance of Accountable Imprest

Financial Regulation No. 86 (c), states that, “accountable imprest is imprest that is issued to facilitate the purchase of goods and services whose value cannot be ascertained at the time”. However, amounts totalling K262,483 were issued as imprest to thirty nine (39)



officers for the purchase of items such as laptop accessories, stationery, motor vehicle spare parts, t-shirts, among others, whose value were obtainable on the market. See table below.

Province	Institution	No. of Transactions	No. of Officers	Amount Issued K
Western	Lewanika School of Nursing	12	8	63,946
Copperbelt	Nchanga School of Midwifery	28	28	20,795
North Western	Kalene Sch of Nursing	1	1	7,742
Lusaka	Mpashya School of Nursing	7	2	170,000
	<b>Total</b>	<b>48</b>	<b>39</b>	<b>262,483</b>

**d. Failure to Remit Tax**

Contrary to the Income Tax Act, amounts totalling K285,342 deducted from officers' dues as Pay As You Earn (PAYE) during the period under review had not been remitted to the Zambia Revenue Authority (ZRA) as of December 2014. See table below.

Province	Institution	Amount K
North Western	PHO	67,040
Northern	PHO	4,442
	Kasama School of Nursing	9,715
Southern	PHO	195,231
	Choma General Hospital	8,914
	<b>Total</b>	<b>285,342</b>

**e. Irregular Payment of Sitting Allowances**

Contrary to Cabinet Office Circular No. 11 of 2013 which abolished payment of administrative allowances to officers in the Public Service, it was observed that amounts totalling K31,410 were paid to five (5) officers as sitting allowances for attending procurement meetings. See table below.

Province	Institution	No. of Trans	No. of Officer	Amount K
Central	PHO	3	1	18,000
	Kabwe Gen Hospital	2	1	3,360
Northern	Kasama Gen Hospital	1	1	1,850
	Kasama Sch of Nursing	2	2	8,200
	<b>Total</b>	<b>8</b>	<b>5</b>	<b>31,410</b>

**f. Weaknesses in Management of Loans and Advances**

**i. Failure to Recover Loans and Advances**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of advances and loans in amounts totalling K642,959 paid to one hundred and

sixty three (163) officers during the period under review had not been effected as of December 2014. See table below.

Province	Institution	No. of Trans	Advances/Loans K
Central	PHO	62	275,033
North Western	PHO	93	335,426
Northern	PHO	2	12,500
Lusaka	PHO	6	20,000
	<b>Total</b>	<b>163</b>	<b>642,959</b>

**ii. Irregular Payment of Salary Advances - North Western PHO**

On 4<sup>th</sup> August 2013, a total amount of K2,066 was paid to ZESCO (K1,366) and North Western Water and Sewerage Company (K700) to settle bills on behalf of the tutor at Solwezi School of Nursing contrary to Terms and Conditions of Service for Public Service.

Although the payments were regarded as salary advances, they were not supported with salary advance application forms and as of December 2014, recoveries had not been effected.

**iii. Under Recovery of Tuition Loans - Western PHO**

On 8<sup>th</sup> November 2013, a total amount of K85,000 was paid to three (3) officers as tuition loans to be recovered between twenty (20) and thirty (30) months period. However, a scrutiny of payslips and PEMC input forms for the recovery of the loans revealed that only a total amount of K53,500 was effected and being recovered leaving a balance of K31,500 not effected as of December 2014. It was clear that the officers intended to defraud the Government by not paying back the full amounts advanced to them. See table below.

Payee	Date	Amount Paid K	Recoverable Amount Effected on Payslip K	Monthly Recoveries K	Cash Recovery K	Amount not Effected/ Outstanding K
Concilia Mbinji	08.11.13	30,000	25,000	1,000	3,000	2,000
Cecilia Akalilwa	08.11.13	40,000	10,000	333	3,000	27,000
Lwila Kashweka	08.11.13	15,000	12,500	500		2,500
<b>Totals</b>		<b>85,000</b>	<b>47,500</b>	<b>1,833</b>	<b>6,000</b>	<b>31,500</b>

**g. Holding of Workshops without Authority – Southern PHO**

Contrary to Cabinet Office Circular No. 9 of 2012, which requires seeking authority before holding workshops, seminars and conferences outside Government meeting facilities, amounts totalling K102,377 were spent on conference facilities by the PHO without authority from the Controlling Officer.

**h. Failure to Recover Funds-North Western PHO**

In March and November 2013, the PHO lent amounts totalling K84,033 to Solwezi General Hospital, General Nursing Council and Ikelenge District Community Medical Hospital for their operations.

However, as of December 2014 the funds had not been reimbursed by the three (3) Institutions.

**i. Weaknesses in Management of Drugs and Other Medical Supplies**

**i. Inflating of Invoice Prices**

During the period under review, thirteen (13) institutions ordered various drugs valued at K2,162,656 from Medical Stores Limited. A scrutiny of invoices revealed that Medical Stores instead issued inflated invoices with a total value of K670,417,334 and consequently, the Ministry of Health paid a total amount of K670,417,334 resulting in an excess payment of K668,254,678. See table below.

Province	Institution	Total Invoice Value K	Total Order Value K	Excess Invoice Amount K
Luapula	Kawambwa Gen Hospital	2,675,863	229,486	2,446,377
	Mabilima Mission Hospital	198,589,984	201,999	198,387,985
	Mansa DCMO	88,664,993	596,625	88,068,368
	Kawambwa DCMO	14,544,320	95,974	14,448,346
	Samya DCMO	52,674,817	468,627	52,206,190
	Milenge DCMO	2,910,739	5,714	2,905,025
	Mwense DCMO	14,118,162	30,811	14,087,351
Eastern	Chipata General Hospital	121,811,090	124,071	121,687,019
	Chipata DCMO	174,427,366	409,349	174,018,017
Northern	Luwingu DCMO	76,095,694	29,651	76,066,043
	Mpulungu DCMO	46,264,355	103,662	46,160,693
N/Westren	Solwezi DCMO	207,438,290	172,847	207,265,443
Southern	Kazungula DCMO	61,481,957	1,985,850	59,496,107
	<b>Total</b>	<b>670,417,334</b>	<b>2,162,656</b>	<b>668,254,678</b>

The excess payment had not been resolved between the Ministry of Health and Medical Stores Limited as of December 2014.

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

Contrary to Public Stores Regulation No. 16, drugs and medical supplies costing K5,707,485 dispatched by Medical Stores to three (3) Hospitals as shown in the table below during the period under review could not be accounted for in that there were no disposal details availed for audit.

Province	Institution	Amount K
Luapula	Mambilima Mision Hospital	239,629
	Kawambwa General Hospital	5,336,255
Northern	Kasama General Hospital	131,600
	<b>Total</b>	<b>5,707,485</b>

In addition, drugs and medical supplies costing K16,125 ordered and paid for by Kasama General Hospital from other suppliers, involving two (2) transactions had not been accounted for in that there were no receipt and disposal details.

**iii. Failure to Dispose Expired Drugs - Kasama General Hospital**

A scrutiny of stock records maintained at Kasama General Hospital revealed that drugs costing K232,173 had expired and no action had been taken by management to dispose the drugs.

**iv. Purchase of Yellow Fever Vaccines – Southern PHO**

On 16<sup>th</sup> January 2013, an amount of K89,930 was paid to Health Point Limited for the supply of 400 doses of yellow fever vaccines for distribution to the hospitals in the Province and subsequent sale to the public.

The following were observed:

- Unaccounted for Drugs**

Contrary to Public Stores Regulation No.16, two hundred and twenty (220) doses of yellow fever vaccines costing K49,500 had no receipt and disposal details.

Institution	Quantity	Price per Dose K	Unaccounted for Vaccines K
PHO	50	225	11,250
Livingstone General Hospital	170	225	38,250
<b>Total</b>	<b>220</b>		<b>49,500</b>

- **Expired Vaccines**

A scrutiny of stock records maintained at two (2) district health offices, revealed that out of four hundred (400) procured doses, eighty-nine (89) doses costing K20,025 had expired in May 2013. See details in the table below.

Quantity	Cost per dose K	Total K
40	225	9000
25	225	5,625
24	225	5,400
<b>89</b>		<b>20,025</b>

As of December 2014, the expired drugs had not been disposed off.

**j. Weaknesses in Stores Management**

**i. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K411,206 (General Stores – K351,442 and Fuel – K59,784) procured during the period under review had no receipt and disposal details. As a result, it was not possible to ascertain whether the goods paid for were received and used for the intended purpose.

Province	Institution	No. of Transactions	General Stores	Fuel K	Total K
Western	Lewaika Sch of Nursing	26	95,762	-	95,762
North Western	Kalene School of Nursing	3	-	6,960	6,960
Northern	PHO	9	-	47,126	47,126
	Kasama Sch of Nursing	30	51,454	5,698	57,152
	Kasama Gen Hospital	3	7,872	-	7,872
Muchinga	Chilonga Sch of Nursing	4	14,992	-	14,992
Lusaka	PHO	4	33,740	-	33,740
	Mpanshya Sch of Nursing	15	147,602	-	147,602
	<b>Total</b>	<b>94</b>	<b>351,422</b>	<b>59,784</b>	<b>411,206</b>

**ii. Non Maintenance of Fuel Registers – Central PHO**

During the period under review, the PHO maintained a fuel account with Petrotech Filling Station and advance payments totalling K386,636 were made to the filling station. However, the Institution neither maintained fuel ledgers nor registers, resulting in non-reconciliation of the fuel account.

In particular, the following were observed

- **Questionable Frequency of Fuel Drawings – Central PHO**

Fuel costing K72,337, drawn by twelve (12) motor vehicles was questionable in that the vehicles refuelled more than once on the same day or consecutive days without any justification. In addition, there were no log books to show where the vehicles had gone and whether the fuel drawn was used on official duties.

- **Fuel Drawn Without Authority**

Fuel and lubricants costing K289,187 involving four hundred and thirty five (435) transactions, was drawn from Petrotech Oil Corporation without authority from responsible officers.

**iii. Questionable Drawings of Fuel – Lusaka PHO**

Fuel costing K10,911 involving twenty one (21) transactions, was drawn by vehicles not belonging to the PHO. In addition, the purpose for the drawings had not been explained as of December 2014 rendering the drawings questionable.

**iv. Questionable Drawing of Fuel - Lusaka PHO**

In March 2012, two (2) motor vehicles registration numbers ABD 9901 and AAX 619 became unserviceable and were no longer in use. In this regard, in March, 2013, the vehicles (non-runners) were taken for auction by Board of Survey (BOS). It was however, observed that between June 2012 and November 2013, the two (02) motor vehicles drew fuel and lubricants costing K25,376.

**k. Purchase of a Defective Diff Axle - Transport Management - Lusaka PHO**

On 13<sup>th</sup> March 2013, the PHO requested for authority from the Permanent secretary, Ministry of Health to procure a complete rear diff axle for Toyota Land cruiser registration No. AAZ 1206. In this regard, on 21<sup>st</sup> March, 2013, authority was granted and on 27<sup>th</sup> March, 2013 an amount of K18,000 was paid to Exuberant General Dealers for the supply and fitting of the diff axle.

Management at the Provincial Health Office observed that the supplied diff axle was defective and consequently, on 8<sup>th</sup> May 2013 management requested for a refund from the supplier.

However, as of November 2014, eighteen months (18) after notification, the supplier had not refunded the money.

**l. Unaccounted for Revenue**

Contrary to Financial Regulations No. 10 (n), and 129, user fees in amounts totalling K16,130 collected by Mpanshya School of Nursing had not been accounted for in that there was no evidence that cash had been banked and the cash was not found on hand.

**m. Failure to Undertake Activities**

Amounts totalling K16,761 were paid to five (5) officers to undertake Health Service Delivery and other related activities during the period under review. However, as of December, 2014 there was no evidence such as activity reports to show that the activities were undertaken and no action had been taken against the officers. See table below.

Province	Institution	No. of Transactions	No. of Officers	Amount K
Copperbelt	Roan Antelope Gen Hospital	4	4	7,728
Muchinga	Chilonga Sch of Nursing	1	1	9,033
	<b>Total</b>	<b>5</b>	<b>5</b>	<b>16,761</b>

**n. Irregular Payment of Wages**

Recruitment of workers in Government Institutions requires authority from Public Service Management Division (PSMD). Contrary to this requirement, a total amount of K390,825 involving forty three (43) transactions was paid as wages to Classified Daily Employees (CDEs) who were locally engaged without authority from PSMD as shown in the table below:

Province	Institution	No. of Transactions	Amount K
Copperbelt	Nchanga North Gen Hospital	19	251,180
	Roan Antelope Gen Hospital	24	139,645
	<b>Total</b>	<b>43</b>	<b>390,825</b>

As of December, 2014 no retrospective authority had been sought from PSMD to regularize the recruitment.

**o. Infrastructure Development**

In the Estimates of Revenue and Expenditure for the financial year 1<sup>st</sup> January to 31<sup>st</sup> December 2013, a total provision of K89,736,717 was made to cater for infrastructure

projects in the ten (10) provinces against which K79,872,351 was released. In addition, amounts totalling K51,308,917 were brought forward from the previous year bringing the total to K131,181,269. See table below.

Province	Budget K	Releases K	Balance b/f (2012)	Total Funds Available K
Luapula	8,000,099	7,330,000	3,881,162	11,211,162
Western	8,500,093	10,804,559	15,432,796	26,237,355
Eastern	8,166,727	5,480,561	9,727,299	15,207,859
Central	7,166,702	7,170,879	1,756,000	8,926,879
Southern	12,833,418	11,680,079	2,475,605	14,155,684
Copperbelt	8,833,442	8,950,000	2,736,120	11,686,120
Lusaka	12,169,289	5,993,683	3,213,876	9,207,560
Muchinga	8,500,086	5,526,604	-	5,526,604
North Western	7,400,093	6,191,289	2,629,294	8,820,583
Northern	8,166,768	10,744,698	9,456,765	20,201,463
<b>Total</b>	<b>89,736,717</b>	<b>79,872,351</b>	<b>51,308,917</b>	<b>131,181,269</b>

Further, amounts totalling K8,087,850 were received by the Provincial Health Office, Southern Province for the rehabilitation of five (5) training schools and a hospital bringing the total funds available for infrastructure development under the Ministry of Health to K139,269,119.

The following were observed:

**i. Misapplication of Funds - Chikankata Biomedical School of Sciences**

During the period under review 2013, the School was funded K1,700,000 for rehabilitation of infrastructure at the School. However, contrary to the Appropriation Act of 2012, an amount of K348,000 was applied on the procurement of a mini bus, an activity not related to infrastructure development.

**ii. Completion of Munkanta RHC - Kawambwa**

On 15<sup>th</sup> April 2013, the labour contract for the completion of Munkanta Rural Health Centre was awarded to Moses Chobwa Contractors at a contract sum of K65,000. It was however observed that the contract did not specify the scope of works and the completion period.

As of July 2014, an amount of K20,864 had been paid to the contractor on 14<sup>th</sup> April 2014, leaving a balance of K44,136.



A physical inspection carried out on 17<sup>th</sup> November 2014, revealed that although the structure was at roof level, works had stalled and the contractor was not on site with the following works still outstanding:

- Completion of plastering
- Flooring
- Completion of window and door frames fitting
- Fitting of glass panes
- Plumbing works
- completion of electrical fittings
- Completion of ceiling



*Stalled project - Munkanta RHC*

**iii. Western Province**

District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid K	Scope of Works	Project status	Delay (months)
Mongu	Lewanika ZEN School Construction of Lecture Theatre.	Bekile Enterprises	17.01.13-27.05.13	621,550	383,161	Construction of Lecture Theatre at the ZEN School	The structure has remained abandoned at wall plate level and no action has been done so far.	eighteen (18) months

**iv. Southern Province**

District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid K	Scope of Works	Project status	Delay in Months
Kalomo	Construction of Kalomo Hospital-Phase 1	Conquest Construction Ltd	Jan to Sept 2013 (9 Months)	11,076,035	1,196,841	Construction of Admin block, Maternity Ward, OPD,	Although management indicated that the contractor was granted an extension, as of December, 2014 the documents had not been submitted for verification and the following works were still outstanding;	10 Months

						<p>X-ray and Laboratory</p> <p><b>Admin Block</b></p> <p>Electrical wiring was in progress remaining 60%, cladding with Zambezi stone was in progress remaining 50%, Glazing was in progress remaining 20%, Plumbing had commenced remaining 70% and fitting of doors was being done remaining 70%. Floor tiling had not yet commenced.</p> <p><b>OPD, Laboratory and Maternity</b></p> <p>Roofing was in progress remaining 10%, Fitting of door frames and window frames in progress remaining 60%. Glazing, floor tiling, plumbing, fitting of doors and painting had not commenced.</p> <p><b>External Works</b></p> <p>Landscaping was in progress remaining with 60% and a borehole had been drilled remaining with equipping. Construction of paved pathways, parking area, septic tank, soak ways and storm water drainage had not commenced.</p>	
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**v. Northern Province**

<b>District</b>	<b>Project</b>	<b>Contractor</b>	<b>Contract Period</b>	<b>Contract Sum K</b>	<b>Amount Paid K</b>	<b>Scope of Works</b>	<b>Project status</b>	<b>Delay in Months</b>
Mpulungu	Construction of Mpulungu District Hospital Phase II	Earthrow Investment	56 weeks (September 2010 to November 2012)	6,257,400	5,059,189	Construction of Administration block, female ward, OPD/ Laboratory, children's ward, Mortuary and Incinerator	As of May, 2014, the works had not been completed twenty (20) months after the expected completion date.  The remaining works included: <ul style="list-style-type: none"> <li>• Floor screed on the ambulance bay</li> <li>• Construction of the ramps.</li> <li>• Connection of waste pipes to the gulley</li> </ul>	20 Months
Chilubi	Construction of District Hospital Phase 1	Mango Tree Construction	70 weeks (20 <sup>th</sup> December, 2012 to 31 <sup>st</sup> May, 2014.)	10,648,164	3,924,734	Construction of Administration block (including electrical, plumbing), OPD, X-Ray and maternity, external works such as clearing	As of July 2014, the works had not been completed two (2) months after the expected completion date.  The remaining works included:  The Administration block was not painted with the second coat, seven (7) doors not fixed; windows were not fitted with glass.	2 Months

						of the surrounding, paved pathways, parking areas, landscaping, water reticulation, plumbing works.	<p>The OPD and Maternity block had not been painted with the second coat. All glass panes, ceiling boards, panel doors and PVC tiles were not fixed.</p> <p>X-Ray block was not yet painted with the second coat and panel door was not vanished.</p> <p><b>External works</b></p> <p>150 metres of the pavement was not yet constructed and landscaping was not completed.</p>	
Kasama	Construction of 16no. Block of Nurses Flats	Walletech	45 weeks (16 <sup>th</sup> February, 2013 to 08 <sup>th</sup> January, 2014.)	3,810,249	1,320,797	Construction of 16 no. One bedroomed Nurses flats Double storey Hostel block and associated external works at Kasama General Hospital	<p>As of May, 2014, the works had not been completed four (4) months after the expected completion date.</p> <p>The remaining works included:</p> <ul style="list-style-type: none"> <li>• Construction of a wall fence</li> <li>• Landscaping</li> <li>• Fitting of sixteen geysers</li> </ul>	4 Months

vi. Muchinga Province

District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid K	Scope of Works	Project status
Mpika	Construction of District Hospital Phase 1	Walltech Enterprises Limited	52 weeks (29th January 2013 to 12th February 2014.)	10,104,798	3,254,948	Construction of Administration Block, Out Patience Department (OPD), Laboratory, X-Ray Department and External works	<p>The following are outstanding works:</p> <p><b>Out Patience Department (OPD)</b></p> <ul style="list-style-type: none"> <li>Fitting of Aluminium door at the entrance</li> </ul> <p><b>Laboratory and X ray Department</b></p> <ul style="list-style-type: none"> <li>Plumbing works such as fixing of taps and connecting pipes have not been done.</li> </ul>

**vii. Lusaka Province**

District	Project	Contractor	Contract Period	Contract Sum K	Amount paid K	Project status	Delay in months
Luangwa	Construction of Luangwa District Hospital – Phase II	Zaminliyn	52 weeks starting 07- Jan-13	7,226,814	1,856,055	<b>Outstanding Works:</b>  <b>OPD Block, Laboratory, Admin Block &amp; Male Ward</b>  -painting of final coat outside  -painting of under and final coat inside  -glazing inside  -fitting of doors inside  -completing of plumbing and electrical works (hand basins, switches, lights etc)  -laying of pvc tiles.  -external works (spoon drain and connection of sewer pipes to manholes.	8 months

						<p><b>ii. Mortuary</b></p> <ul style="list-style-type: none"> <li>-electrical and plumbing finishes</li> <li>-painting of outside and inner walls plus ceiling board</li> <li>-entry step to mortuary attendant's office not done.</li> </ul> <p><b>iii. Staff houses</b></p> <ul style="list-style-type: none"> <li>-Painting of inner walls and doors</li> <li>-Plumbing and electrical fittings</li> <li>-Painting (rhinorite) of ceiling boards</li> <li>-Painting of walldrobes with prima</li> <li>-external works (spoon drain)</li> </ul>	
Lusaka	Construction of Maternity Annexes at Kanyama and Chelstone Urban Health Centres	Vyane Enterprises Ltd	18 weeks starting 4 <sup>th</sup> January, 2012	2,299,546	1,340,393	<p><b>Kanyama Maternity Annex</b></p> <p>The contractor is back on site and only terrazzo floor has been put though not complete polished.</p> <p><b>Outstanding works:</b></p> <ul style="list-style-type: none"> <li>- plastering not complete outside,</li> </ul>	28 months



						<ul style="list-style-type: none"> <li>- fitting of doors and window frames,</li> <li>- plumbing, electrical wiring, flooring and tiling,</li> <li>- ceiling, glazing and painting,</li> <li>- no septic tank and soak away excavated</li> <li>- Sewer pipes have been removed and not replaced.</li> </ul> <p><b>Chelston Maternity Annex</b></p> <p>No further works have been done. The project is still static with the following outstanding works:</p> <p>-Flooring and tiling, 3 door frames not fitted, ceiling, plumbing, fitting of switches and sockets, septic tank and soak away not excavated</p>	
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viii. Luapula

District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid K	Scope of Works	Status and Other Observations
Milenge	Construction of Milenge District Hospital – Phase 2	T & H Eminence Co. Ltd	Contract date 24.12.12  Contract Period 60 weeks	K9,022,943	K4,556,428	construction of Administration block, Out Patients Department (OPD), Laboratory, Male ward, Mortuary, Incinerator, four (4) Medium Cost Houses and External works (Storm water drainage, Soil drainage, Electrical reticulation,	A scrutiny of extension documents submitted for audit verification revealed that the revised completion date was 18 <sup>th</sup> November 2014. A physical verification carried out on 24 <sup>th</sup> November, 2014 revealed that the works had not been completed with the following still outstanding:  <b>Male Ward:</b> - Fitting of window panes, - Completion of ceiling board, - Painting second coat, - Completion of Plumbing.  <b>Four (4) Staff Houses:</b> - Fitting window panes,

						<p>Tank stand and Water supply &amp; reticulation.</p> <ul style="list-style-type: none"> <li>- Painting second coat,</li> <li>- Completion of plumbing works.</li> </ul> <p><b>Mortuary:</b></p> <ul style="list-style-type: none"> <li>- Fitting of body washing bays,</li> <li>- Fitting of doors and window panes,</li> <li>- Painting second coat,</li> <li>- Completion of plumbing and Electrical fittings.</li> </ul> <p><b>External Works:</b></p> <p>Construction of water Tank</p>
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**HEAD:** 51/ Ministry of Transport, Works, Supply and Communications

**UNITS:** Various

**PROGRAMMES:** Various

**ACTIVITIES:** Various

47. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K610,200,572 was made to cater for various activities at the Ministry against which amounts totalling K416,415,342 were released resulting in an under funding of K193,785,230.

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

An examination of accounting and other records maintained at the ministry headquarters and physical inspections of projects in selected provinces carried out in July 2014 revealed the following:

##### **a. Misapplication of Funds**

A total amount of K121,484,939 was provided against which K57,080,687 was released during the period under review for the execution of thirty four (34) programmes, such as the procurement of meteorological equipment, dredger, furniture for VVIP, completion of construction of houses and border facility, among others. Although a total amount of K32,579,587 in respect of twenty four (24) of the programmes was spent, the activities had not been executed as of 31<sup>st</sup> December 2013. See table below.

Department	Programme	Authorised Provision K	Amount Released K	Amount Spent K	Balance K
Civil Aviation	Mongu Airport	1,075,000	1,000,000	14,250	985,750
Civil Aviation	Rehabilitation of Kasama Airport	3,310,000	300,000	-	300,000
Civil Aviation	Rehabilitation of Mansa Airport	2,665,000	400,000	-	400,000
Civil Aviation	Rehabilitation of Solwezi Airport	3,525,000	300,000	-	300,000
Meteorological	Office Adminstration	1,680,000	1,310,866	1,059,728	251,138
Meteorological	Rehabilitation of MET Stations	4,590,000	3,423,000	2,676,749	746,251
Meteorological	Procurement of MET Equipment	7,000,000	3,500,000	1,495,653	2,004,347
Meteorological	Establishment of QMS	1,497,281	882,220	864,617	17,603
Maritime	Office Adminstration	1,583,601	695,799	429,262	266,537
Maritime	Procurement of Dredger	12,900,000	12,900,000	9,591,033	3,308,967
Transport	Procurement of Motor Vehicles	1,505,000	1,500,000	-	1,500,000
Transport	IFMIS Activities	2,271,550	1,304,500	1,018,704	285,796
Transport	Procurement of VIP & VVIP Residential	2,950,000	2,950,000	-	2,950,000
Transport	Procurement of VIP Motor Vehicles	24,396,112	2,670,000	2,013,940	656,060
Transport	Inspection of GRZ Motor Vehicles	1,000,000	500,000	357,921	142,079
Buildings	Payment of Arrears	3,367,189	1,872,539	1,710,096	162,443
Buildings	Constuction of 10No. Low cost hses	891,360	686,865	-	686,865
Buildings	Construction of Six storey office block.	7,100,404	2,859,040	2,462,810	396,230
Buildings	Construction of Third Repulican Pres.	1,400,000	698,114	662,382	35,732
Buildings	Construction of Fourth Repulican Pres.	1,400,000	1,400,000	-	1,400,000
Buildings	Construction of hse for former speaker	800,000	430,000	-	430,000
Buildings	Construction of Office Block	3,258,460	1,196,000	1,169,624	26,376
Buildings	Construction of Office Block for Prov.	2,704,060	900,000	414,440	485,560
Buildings	Resurfacing at Chirundu	500,000	500,000	-	500,000
Buildings	Completion of One Stop Boarder facility	8,895,103	2,067,840	230,000	1,837,840
Buildings	Consturction of other Infrastructure	6,000,000	3,224,777	3,196,931	27,846
Buildings	Revonation of State Lodge Main Bldg	1,235,400	1,235,400	705,930	529,470
Buildings	Procurement of Motor Graders	3,000,000	1,500,000	-	1,500,000
Buildings	Procurement of Contingency spare parts.	2,000,000	1,352,880	1,110,048	242,832
Printing	Payment of Arrears	2,825,419	1,433,730	351,654	1,082,076
Printing	Procurement of Motor Vehicles	945,000	362,500	83	362,417
Printing	Printing of Pads,forms & stationery	1,217,000	926,947	399,929	527,018
Planning	Short - term Training	997,000	454,000	340,683	113,317
Planning	Network Administration	1,000,000	343,670	303,120	40,550
	<b>Total</b>	<b>121,484,939</b>	<b>57,080,687</b>	<b>32,579,587</b>	<b>24,501,100</b>

A further review of records revealed that the funds were applied on activities not related to the purpose for which the funds were released. However, no authority for variation of funds was obtained from the Secretary to the Treasury.

**b. Inadequately Supported Payments**

Contrary to Financial Regulation No. 52, fifteen (15) payments in amounts totalling K521,837 made during the period under review had no supporting documents such as invoices, receipts and acquittal sheets.

**c. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K301,862 procured during the period under review had no receipts and disposal details such as issue vouchers, goods received notes and delivery notes. As a result, it was not possible to ascertain whether the goods paid for had been received and used for the intended purpose.

**d. Failure to Account for VIP and VVIP Furniture**

According to Terms and Conditions of Service for Ministers and their Deputies, they are each entitled to K300,000 and K250,000 respectively worth of furniture. Upon termination of appointment, all government property under their charge should be surrendered to Government.

A provision of K1,000,000 was made in 2013 against which K2,080,000 was released for the procurement of VIP and VVIP furniture. However, due to inadequate funds, the Ministry arranged for credit facilities with six (6) suppliers for the supply and delivery of furniture to VIPs and VVIPs' houses in 2011.

In this regard, furniture costing K5,905,745 were collected by various VIP and VVIPs using the credit facility. As of 31<sup>st</sup> December 2013, the Ministry had paid K1,357,553 leaving a balance of K4,548,171 as shown in the table below.

<b>Company</b>	<b>Balance K</b>
Furnishing World	1,600,977
Home Corporation	2,073,860
Kubu Crafts	100,000
Carnival Furnishers	397,036
Orcadeco Zambia Ltd	300,000
Furn City	76,298
<b>Total</b>	<b>4,548,171</b>

However, the Ministry did not maintain records of furniture supplied to VIP and VVIP's houses.

**e. Failure to Supply Fire Tenders by Carmichael Limited**

In the Report of the Auditor General for the Financial Year ended 31<sup>st</sup> December 2011, mention was made on the failure to supply fire tenders due to Government's failure to meet its obligations as stipulated in the contract.

In his submission to the Public Accounts committee, the Controlling Officer stated that the Government had since fulfilled its contractual obligations via supplementary funding of K63,000,000 for the financial year ended 31<sup>st</sup> December 2012 and that the Ministry was awaiting the delivery of the remaining six (6) fire tenders subject to ensuring that the specifications were complied with.

A review of the situation carried out in August 2014 revealed that although the Government had fully discharged its obligations to the supplier to whom amounts totalling K72,400,000 had been paid, the equipment had not been supplied.

**f. Purchase of Property No.13433 Chalala – Lusaka**

On 18<sup>th</sup> January 2013, the Ministry entered into an agreement with Davie Jaama Lwendo (VENDOR) of Lusaka, for the purchase of property on stand No.13433 SUB/10/4/IF23a situated in Chalala along Kasama road in Lusaka South of Chilenje residential area at a cost of K2,200,000. The condition of sale among other things, was that K627,000 was directly payable by the purchaser to Barclays Bank (Z) Plc to secure the discharge of a third party mortgage registered on the property in favour of Barclays Bank and the balance of K1,573,000 payable to the vendors' advocates, AMC Legal Practitioners.

As of February 2013, the Vendor had been paid in full.

However, the following were observed;

**i. Failure To Submit Architectural And Structural Drawings**

A report on the assessment of the property (house) conducted on 18<sup>th</sup> December 2012, by Engineers from Buildings Department required the seller to submit a full set of approved Architectural and Structural drawings to the Buildings Department. The purpose of this was to ascertain whether the structure had met all local authority by-laws, regulations and also to enable Buildings Department scrutinise the adequacy of structural design. However, as of August, 2014, although the Ministry had paid amounts totalling K2,200,000, no diagrams had been submitted to the Ministry. Consequently, Buildings Department could not verify the adequacy of the structural design and fitness of the property / building which remained uncertified and questionable.

**ii. Failure To Pass Title To Government**

Although Clause No. 7 of the contract stated that Title of the property shall pass to the Vendor immediately the transaction was made, as of May 2014, title was still in the name of the seller.

**HEAD: 51/01 Ministry of Transport, Works, Supply and Communication**

**PROGRAMMES: 1005 Grants to Institutions - Operational**

**ACTIVITIES: 016 Hostels Board of Management**

48. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2012 and 2013, a total provision of K3,500,000 was made to cater for the completion of Solwezi Lodge, rehabilitation of Lothian Lodge and for general operations against which amounts totalling K3, 250,000 were released. See table below.

Year	Budget Provision K	Budget Releases K	Variance K
2012	1,500,000	1,250,000	(250,000)
2013	2,000,000	2,000,000	-
Total	3,500,000	3,250,000	(250,000)

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at Headquarters and selected lodges in Solwezi, Kitwe, Ndola, Chipata, Livingstone and Mongu carried out in May 2014 revealed the following:

**a. Failure to Maintain an Asset Register**

Contrary to Financial Regulation No.10 (n), Hostels Board of Management did not avail the asset register for audit. It was, therefore, not possible to verify whether various assets costing K604,250 procured during the year under review had been recorded in the register.

**b. Missing Payment Vouchers**

Contrary to financial regulations No. 65, there were twenty four (24) payment vouchers in amounts totalling K524,434 made during the period under review that were not availed for audit.



**c. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, various stores items costing K227,196 procured during the period under review were not accounted for in that there were no disposal details.

**d. Rehabilitation of Rooms at Lothian House – Kitwe**

In July, 2012, Messrs FM and CBN were engaged to rehabilitate eight (8) rooms at Lothian House in Kitwe at a contract price of K344, 873 with a completion period of three (3) weeks from 27<sup>th</sup> July to 27<sup>th</sup> August, 2012 which was later extended to 27<sup>th</sup> September 2012. The Contractor took possession of the site on 6<sup>th</sup> July, 2012.

The scope of works included renovating eight (8) single rooms by carrying out the following works; Demolitions by removing damaged flush doors, wash hand basins, scrapping old paints in toilets, removing damaged electrical fittings and water piping, Plumbing works, electrical, carpentry, floor finish and wall tiling, painting and decorations to supervisor's instruction.

The works were completed in October 2012, and the site handed over to the client. The contractor claimed a total of K328,242 which was certified by the Provincial Building Engineer and was paid a total of K200,000 during the period from January to August 2013, leaving a balance of K128,242.

A physical inspection carried out in October 2014, revealed that all the eight (8) rooms worked on by the contractor were still in a poor condition and were not in use. Further enquiries with management revealed that the rooms had not been in use from the time the contractor handed them over as the works done were of poor quality.

In light of the above, it is not clear why the Provincial Building Engineer certified the works as complete when management had informed him of the poor workmanship exhibited by the contractor.

**HEAD: 76 Ministry of Youth and Sport**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

49. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December, 2013, a total provision of K141,265,026 was made to cater for the operations of the Ministry against which amounts totalling K102,060,209 were released resulting in an under funding of K39,204,817.

According to the financial statement (Statement C) for the financial year ended 31<sup>st</sup> December 2013, amounts totalling K108,533,572 had been spent.

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

An examination of accounting and other related records maintained at the Ministry's Headquarters and a physical inspection of selected projects carried out in October 2014 revealed the following:

**a. Failure to Recover Loans – Youth Development Fund (YDF)**

During the period under review, the Ministry received amounts totalling K17,221,338 to cater for the YDF activities. Subsequently, K12,632,340 was disbursed to four hundred and twenty six (426) Youth Associations as loans and K1,403,000 as grants to institutions in eight (8) provinces as shown in the table below while the balance of K3,187,998 was used on administrative expenses.

<b>Province</b>	<b>Loans K</b>	<b>Grants K</b>
Copperbelt	1,406,897	191,000
Luapula	884,000	195,000
Lusaka	4,601,238	295,000
Muchinga	718,705	200,000
Northern	1,125,000	130,000
Southern	1,458,000	100,000
Western	1,120,000	232,000
North Western	1,318,500	60,000
<b>Total</b>	<b>12,632,340</b>	<b>1,403,000</b>

According to the YDF guidelines, the loans were to be recovered as follows;

- Loans from K2,500 to K10,000 to be repaid within twelve (12) months with a grace period of at least three (3) months.

- Loans from K11,000 to K30,000 to be repaid within twenty four (24) months with a grace period of at least three (3) months.
- Loans from K31,000 to K50,000 to be repaid within thirty six (36) months with a grace period of not more than six (6) months.

Contrary to the guidelines, as of December 2014, the Ministry had not effected recoveries in respect of loans in amounts totalling K12,632,340 paid to the four hundred and twenty six (426) youth groups whose grace period had elapsed.

**HEAD:** 77/02 Ministry of Defence – Zambia Army

**UNITS:** 06 Administration Branch

07 Operations and Training Branch

08 Logistics Branch

**PROGRAMMES:** Various

**ACTIVITIES:** Various

50. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K933,818,457 was made to cater for various programmes under the Zambia Army against which amounts totalling K1,072,252,501 were released resulting in an over funding of K138,434,044 as tabulated in the table below.

Units	Budget Provision K	Releases K	Variance K
Administration	752,991,266	906,960,209	153,968,943
Operation & Training	75,227,921	60,007,872	(15,220,049)
Logistics Branch	104,774,270	104,607,545	(166,725)
Information Technology	825,000	676,875	(148,125)
<b>Total</b>	<b>933,818,457</b>	<b>1,072,252,501</b>	<b>138,434,044</b>

### Accounting and Other Irregularities

An examination of accounting and other records maintained at the Zambia Army Headquarters and physical inspections of selected projects carried out in May 2014 revealed the following:

**a. Construction of Banquet Hall – Lack of Budget and Completion Certificate**

The construction of the banquet hall was necessitated by the need to have a permanent structure to host functions such as annual balls and to cut down on costs of hiring similar facilities. Therefore, Command directed Logistics and Engineering Branch to come up with the design and cost implications of putting up a banquet hall. This was done in consultation with the Ministry of Works, Supply, Communication and Transport. The project was started in 2012 using force accounting and initially the first funding was drawn from the United Nations Funding. Subsequently, Government funds were used to complete the hall. The project was implemented and completed within a period of 2 years from 2012 to 2013.

Although the hall was completed and is currently in use, the following were observed:

**i. Lack of Budget Provision**

A review of accounting and related documents revealed that from 2012 to 2014, a total amount of K2,249,599 Government funds had been spent on the construction of the hall. However, the project was not budgeted for in the 2013 Budget and the source of funds for the expenditure of K2,249,599 incurred in 2013 could not be explained as of October 2014.

**ii. Lack of Completion Certificate**

Although the building was in use, as of September 2014, the Ministry of Works and Supply had not certified the works as complete and ready for occupation.

**b. Construction of Water Reticulation at Mushili**

On 20<sup>th</sup> December 2012, Easi Build Ltd was engaged to supply, construct and erect reticulation services, electrical, sewerage and fresh water for three (3) bedroomed houses at Mushili, Ndola at a contract sum of K447,592 with a completion period of four (4) months. As of December 2013, the contractor had been paid amounts totalling K220,000.

However, the following were observed:

**i. Failure to Follow Procurement Procedures**

Contrary to the provisions of the ZPPA Act, the Army did not obtain a 'No Objection' from the ZPPA for the single sourced contractor.

**ii. Failure to Obtain Stage Completion Certificates**

Although the contractor was paid K220,000 for the works done, no stage completion certificates were availed for audit to support the payment.

**iii. Irregular Variation of Works**

Although the contractor was engaged to do water reticulation works, it was observed that the contractor was constructing three prefabrication houses and no variation orders were availed for audit.



*Prefabricated house under construction*



*Occupied Senior Officers House*

**HEAD:** 77/03 Ministry of Defence – Zambia Air Force (ZAF)

**DEPARTMENTS:** 01 Headquarters

**UNITS:** Various

**PROGRAMMES:** Various

**ACTIVITIES:** Various

51. In the Estimate of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K581,063,781 was made to cater for various activities at the Zambia Air Force (ZAF) against which K617,536,943 was released resulting in an over funding of K36,473,162 which was not supported by a supplementary provision. See table below.

Units	Budget Provision K	Releases K	Variance K
Human Resources and Administration	518,778,537	557,934,970	(39,156,433)
Operation	28,000,000	25,500,000	(2,500,000)
Technical Services	8,570,315	9,673,129	1,102,814
Supply Service	20,254,726	17,546,073	(2,708,653)
Training	5,460,203	6,882,771	1,422,568
<b>Total</b>	<b>581,063,781</b>	<b>617,536,943</b>	<b>(36,473,162)</b>

According to the Financial Statement (Statement 'C'), as of 31<sup>st</sup> December 2013, amounts totalling K577,746,118 had been spent.

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

An examination of accounting and other records maintained at the Ministry of Defence headquarters, ZAF and physical inspections of selected projects in Livingstone, Mumbwa, Kabwe, Mbala, Ndola and Chamba Valley carried out from August to September 2014 revealed the following:

##### **d. Failure to Recover Salary Advances**

Contrary to Terms and Conditions of Service for the Public Service No. 92, recoveries in respect of special and salary advances amounting to K420,000 paid to one hundred and eleven (111) officers during the period under review had not been effected as of November 2014.

##### **e. Unaccounted for Stores**

Contrary to Public Stores Regulations No. 16, various stores items costing K11,096,168 (General Stores - K10,334,188; Fuel – K757,947 and Drugs K4,033) procured during the period under review could not be accounted for in that there were no disposal details.

##### **f. Plot No. 5863, off Airport Road, Itawa – Ndola**

In June 2013, ZAF purchased a property on Plot No. 5863 in Ndola comprising a single storey dwelling house and a storeroom at a total contract sum of K450,000. The payments were done in three (3) instalments as shown in the table below.

<b>Date</b>	<b>Details</b>	<b>Amount K</b>
27.07.13	1 <sup>st</sup> Instalment	150,000
27.08.13	2 <sup>nd</sup> Payments	100,000
17.12.13	3 <sup>rd</sup> Instalment	200,000
	<b>Total</b>	<b>450,000</b>

However, as of November 2014, the title was still in the name of the seller.

**HEAD:** 77/04 Ministry of Defence – Zambia National Service

**UNITS:** 01 Human Resource and Administration

02 Production

03 Logistics

04 Projects

**PROGRAMMES:** Various

**ACTIVITIES:** Various

52. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December, 2013 a total provision of K378,197,030, was made to cater for the operations of the Zambia National Service (ZNS) against which amounts totalling of K474,733,098 were released resulting in excess funding of K96,536,068 as tabulated below.

Code	Unit	Budget Provision K	Actual Releases K	Variance K
01	Administration	343,104,230	442,879,775	99,775,544
02	Production	125,879	60,609	(65,270)
03	Logistics	32,166,921	28,992,714	(3,174,207)
04	Projects	2,800,000	2,800,000	-
Total		378,197,030	474,733,098	96,536,068

Out of the K474,733,098 received, a total of K368,027,673 was spent as per Statement 'C' for the financial year ended 31<sup>st</sup> December 2013.

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

An examination of accounting and other records maintained at ZNS Headquarters and selected units and a physical inspection of projects carried out in August and September 2014, revealed the following:

##### **a. Payments of Rental in Excess of Entitlement**

During the period under review, ZNS paid amounts totalling K163,963 in respect of rental charges for accommodation for ten (10) officers. However, the officers were only entitled to accommodation payment amounting to K96,509 resulting in an excess payment of K67,454. As of November 2014, the excess payment had not been recovered from the affected officers.

**b. Rehabilitation of Buildings in Units**

**i. ZNS MANGANGO**

During the period under review, a total amount of K150,000 was budgeted for the construction of Officers Mess, Warrant Officers and Sergeants Mess and for the rehabilitation of housing units. The Unit in Mangango engaged local artisans for labour. (ZNS Skilled officers)

The scope of works included construction of officers' mess, construction of warrant officers and sergeants' mess and renovation of housing units.

The following were observed:

- **Construction of Officers Mess – Allocation K50,000**
  - The construction was done with no slab,
  - The building was of a poor standard as a result of using sub-standard materials,
  - No schedule of materials or bills of quantities and therefore it was difficult to quantify the value of materials used, and
  - The building was not completed and works such as plastering and flooring, fixing of window panes and roofing were still outstanding. As of September 2014, construction team was not on site. See picture below.



- **Construction of Warrant Officers and Sergeants Mess - Allocation K50,000**
  - Only the box had been done,
  - The construction team was not on site as at the time of the audit,
  - No schedule of materials or bills of quantities and therefore it was difficult to quantify the value of materials used. See picture below.





*Status of the Mess as at September, 2014*

- **Renovation of Housing Units(Allocation – K50,000)**

No schedule of materials or bills of quantities and therefore it was difficult to quantify the value of materials used.

**ii. ZNS CHIWOKO**

During the period under review, a total amount of K150,000 was made for the construction of Officers Mess, Warrant Officers and Sergeants Mess and for the rehabilitation of housing units and the whole amount was spent. The Unit in Chiwoko engaged local artisans for labour only (ZNS Skilled officers). The scope of works included renovation of houses, officers Mess, Warrant Officers and Sergeants Mess and Corporals Mess.

However, contrary to procurement procedures and guidelines which required that payment are made directly to suppliers, the unit made cash payments amounting to K150,000 to officers for the procurements.

In addition, the following were observed:

- **Renovation of Houses – Allocation K60,000**

- Two semidetached houses were constructed instead,
- No authority/housing plans was granted for the construction of the houses,
- There was no supervision of works from technically qualified supervisors, and
- No schedule of materials was availed for audit and therefore it was difficult to quantify the materials that were actually used on the project.

- **Renovation of Officers Mess - Allocation – K30,000**

No schedule of materials was availed for audit and therefore it was difficult to quantify the materials that were actually used on the project.

- **Renovation of Warrant Officers and Sergeants Mess - Allocation – K30,000**

No schedule of materials was availed for audit and therefore it was difficult to quantify the materials that were actually used on the project.

- **Renovation of Corporals Mess (Allocation - K30,000)**

The works had not commenced as of October 2014

### iii. Choma ZNS

During the period under review, a total amount of K150,000 was made for the rehabilitation of Officers Mess, rehabilitation of Warrant Officers and Sergeants Mess, and renovation of housing units as tabulated below.

Description of works	Amount K
Renovation of Officers Mess	50,000
Renovation of WOs and Sgts Mess	30,000
Renovation of House Units	50,000
Renovation of Corporal mess	20,000
<b>TOTAL</b>	<b>150,000</b>

A physical inspection of the project carried out in September 2014 revealed the following:

- The renovation of house units were in progress,
- Renovation of the officers mess had not commenced,
- Renovation of Warrant Officers and Sergeants' Mess had not commenced as at the time of the audit, and
- K50,000 which was meant for the rehabilitation of the officers' mess was used to do some works at the stadium without authority.

**HEAD: 80 Ministry of Education, Science and Vocational Training and Early Education**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**53.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December, 2013 a total authorised provision of K5,783,723,126 was made to cater for various activities at the Ministry against which amounts totalling K5,279,370,555 were released.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and selected District Educational Offices and a physical inspection of selected projects carried out in April 2014 revealed the following:

**a. Unvouched Expenditure**

Contrary to Financial Regulation Nos. 45 and 52, there were sixteen (16) payments in amounts totalling K60,517 that were unvouched in that payment vouchers were either missing or inadequately supported with relevant documents such as acquittal sheets, invoices, receipts and local purchase orders.

**b. Irregular Payments**

According to Cabinet Office Circular No. 11 of 2013, out of pocket allowance is paid to an officer to cover additional expenses he/she has to meet while on duty outside his/her normal station of duty where an overnight stay is involved and the programme or workshop the officer is attending is fully sponsored.

Contrary to the Circular, amounts totalling K361,091 were paid to sixty three (63) officers at the Ministry Headquarters for clearing imprest retirement back log, capturing of backing sheets into SAP, updating data into IFMIS and for working after hours and weekends.

**c. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, stores items costing K21,049 were not accounted for in that there were no receipt and disposal details such as goods received notes and issue vouchers.

**d. Failure to Claim Insurance - Mitsubishi Pajero (GRZ 887 CE)**

On 26<sup>th</sup> April 2013, a motor vehicle Mitsubishi Pajero registration number GRZ887 CE, was involved in a road traffic accident and was extensively damaged. Although the vehicle was comprehensively insured, as of July 2014, no insurance claim had been lodged and the vehicle was still parked at the Ministry Headquarters.

**e. Failure to Recover Salary Advances and Weaknesses in the Management of Advances**

Contrary to the Terms and Conditions of Service for the Public Service No. 92, recoveries in respect of salary advances in amounts totalling K51,600 paid to eighteen (18) officers during the period under review had not been effected as of August 2014.

**f. Bursaries Abroad**

**i. Unacquitted Payments**

According to existing procedures, acquittal sheets in respect of payments of Bursaries allowances confirming payment of such allowances are supposed to be sent to the Ministry Headquarters to account for the payment. However, a total amount of K19,049,952 transferred to Zambian Embassies to facilitate payment of allowances to 1,108 students in thirteen (13) countries during the period under review had no supporting acquittal sheets at the Ministry Headquarters. As a result, it could not be verified as to whether the funds were received by the intended beneficiaries.

**ii. Failure to Recover Student Loans**

In 2004, the Government phased out the Bursaries Scheme to university students and replaced it with a loan scheme. The objective of the loan scheme was to recover the amounts paid to the students who had graduated, which in turn would help raise funds for the other incoming students.

Although the scheme was introduced, there were no guidelines on how the recoveries would be made from the graduating students. In this regard, recoveries in amounts totalling K52,050,788 paid to 4,088 students that had graduated from the University of Zambia as of December 2013 had not been effected as of August 2014.

Further, the Ministry failed to provide records for the loan payments and recoveries at the Copperbelt University.

**iii. Bursaries for Trades Training Institutions**

The Ministry received an amount of K7,162,557 against a total provision of K7,120,000 to cater for bursaries for the underprivileged students in Trades Training Institutions.

However, out of the amount received, K4,208,479 was disbursed to twenty three (23) trades training institutions while the balance of K2,911,521 was applied on unrelated activities such as the construction of Chalimbana University (K2,485,443) and other activities.

**g. Misapplication of Funds - Education Materials and Equipment**

During the period under review, the Ministry received amounts totalling K9,936,329 to cater for the procurement of various educational materials and equipment for primary, secondary, adult education and colleges. However, amounts totalling K1,750,477 were applied on unrelated activities such as the payment of tuition fees, refunds, imprest to pay allowances, purchase of air tickets, payment of comprehensive insurance, and payments for repair of motor vehicle.

**h. Infrastructure Development - Abandoned Projects**

In April 2011, the Ministry awarded two (2) contracts to two (2) contractors at a contract sum of K42,008,473 for the construction of two (2) high schools in Serenje and Mumbwa districts. As of July 2014, amounts totalling K24,622,497 had been paid to the contractors. However, contrary to the terms and conditions of the contracts, the works had not been completed and the contractors had abandoned the sites. See table below.

District	Project	Contractor	Contract Price K	Start Date	Completion Date	Amount Paid K	Status
Serenje	Mailo Boarding High School	Savenda	26,526,879	08.04.2011	28.12.2012	20,621,733	At Gable Level
Mumbwa	Mumbwa Day High School	Zcon	15,481,594	05.09.2011	10.09.2012	4,000,764	At Super Structure
<b>Total</b>			<b>42,008,473</b>			<b>24,622,497</b>	

Despite Savenda Management Services Limited abandoning the construction of Mailo Boarding School in Serenje, the Ministry awarded the same contractor another contract

for the construction of Mkushi South Boarding High School at a contract sum of K44,030,740.

**i. Failure to Deliver Desks – Serenje District**

In February 2012, the Ministry engaged Kabwe Trades Training Institute for the supply, delivery and assembly of 6,168 double seater school desks to Serenje district at a contract sum of K1,973,632 and the whole amount had been paid as of November, 2013.

However, as of April 2014, despite the contractor being paid in full, 696 desks costing K222,707 were not delivered.

**j. Failure to Deliver Mattresses**

In January 2013, the Ministry engaged Manal Investment Limited to supply and deliver 4,080 “six inch” single mattresses to seventeen (17) schools in Eastern, Central and Lusaka provinces at a contract price of K1,285,200 with a delivery period of 6 - 10 weeks from 1<sup>st</sup> February 2013 to 15<sup>th</sup> April 2013. As of August 2013, the supplier had been paid in full. Although the supplier was paid in full, 2,400 mattresses valued at K756,000 had not been delivered as of April 2014.

**HEAD: 80 Ministry of Education, Science, Vocational Training and  
Early Childhood Education**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**54.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K124,683,514 was made to cater for general administration in seventy five (75) institutions against which amounts totalling K97,275,610 were released resulting in an underfunding of K27,407,905.

In addition, amounts totalling K98,164,775 were received as other income by various institutions.

### Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Education Offices (PEOs), District Education Boards (DEBs) and selected schools carried out during the period from February to April 2014 revealed the following:

#### a. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, one hundred and fifty eight (158) payment vouchers in amounts totalling K1,546,305 were not availed for audit. See table below.

Station	No. of Payment Vouchers	Amount K
Western PEO	2	1,700
Solwezi College of Education	7	10,205
Loloma Day Sec. school	13	20,829
Mwinilunga Secondary School	28	48,980
Mwinilunga DEB	13	7,912
Ndola PEO	1	1,650
Kitwe Teachers College	39	1,172,125
Lusaka DEB	2	2,500
Lusaka DEB-REV	4	13,700
Luangwa DEB	5	25,128
Kafue Day Secondary School	6	8,980
Chongwe Sec. School	20	175,706
Siavonga DEB	2	13,072
Chama DEB	4	5,960
Chinsali Day Sec. School	2	2,040
Kenneth Kaunda Sec. School	5	16,318
Tea Estates Sec School	5	19500
<b>Total</b>	<b>158</b>	<b>1,546,305</b>

#### b. Unsupported Payments

Contrary to Financial Regulation Nos. 45 and 52, five hundred and seventy three (573) payments in amounts totalling K2,827,702 were not supported with relevant documents such as cash sales receipts, Local Purchase Orders and acquittal sheets among others. See table below.

Station	No. of Transactions	Amount K
Petauke DEB	2	4,400
Lundazi DEB	3	8,005
Nyimba DEB	2	12,400
Western PEO	2	12,502
Mongu DEB	27	91,272
Kaoma DEB	3	8,952
Lukulu DEB	3	48,912
Kaoma Secondary School	50	217,051
Monze DEB	4	10,000
Katete	1	17,635
Kalomo Boarding	4	8,050
Kazungula DEB	6	25,534
Monze Boarding Sec	2	7,875
Mwense DEB	1	1,385
Samfya DEB	1	6,000
Zambezi Sec. Sch.	26	26,172
Kabompo DEB	26	54,305
Mwinilunga Sec. Sch.	19	40,248
Solwezi PEO	23	73,304
Solwezi College of Education	14	62,430
Loloma Day Sec. School	65	118,767
Mufumbwe DEB	13	27,594
Copperbelt PEO	16	52,368
Masaiti DEB	22	144,810
Masaiti Sec. School	4	15,650
Mufulira DEB	1	5,000
Kantanshi Secondary School	22	83,883
Kitwe Teachers Training College	87	833,562
Copperbelt Sec. Teachers College	15	109,523
Chibombo DEB	2	9,000
Moomba Sec. School	8	85,802
Lusaka PEO-Sports	5	52,118
Lusaka DEB	6	39,933
Lusaka DEB-REV	11	94,154
Chongwe DEB-REV	3	9,000
Chongwe Secondary School	1	4,500
Luangwa DEB	3	7,726
Siavonga DEB	10	30,379
Luangwa Sec. School	12	68,874
Kafue Day Secondary School	16	31,586
Nakonde DEB	1	3,000
Chama DEB	5	170,122
Chinsali Girls Sec. School	22	87,190
Kenneth Kaunda Sec. School	4	6,729
<b>Total:</b>	<b>573</b>	<b>2,827,702</b>



**c. Irregular Payment of Subsistence and Meal Allowances**

Terms and Conditions of Service for the Public Service No. 54 (a) provides that Subsistence allowance shall be paid to an officer to cover additional expenses he or she has to meet when travelling on duty away from his or her normal station of duty.

According to Cabinet Circular No. 1 of 2010, meal allowance is paid to an officer to cover the additional expenses an officer has to meet when travelling outside his or her normal station of duty where an overnight stay is involved.

Contrary to the above, amounts totalling K1,688,083 were irregularly paid as subsistence and meal allowances to various officers for undertaking activities at their stations of duty. See table below.

<b>Station</b>	<b>Amount K</b>
Mwinilunga DEB	6,400
Kitwe Teachers Training College	1,247,605
Copperbelt Secondary Teachers College	79,850
Lusaka DEB	354,228
<b>Total</b>	<b>1,688,083</b>

**d. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96 (1), accountable imprest in amounts totalling K1,877,138 issued to two hundred and twenty (220) officers had not been retired as of November, 2014 as shown in the table below.

Station	No. of Transactions	No. of Officers	Amount K
Nyimba DEB	1	1	3,000
Chipata DEB	1	1	12,000
Chipata School for Continuing Education	2	2	1,069
Western PEO	9	9	51,486
Western PEO – REV	1	1	1,000
Mongu DEB	18	15	164,055
Kambule Secondary School	3	2	1,857
Lukulu DEB	1	1	2,100
Sesheke DEB	1	1	16,550
Kalabo DEB	3	3	10,659
Kaoma Secondary School	12	10	40,504
Mbala DEB	2	2	6,425
Mpulungu DEB	1	1	2,400
Mbala Sec. School	2	1	8,658
Kazingula DEB	6	6	19,800
Southern PEO	6	4	22,051
Monze Boarding Sec. School	1	1	1,730
Kalomo Sec. School	1	1	1,950
Samfya DEB	2	2	6,716
Copperbelt PEO	4	2	34,113
Masaiti DEB	1	1	8,600
Masaiti Sec. School	1	1	2,100
Mufulira DEB	1	1	1,660
Kantanshi Sec. School	5	4	5,780
Kitwe Teachers Training College	61	31	371,209
Copperbelt Secondary Teachers College	12	5	143,113
Central PEO	1	1	1,660
Kapiri Mposhi DEB	47	13	278,725
Chibombo DEB	2	2	4,350
Mumbwa Sec. School	2	2	3,846
Moomba Sec School	3	1	10,800
Lusaka PEO	1	1	3,000
Lusaka PEO-Sports	27	26	174,912
Lusaka DEB	10	8	69,975
Chongwe DEB	2	2	4,750
Kafue DEB	3	3	1,630
Luangwa DEB	7	7	35,788
Siavonga DEB	5	7	18,156
Kafue Day Sec School	5	4	18,328
Chongwe Sec. School	16	16	37,916
Nakonde DEB	10	6	42,954
Mpika DEB	1	1	1,200
Chama DEB	12	5	172,723
Chinsali Girls High School	2	2	5,300
Tea Estate Sec. School	14	4	50,540
<b>Total</b>	<b>328</b>	<b>220</b>	<b>1,877,138</b>

**e. Subsequent Issuance of Accountable Imprest**

Contrary to Financial Regulation No. 91(1) and (2), accountable imprest in amounts totalling K114,512 was issued to seventeen (17) officers who had not retired the previous imprests. See table below.

Station	No. of Transactions	No. of Officers	Amount K
Kazungula DEB	5	4	27,810
Southern PEO	1	1	6,557
Isoka DEB	3	3	4,900
Lusaka DEB	2	2	9,270
Chongwe DEB	11	5	61,725
Kafue DEB	3	2	4,250
<b>Total:</b>	<b>25</b>	<b>17</b>	<b>114,512</b>

**f. Failure to Produce Reports**

During the period under review, imprest in amounts totalling K517,560 was issued to forty three (43) officers to enable them undertake various activities such as monitoring and supervision, among others.

However, there were no reports availed for audit on the activities undertaken. See table below.

Station	No. of Transactions	No. of Officers	Amount K
Mwinilunga DEB	2	2	11,291
Ikelenge DEB	1	1	2,544
Kabompo DEB	35	9	213,961
Mufumbwe DEB	1	1	6,980
Mbala Sec. School	2	2	3,400
Chama DEB	9	7	27,522
Southern PEO	10	10	105,736
Chipata PEO	2	2	27,016
Lundazi DEB	4	2	29,660
Katete DEB	1	1	2,850
Masaiti DEB	2	1	19,100
Copperbelt Secondary Teachers College	5	5	67,500
<b>Total</b>	<b>74</b>	<b>43</b>	<b>517,560</b>

**g. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of various stores items costing K1,931,579 (General Stores - K1,570,188 and Fuel - K361,391) procured during the period under review as shown in the table below.

Station	Number of Transactions	Amounts in Kwacha		Total K
		Fuel	General Stores	
Chipata PEO	3	-	13,060	13,060
Petauke DEB	16	99,000	-	99,000
Lundazi DEB	5	-	17,176	17,176
Nyimba DEB	16	91,100	-	91,100
Mongu DEB	3	20,000	-	20,000
Lukulu DEB	4	29,059	-	29,059
Kaoma Secondary School	39	2,000	210,617	212,617
Mbala Sec. School	2	2,500	-	2,500
Lukashya Trades	4	-	6,030	6,030
Kalomo DEB	11	47,282	11,340	58,622
Monze DEB	7	-	20,801	20,801
Mazabuka DEB	3	11,000	-	11,000
Kazungula DEB	8	-	34,632	34,632
Solwezi PEO	1	18,860	-	18,860
Mwinilunga DEB	1	-	8,460	8,460
Mwinilunga Sec. School	6	-	7,611	7,611
Ikelenge DEB	18	-	62,151	62,151
Loloma Day Sec. School	9	-	18,796	18,796
Mufumbwe DEB	12	-	19,125	19,125
Solwezi Colloge of Education	2	-	11,810	11,810
Kabwe DEB	5	-	21,543	21,543
Mumbwa DEB	2	-	3,735	3,735
Kafue Day Sec School	32	15,000	56,154	71,154
Chongwe Sec. School	81	-	685,291	685,291
Luangwa Sec. School	114	25,590	103,362	128,952
Siavonga DEB	4	-	100,819	100,819
Chama DEB	3	-	73,552	73,552
Chinsali Girls Sec. School	19	-	84,123	84,123
<b>Total</b>	<b>430</b>	<b>361,391</b>	<b>1,570,188</b>	<b>1,931,579</b>

**h. Fuel Drawn By Unknown Vehicles**

During the period under review, one thousand seven hundred and ninety one (1,791) liters of petrol costing K16,867 was drawn by unknown vehicles in that vehicle registration numbers were not indicated on the fuel records such as fuel coupons, registers and statements. See table below.

Station	No. of Transactions	No. of Litres	Amount K
Chipata DEB	14	401	3,787
Chibombo DEB	35	914	8,737
Siavonga DEB	8	476	4,343
<b>TOTAL</b>	<b>57</b>	<b>1791</b>	<b>16,867</b>

**i. Misapplication of Funds**

Contrary to the Appropriations Act of 2012, amounts totalling K1,682,699 meant to settle other personnel emoluments and grants to schools among others were applied on unrelated activities such as payment of imprest, loans and advances among others.

Station	Intended Purpose	Misapplied on	Amount K
Kalabo DEB	School grants	Office administration	45,667
Sesheke DEB	School grants	Office administration	445,912
Kaoma DEB	School grants	Office administration	52,495
Western PEO	Other personnel emoluments	General Administration	446,312
Mongu DEBS	School grants	Other personnel emoluments	112,850
Kasama DEB	School grant	Settling in allowance and Repatriation	14,673
Southern PEO	Personal Emolument	General Administration	181,407
Nakonde DEB	School grant	General Administration	383,383
<b>Total</b>			<b>1,682,699</b>

**j. Failure to Deduct Tax**

Contrary to the Income Tax Act, settling in allowances in amounts totalling K248,328 were paid to twenty three (23) officers without deducting tax. See table below.

Station	Type of Earning	No. of Officers	Amount K
Southern PEO	Settling in allowance	8	73,906
Monze Boarding Sec.	Settling in allowance	15	174,422
<b>Total</b>		<b>23</b>	<b>248,328</b>

**k. Failure to Remit Tax**

Contrary to the Income Tax Act, various taxes in amounts totalling K702,202 deducted from employees' earnings were not remitted to the Zambia Revenue Authority. See table below.

Station	Type of Earning	Amount K
Western PEO	Leave terminal benefits, Salary arrears and Leave commutation	105,167
Lukulu DEB	Settling in Allowance	152,981
Lusaka DEB	Leave terminal benefits, Salary arrears and Leave commutation	173,536
Chongwe DEB	Leave terminal benefits and Salary arrears	100,965
Isoka DEB	Settling in allowance	37,821
Mpika DEB	Settling In Allowance	14,950
Mafinga DEB	Settling In Allowance, Leave terminal benefits	29,116
Southern PEO	Settling In Allowance	34,135
Kalomo Sec. School	ODL Allowances for teachers	53,531
	<b>Total</b>	<b>702,202</b>

**l. Unaccounted for Funds**

During the period under review, amounts totalling K310,104 collected as user fees by various institutions were not accounted for in that neither was the money banked, nor was cash found on hand and there were no expenditure details. See table below.

Name of Institution	Details	Amount collected K	Cash accounted for K	Unaccounted for funds K
Tea Estates Sec School	User Fees	197,517	191,310	6,207
Kantashi Sec. Sch	User fees	732,336	726,832	5,504
Mwinilunga Sec. School	PTA	231,050	214,158	16,892
Ikelenge Sec. School	User fees	77,551	64,184	13,367
Kafue Day Secondary School	User Fees	1,172,069	1,044,891	127,178
Luangwa Sec. School	User fees and other income	1,666,841	1,525,885	140,956
<b>Total:</b>		<b>4,136,449</b>	<b>3,826,345</b>	<b>310,104</b>

**m. Irregularities in the Management of Loans and Salary Advances**

**i. Failure to Effect Deductions - Revolving Fund Account**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of loans and advances in amounts totalling K424,940 (Loans – K174,140 and

Salary Advance – K250,800) paid to one hundred and thirty (130) officers during the period under review had not been effected as of November 2014. See table below.

Station	No. of Officers	Amounts in Kwacha	
		Loans	Salary/Advance
Katete DEB	4	-	5,500
Chipata DEB	8	-	15,300
Petauke Boarding	3	-	3,050
Western PEO - Rev	1	2,000	6, 100
Southern PEO	1	-	3,000
Chinsali PEO	1	-	2,500
Copperbelt PEO	4	25,500	11,800
Kantashi Sec. School	26	-	35,000
Kitwe Teachers Training College	38	-	98,350
Copperbelt Sec. Teachers College	7	-	42,500
Central PEO - REV	12	38,640	-
Chibombo DEBS – REV	4	-	5,600
Solwezi PEO	21	108,000	28,200
<b>Total</b>	<b>130</b>	<b>174,140</b>	<b>250,800</b>

## ii. Failure to Recover Advances against APU/ODL Allowances

During the period under review, amounts totalling K29,650 were paid to fifteen (15) teachers as advances against Academic Production Unit (APU)/Open and Distance Learning (ODL) allowances. Despite the teachers having been paid their APU/ODL allowances, as of November 2014, the advances had not been recovered. See table below.

Station	No. of Officers	Amount K
Kafue Day Sec. School	13	26,300
Luangwa Sec. School	2	3,350
<b>TOTAL</b>	<b>15</b>	<b>29,650</b>

## n. Irregular Payment of Teachers Subsidies and Incentives

Contrary to Cabinet Circular No 11(8) of 2013 in which remunerative allowances such as top ups were consolidated in the basic salary, during the period under review, amounts totalling K282,765 were paid as top ups in respect of teachers' subsidies and other incentives outside the payroll. The payments were irregular in that the allowances had already been consolidated in the basic salary. Further, the allowances were not taxed. See table below.

<b>Station</b>	<b>Amount K</b>
Kalomo Secondary School	190,297
Isoka Boys Secondary School	18,390
Kantashi Secondary School	74,078
<b>Total</b>	<b>282,765</b>

**o. Misapplication of UNWTO Funds – Livingstone Provincial Education Office**

In 2013, the Livingstone Provincial Education Office received K262,000 from the Ministry of Tourism, Art and Culture Headquarters for the implementation of UNWTO activities. The funds were to be used on repair and maintenance of infrastructure at the Provincial Education Office, Hollycross, Dambwa and Namatama Primary Schools.

As of July 2014, amounts totalling K142,987 had been spent leaving a balance of K119,747 which was applied on unrelated activities such as Teaching Service Commission sittings in Chongwe (K77,608), PMEC activities (K4,550) and monitoring of examinations (K36,855) resulting in failure to rehabilitate the ablution blocks at Hollycross Primary School.

**p. Failure to Procure a Scania F95 HB 65 Seater Bus – Mongu PEO**

On 8<sup>th</sup> December 2011, the Mongu Provincial Education Office resolved to procure a Scania F95 HB 65 Seater Torino Marcopolo bus at a cost of K1,392,571 to reduce on the huge expenditure incurred by the province when travelling to participate in events such as sports, exhibitions that are held in other provinces. To this effect, the following resolutions were made:

- A separate transport account was to be opened in which contributions from the various institutions would be deposited,
- Thirty two (32) institutions that is PEOs office, the DEBS, Mongu Teachers' College and high schools among others were to contribute funds towards the procurement of the bus, and
- The bus was to be procured by July 2012.

As of May 2014, amounts totalling K1,438,539 had been contributed by various institutions. An examination of records maintained at the Provincial Education Office in August 2014 revealed the following:



- i. Although a separate transport account was opened on 9<sup>th</sup> January 2012, authority to open the bank account was not sought from the Secretary to the Treasury contrary to Financial Regulation No. 135 (1), and
- ii. As of August 2014, the bus had not been procured despite funds being available and amounts totalling K608,020 had since been applied on general administration activities such as payment of imprest, travel allowances (K507,238) , procurement of goods and services (K18,799), transfers to Recurrent Departmental Charges (RDC) – K72,092, salary advances (K2,000) and settling in allowance (K7,891) at the Provincial Education Office leaving a balance of K830,519.

**q. Irregular Procurement of a Hino Minibus – Tea Estate Secondary School - Kawambwa**

On 18<sup>th</sup> May 2013, the school paid Mr. Dennis Mubanga an amount of K15,000 as part payment for the supply of a twenty six (26) seater Hino Bus costing K160,000.

However the following were observed:

- The procurement was not subjected to procurement procedures contrary to Zambia Public Procurement Act, and
- There was no contract with the vendor.

As of November 2014, the bus had not been supplied.

**r. Kafue Day Secondary School**

**i. Missing Receipt Book – PTA Account - Kafue Day Secondary School**

Contrary to Financial Regulation No 10 (n), a Receipt Book with receipt serial number ranging from 12338004 to 12338250 was not availed for audit.

**ii. Irregular Payment of Sitting Allowance - Kafue Day Secondary School**

Contrary to Cabinet Circular No. 14 of 2012, amounts totalling K6,700 involving three (3) transactions were irregularly paid as sitting allowances to various officers for evaluating tenders for the construction of a 1 x 3 classroom block and attending PTA meetings.

**s. Misappropriation of Funds - Luangwa Secondary School**

The Accountant claimed an allowance of K295 which had accrued for one (1) night. It was however observed that the officer was fraudulently paid K2,295 on 11<sup>th</sup> February 2013 instead of the claimed amount of K295 resulting in a misappropriation of K2,000.

As of November 2014, no action had been taken against the officers and the money had not been recovered from him.

**t. Infrastructure**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2012, the Ministry of Education, Science, Technology and Early Childhood Education made a provision of K51,635,000 for infrastructure development in twenty four (24) selected District Education Boards against which amounts totalling K32,481,508 were released on 20<sup>th</sup> December 2012 leaving a balance of K19,153,492.

The funds were meant to cater for the construction of new classrooms, teachers' houses with single VIP latrines and double VIP latrines at selected primary schools using community mode of construction and labour only contracts.

A physical verification of infrastructure projects at the schools revealed the following:

Province	District	Project Site	Funded Amount  K	Labour Contract/ Date Engaged	Amount Paid to Contractor	Amount Spent on Materials	Total Amount Spent K	Remarks
Northern	Mpulungu	Construction of one (1) staff house with an outdoor kitchen at Chinyungulu Primary School	110,000	Beziel General Dealers  Contract date - 26 <sup>th</sup> April, 2013  Contract sum – K25,300  Contract date - 27 <sup>th</sup> May, 2013  Duration- 90 days from site possession date of 27 <sup>th</sup> May 2013.	16,951	86,285	103,236	<b>Staff house</b>  The following works are still outstanding; <ul style="list-style-type: none"> <li>• Painting inside of the house</li> <li>• Construction of the outdoor kitchen</li> </ul>

		Construction of one (1) staff house at Lupongwe Primary School	110,000	Pamphiri Construction Contract sum – K25,300 for staff house Duration - 24 <sup>th</sup> April, 2013 to 24 <sup>th</sup> July, 2013 (90) days Site possession - 24 <sup>th</sup> April 2013.	4,048	83,410	87,458	<b>Staff house</b>  Staff house has been roofed with the following works outstanding; flooring, painting and glazing  The contractor had abandoned the site.
		Construction of one (1) staff house, outdoor kitchen & one single VIP toilet at Kawikisha Primary School	130,000	Lushinga Enterprise and Contractors  Contract date- 5 <sup>th</sup> July, 2013  Contract sum K25,300 Staff house	8,648	97,578	106,226	Staff house has been roofed with the following works still outstanding; plastering, flooring, painting, glazing  • Outdoor kitchen works not yet commenced
	Luwingu	Construction of 1x3 CRB, one (1) staff house with an outdoor kitchen, two (2) double	420,000	Mbatich Enterprise  Contract sum – K96,600  Duration - 17 <sup>th</sup> June, 2013 to 18 <sup>th</sup> Oct, 2013	16,042	236,533	252,575	<b>1x3 CRB</b>  The CRB is at ring beam level and the metal work has been done with the

(VIP) toilets and one (1) Single VIP toilet at Mwingilia Primary School						<p>following works outstanding; roofing, plastering, flooring, painting and glazing</p> <p><b>Staff house</b></p> <p>Only painting was outstanding while the outdoor kitchen is at gable level</p>
Construction of 1x3 CRB, one (1) staff house, two (2) double (VIP) toilets and one (1) Single VIP toilet at Kuuta Primary School	420,000	<p>Jeramu Construction and Building Materials Suppliers</p> <p>Contract sum – K96,600</p> <p>Duration- 21<sup>st</sup> June, to 26<sup>th</sup> Oct, 2013</p>	28,336	257,756	286,092	<p><b>1x3 CRB</b></p> <p>CRB has been roofed with the following works still outstanding;</p> <p>plastering, flooring, painting and glazing</p> <p><b>Staff house</b></p> <p>At roof level with the following works still outstanding;</p> <p>plastering, flooring, painting and glazing</p>

						<b>Outdoor kitchen</b>  At slab level  <b>Two (2) Double VIP</b>  Roofed with the following works still outstanding; Painting and drainage
Construction of 1x3 CRB, one (1) staff house, two (2) double (VIP) toilets and one (1) Single VIP toilet at Chanika Primary School	420,000	Jomac General Suppliers and Contractors  Contract date - 17 <sup>th</sup> June, 2013 Contract sum –K96,600 for 1x3 CRB, staff house, 2 double, 1 single VIP  Expected completion date - 17 <sup>th</sup> September, 2013	37,984	256,903	294,887	<b>1x3 CRB</b>  roofed with the following works outstanding;  Plastering, flooring, painting and glazing  <b>Staff house</b>  Completed  <b>Outdoor kitchen</b>  At wall plate level with the following works still outstanding;

						roofing, plastering, flooring, painting <b>Two (2) Double VIP</b> Completed
Construction of one (1) staff house, two (2) double (VIP) toilets and one (1) Single VIP toilet at Fisonge Primary School	180,000	Dahmos Contractors  Contract sum –K41,000 for staff house, 2 double, one single VIP  Duration - 18 <sup>th</sup> June, -21 <sup>st</sup> October, 2013	24,909	101,240	126,968	<b>Staff house</b>  Although the staff house was completed, the following works were still outstanding;  Fitting of panel doors, glazing, painting inside and rough casting  <b>Two (2) Double VIP</b>  Roofed and plastered with the following works still outstanding;  Painting and drainage.

		Construction of one (1) staff house, two (2) double (VIP) toilets and one (1) Single VIP toilet at Masonde Primary School	180,000	Chilamala Enterprise Contract date - 28 <sup>th</sup> June, Contract sum –K41,400 for staff house, 2 double, one single VIP Duration June 2013-October, 2013	9,798	105,118	114,916	<b>Staff house</b>  Roofed with the following works still outstanding; painting and glazing  <b>Outdoor kitchen</b>  At slab level  <b>Single VIP toilet</b>  Completed
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District	School	Project/ Scope of works	Amount Received/ allocated  K	Labour contractor/ Date of Engagement/ Contract Sum  K	Amount Spent/Paid to the Contractor  K	Amount Spent on Materials, Transport /Upfront  K	Total amount Spent as at the time of Audit  K	Remarks/ Observations
Kalabo	Mbunde Primary School	Construction of a Staff House and a Single VIP Latrine	130,000	Mbengeng Contractors  K65,000  22 <sup>nd</sup> November, 2013 – 22 <sup>nd</sup> February, 2014	0	100,749	100,749	As of November 2014, the Staff House was at slab level while the rest of the works had not commenced.
	Kalabo resource Center	Construction of 3 Double VIP Latrines	75,000	Mbufaya Contractors  Contract sum - K17,250  Duration - 22 <sup>nd</sup> November, 2013 – 22 <sup>nd</sup> February, 2014	0	47,012	47,012	As November 2014, the VIP latrines had been roofed with the following works still outstanding: painting, flooring and fitting of grill gates.

	Maoma Primary School	Construction of a Staff House and a Single VIP Latrine	130,000	Mbengeng Contractors  Contract sum - K29,900  Duration- 22 <sup>nd</sup> November, 2013 – 22 <sup>nd</sup> February, 2014	0	96,065	96,065	As of November 2014, the structure had been roofed with the following works outstanding: glazing, metal works, flooring and plastering.
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Province	District	Project	Amount Received/ Allocated K	Labour Contract/ Date Engaged	Amount Paid to Contractor	Amount spent on Materials	Total Spent K	Remarks
		Construction of a Medium Cost Staff House, 1 double and 1 single VIP toilet at Katozi Basic school	155,000	Pajira Investments for staff house  Contract sum – K20,000  Duration - 21 <sup>st</sup> April – 21 <sup>st</sup> July 2013	21,820	65,214	87,034	<p>Although the staff house was completed the following defects were observed:</p> <ul style="list-style-type: none"> <li>• Cracks had developed on the floor of the sitting room, bedrooms and passage.</li> <li>• Obscure glasses on top of the doors to the bedrooms had not been fitted although provided for in the contract</li> <li>• Window handles and peg stays to one bedroom, the toilet and the sitting room had not been fitted.</li> </ul>

		Construction of a Medium Cost Staff House at Wulongo Basic School	110,000	Nelmars Contractors labour for staff house  Contract sum – K20,000  Contract date - 4 <sup>th</sup> August 2013	17,914	66,346	84,260	<p>The staff house had not been completed with the following works outstanding;</p> <ul style="list-style-type: none"> <li>• Supplying and fixing of six (6) doors.</li> <li>• Fitting of four (4) window handles to two bedrooms.</li> <li>• Fitting of shelves in the pantry</li> </ul>
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Province	District	Project	Amount Funded	Labour Contract/ Contract Date	Amount paid to contractor	Amount Spent on Materials	Total Spent K	Remarks
Luapula	Mwense	Construction of a 1 x 3 Classroom Block Kasengu Primary School	420,000	Babwa Contractors  Contract date - 6 <sup>th</sup> April 2013  Contact period - sixteen (16) weeks  Contract sum - K47,350	0	93,796	93,796  For the units ( materials for 1x3CRB, staff house, 2 double VIP and 1 VIP)	Classroom block roofed with the following works still outstanding;  Fitting of doors and drill doors  <ul style="list-style-type: none"> <li>• Roofing and beam filling/plastering and flooring and drainage construction</li> <li>• Painting and glazing (fitting of glass panes).</li> </ul>

**u. Construction of 2 Staff Houses and a VIP toilet - Kaikumbe Primary School , Chipata**

In January 2013, Chipata District Education Office disbursed K230,000 to Kaikumbe Primary School for the construction of two (2) staff houses and a VIP latrine. In this regard on 29<sup>th</sup> April 2013, a labour only contract was awarded to Carprikem at a contract sum of K56,300.

As of February 2014, amounts totalling K186,981, had been spent (contractor K26,818 and materials - K160,163) leaving a balance of K43,019. However the following were observed:

- **Misappropriation of Project Funds**

A scrutiny of bank statements and related records revealed that cash drawings in amounts totalling K42,500 made by the Head Teacher during the period from March and June 2013 had been misappropriated leaving a balance of K519.

As of November 2014, the funds had not been recovered from the Head Teacher.

- **Project Status**

A physical inspection carried out in November 2014, revealed that two staff houses had been roofed. However, works such as flooring, plastering, glazing, painting and construction of outside latrines and two (2) Single VIP latrines with washrooms were still outstanding and the project had stalled.

In addition, eighteen (18) pockets of cement costing K1,350 had caked.

**HEAD: 80 Ministry of Education, Science, Vocational Training and Early Education**

**PROGRAMMES: National Implementation Framework (NIF) III**

**ACTIVITIES: Various**

**55.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K57,878,917 (US\$10,591,961) was made to cater for various activities under the National Implementation Framework (NIF) out of which amounts totalling K51,431,636 (US\$9,429,126) were released by various Cooperating Partners (CPs) and GRZ as shown in the table below.

Source	Pledges and Other Income		Releases	
NIF	US\$	K	US\$	K
Ireland	7,927,830	42,055,002	8,628,584	47,079,843
JICA	2,853,831	15,823,915	-	-
UNICEF	-	-	729,132	3,963,782
GRZ	-	-	71,410	388,011
<b>Total</b>	<b>10,781,661</b>	<b>57,878,917</b>	<b>9,429,126</b>	<b>51,431,636</b>

In addition, amounts totalling K66,149,999 (US\$12,600,529) were brought forward from 2012 bringing the total available funds to K117,581,635.

During the period under review, amounts totalling K29,648,262 were utilised at the Ministry Headquarters and the National Science Centre for various programmes and activities, while a total of K78,368,911 was disbursed to the provinces, districts and other beneficiary institutions as shown in the table below.

Station	Grants for Administration and to Institutions K	Roll out new curriculum K	Education Materials K	Free basic education materials K	Orphans & Vulnerable (OVCs) K	Continuous Professional Development (CPDs) K	Total K
Lusaka	3,399,724	673,688	2,018,819	1,537,161	384,000	100,000	8,113,392
Copperbelt	5,974,417	842,110	6,303,781	-	1,302,000	100,000	14,522,308
Central	3,809,497	589,477	3,260,973	-	939,000	100,000	8,698,947
Southern	4,777,648	1,094,743	1,524,258	-	600,000	100,000	8,096,649
Western	4,657,944	1,094,743	987,137	-	264,000	100,000	7,103,824
Eastern	3,972,003	673,688	3,190,845	-	540,000	100,000	8,476,536
Northern	3,990,031	673,688	754,870	-	291,300	100,000	5,809,889
Luapula	3,288,797	842,110	994,693	1,472,769	240,000	100,000	6,938,369
North Western	3,521,374	673,688	1,103,271	-	60,000	100,000	5,458,333
Muchinga	2,912,088	589,477	714,155	678,944	156,000	100,000	5,150,664
	<b>40,303,523</b>	<b>7,747,412</b>	<b>20,852,802</b>	<b>3,688,874</b>	<b>4,776,300</b>	<b>1,000,000</b>	<b>78,368,911</b>

### Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters, National Science Centre, Provincial and District Offices carried out in June 2014 revealed the following:

#### a. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, there were five (5) payment vouchers in amounts totalling K3,770 that were not availed for audit. See table below.

Institution	No. of Transactions	Amount K
Lusaka PEO	1	1,290
Lusaka Provincial Resource Centre	2	900
Mwinilunga Secondary	2	1,580
<b>Total:</b>	<b>5</b>	<b>3,770</b>

**b. Failure to submit Expenditure Returns**

According to NIF III operational guidelines, all schools that receive school grants are required to submit expenditure returns to the DEBS Office on a quarterly basis for accountability purposes.

Contrary to the guidelines, three hundred and seventy four (374) schools that received grants in amounts totalling K547,186 did not submit expenditure returns to their respective DEBS' Offices. See table below.

<b>Institution</b>	<b>No. of Schools</b>	<b>Amount K</b>
Luangwa DEBS	4	16,063
Kafue DEBS	28	34,994
Chongwe DEBS	62	88,345
Mafinga DEBS	13	33,076
Nakonde DEBS	23	38,560
Mbala DEBS	25	28,699
Mpulungu DEBS	4	6,925
Chavuma DEBS	11	19,768
Zambezi DEBS	3	2,937
Namwala DEBS	11	17,619
Monze DEBS	84	90,081
Sinazongwe DEBS	27	30,808
Kaoma DEBS	45	57,534
Lukulu DEBS	34	81,777
<b>Total:</b>	<b>374</b>	<b>547,186</b>

**c. Unretired Orphans and Vulnerable Children (OVCs) funds**

Amounts totalling K70,133 disbursed to twenty seven (27) schools as OVC funds had not been retired as of June 2014. See table below.

<b>Institution</b>	<b>No. of Schools</b>	<b>Amount K</b>
Eastern PEO	1	11,783
Muchinga PEO	2	24,000
Kapilya Primary School	1	3,500
Kabompo DEBS	7	7,000
Sinazongwe DEBS	6	13,650
Kalomo DEBS	10	10,200
<b>Total:</b>	<b>27</b>	<b>70,133</b>

**d. Failure to Implement Funded Activities**

During the period under review, amounts totalling K3,336,884 were released to cater for OVCs – K18,200, Roll out of new curriculum – K121,270 and procurement of Education materials - K3,197,414 among others. However, as of November 2014, the activities that were funded as shown in the table below were not undertaken. See table below.



Station	Type of Funding (in Kwacha)			Total K
	OVCs	Roll Out of New Curriculum	Educational Materials	
Mambwe DEBS	-	-	87,533	87,533
Petauke DEBS	-	-	48,496	48,496
Luangwa DEBS	-	-	168,113	168,113
Mbala DEBS	-	-	36,003	36,003
Luwingu DEBS	-	-	69,680	69,680
Chavuma DEBS	-	100,000	0	100,000
Kaoma DEBS	-	-	145,167	145,167
Senanga DEBS	18,200	21,270	75,487	114,957
Gwembe DEBS	-	-	74,008	74,008
Kazungula DEBS	-	-	42,509	42,509
Kalomo DEBS	-	-	84,211	84,211
Choma DEBS	-	-	55,505	55,505
Namwala DEBS	-	-	81,294	81,294
Monze DEBS	-	-	168,400	168,400
Mumbwa DEBS	-	-	104,520	104,520
Mwinilunga DEBS	-	-	92,027	92,027
Ikelenge DEBS	-	-	58,067	58,067
Mansa DEBS	-	-	235,555	235,555
Nchelenge DEBS	-	-	218,994	218,994
Samfya DEBS	-	-	433,226	433,226
Kawambwa DEBS	-	-	340,870	340,870
Chiengi DEBS	-	-	150,595	150,595
Sesheke DEBS	-	-	40,647	40,647
Lukulu DEBS	-	-	69,680	69,680
Isoka DEBS	-	-	80,496	80,496
Chinsali DEBS	-	-	174,201	174,201
Mpika DEBS	-	-	62,130	62,130
<b>Total:</b>	<b>18,200</b>	<b>121,270</b>	<b>3,197,414</b>	<b>3,336,884</b>

**e. Unsupported Payments**

Contrary to Financial Regulation No.45, there were forty five (45) payments in amounts totalling K143,122 that were not supported in that they lacked relevant supporting documents such as cash sales receipts and Local Purchase Orders among others. See table below.

<b>Institution</b>	<b>No. of Transactions</b>	<b>Amount K</b>
Chimwemwe Secondary	1	1,950
Kitwe Teachers College	2	10,490
Temweni Secondary	4	14,975
Dagama Secondary	1	1,190
Luanshya Central Secondary	2	5,100
ZAMISE	4	15,835
Lusitu Secondary	3	10,445
Rufunsa Girls Technical	1	3,445
Kabale Secondary	1	8,500
Ilondola Secondary	3	3,156
Kabompo DEBS	1	10,000
Kasempa DEBS	1	2,184
Kalomo DEBS	1	2,230
Sinazongwe DEBS	1	7,756
Mongu DEBS	3	4,978
Kaoma DEBS	7	22,124
Kambule Technical Secondary	9	18,764
<b>Total:</b>	<b>45</b>	<b>143,122</b>

**f. Misapplication of Funds**

Contrary to Financial Regulation No. 31(1), which states that “treasury authority should be obtained on varying funds,” amounts totalling K778,896 intended for Basic and Community schools involving twenty nine (29) transactions were applied on administrative activities such as the payment of subsistence allowances, and repair of motor vehicles among others. As a result, Basic and Community schools were adversely affected in that school requisites such as chalk, stationery, teaching aids could not be procured. See table below.

<b>Institution</b>	<b>Purpose of Funds</b>	<b>Applied on</b>	<b>No. of Transactions</b>	<b>Amount K</b>
Kitwe College of Education	NIF	OVCs	1	504,000
COSETCO	NIF	Lectures Allowances	10	81,100
Various Secondary Schools	OVCs	Administration activities	9	136,100
Kapatu Secondary	Educational materials	Production Unit activities	1	3,070
Southern PEO	NIF	Administrative activities	8	54,626
<b>Total</b>			<b>29</b>	<b>778,896</b>

**g. Failure to Reimburse Borrowed funds**

During the period under review, two (2) institutions namely Copperbelt PEO (K45,000) and Chadiza DEB (K21,300) borrowed funds in amounts totalling K66,300 from the NIF account. As of November 2014, the funds had not been reimbursed.

## **h. Weaknesses in the Management of Imprest**

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

Contrary to Financial Regulations No. 96 (1), accountable imprest in amounts totalling K356,430 issued to thirty (30) officers had not been retired as of November 2014.

<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>
Ministry Headquarters	1	128,240
Ndola PEO	1	3,300
Chibombo DEB	1	8,100
Mkushi DEB	2	10,992
Chipata DEB	2	13,700
Mansa PEO	1	12,148
Samfya DEB	2	26,815
Tea Estate Secondary	2	14,608
Lusaka PEO	2	6,107
Chongwe DEB	2	1,200
Luangwa DEB	2	4,100
Lusaka DEB	2	1,600
Nakonde DEB	1	3,600
Chama Boarding Secondary	2	4,000
Mbala DEB	1	1,690
Mwinilunga DEB	2	85,000
Kalomo DEB	2	5,070
Sinaazongwe DEB	2	26,160
<b>Total</b>	<b>30</b>	<b>356,430</b>

### **ii. Irregular Use of Accountable Imprest**

Financial Regulation No. 86 (c), states that, “accountable imprest is imprest that is issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time”.

However, contrary to the Regulation, accountable imprest in amounts totalling K110,186 was issued to twenty (20) officers for the procurement of goods and services whose values were obtainable on the market. See table below.

<b>Institution</b>	<b>No. of Transactions</b>	<b>No. of Officers</b>	<b>Amount K</b>
Ministry Headquarters	3	3	47,776
Dagama Secondary	1	1	1,000
Zambia College of Distance Education	1	1	2,000
Kalumbwa Secondary	1	1	2,867
Mukuba Secondary	1	1	2,800
ZAMISE	1	1	2,700
Luangwa Secondary	1	1	2,200
Kasisi Girls Secondary	4	1	19,672
Nakonde DEB	2	2	1,832
Kalwalya Day Secondary	2	1	2,975
Muchinga Day Secondary	1	1	2,100
Kalomo DEB	1	1	5,754
Mongu DEB	2	2	3,310
Kaoma DEB	3	3	13,200
<b>Total</b>	<b>24</b>	<b>20</b>	<b>110,186</b>

### iii. Failure to Provide Reports

During the period under review, imprest in amounts totalling K188,990 was issued to twenty four (24) officers for monitoring activities.

However, as of November 2014, no monitoring reports had been availed for audit casting doubt as to whether or not the activities were actually undertaken. See table below.

<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>
COSETCO	1	4,819
Chimwemwe Secondary	1	3,920
Lusaka PEO	4	8,882
Chongwe DEBS	1	6,730
Lusaka DEBS	2	20,000
Mpulungu DEBS	1	1,425
Lufwanyama DEBS	1	1,850
Kalomo DEBS	5	32,240
Namwala DEBS	2	52,136
Sinazongwe DEBS	6	56,988
<b>Total</b>	<b>24</b>	<b>188,990</b>

## i. Weaknesses in the Management of Stores, Fuel and Assets

### i. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, various stores items costing K204,098 (General Stores - K114,611 and Fuel - K89,487) procured during the period under review did not have receipt and disposal details. See table below.

<b>Institution</b>	<b>General Stores K</b>	<b>Fuel K</b>	<b>Total K</b>
Ministry Headquarters	-	64,831	64,831
Chadiza DEBs	-	24,656	24,656
Samfya DEBs	2,929	-	2,929
Luangwa DEBS	873	-	873
Chirundu Secondary	1,775	-	1,775
Lusitu Secondary	7,484	-	7,484
Katondwe Girls Secondary	8,970	-	8,970
Chelstone Secondary	38,590	-	38,590
Kabulonga Boys Secondary	3,870	-	3,870
Kabulonga Girls Secondary	20,942	-	20,942
Chama Boarding Secondary	2,200	-	2,200
Chinsali Day Secondary	2,060	-	2,060
Kalwala Day Secondary	4,500	-	4,500
Mwinilunga DEBS	2,368	-	2,368
Solwezi Technical Secondary	18,050	-	18,050
<b>Total</b>	<b>114,611</b>	<b>89,487</b>	<b>204,098</b>

**ii. Failure to Inscribe Government Assets**

Contrary to Public Stores Regulation No. 154, which states that, ‘all items or furniture and equipment belonging to the Government must be clearly marked with distinguishing letters,’ various furniture and equipment valued at K41,977 procured during the period under review were not marked. See details in the table below:

<b>Institution</b>	<b>No. of Transactions</b>	<b>Amount K</b>
Mwinilunga DEBS	2	8,492
Zambezi DEBS	2	13,600
Kalena Secondary	1	3,885
Kasempa DEBS	1	10,000
Kaoma DEBS	1	6,000
<b>Total:</b>	<b>7</b>	<b>41,977</b>

**j. Failure to disburse School Grants – Eastern Province**

During the year under review two (2) District Education Offices,(Chadiza and Chipata ) in Eastern Province received a total of K736,724 for onward disbursement to Basic Schools as grants for Basic Education. However, a total of K 624,433 was disbursed to the schools leaving a balance of K112,291 which was utilised at the DEBs.

**k. Unacquitted Funds – Lundazi DEB**

Contrary to Financial Regulation No. 45(3), amounts totalling K24,697 meant to be paid to various officers as allowances were not supported by acquittal sheets. In this regard, it was not clear whether or not the funds were received by the intended beneficiaries.

**HEAD: 80 Ministry of Education**

**UNIT: Various**

**PROGRAMME: Personal Emoluments**

**ACTIVITIES: Various.**

**56.** In the Estimate of Revenue and Expenditure for the Financial year ended 31<sup>st</sup> December 2013, a total provision of K1,178,383,907 was made to cater for personal emoluments in three (3) provinces namely Northern, Central and Eastern as shown in the table below.

<b>STATION</b>	<b>PROVISION K</b>
NORTHERN PROVINCE	373,339,062
CENTRAL PROVINCE	448,562,606
EASTERN PROVINCE	356,482,239
	<b>1,178,383,907</b>

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

An examination of accounting and other records carried out from April to July 2014 at the Provincial Education Offices in the above three (3) provinces revealed the following:

**a. Northern Province**

**i. Irregular Payment of Salaries to Separated Employees – Mbala High School**

Six (6) teachers from Kasama and Mbala Schools, who had either resigned, died or retired during the period from 2010 to 2012 were not removed from the payroll and as of December 2013 amounts totalling K272,484 had been paid as salaries to the individuals or the deceased estates. See table below.

<b>DISTRICT</b>	<b>NO. OF OFFICERS</b>	<b>AMOUNT K</b>
Kasama	5	253,463
Mbala	1	19,021
<b>TOTAL</b>	<b>6</b>	<b>272,484</b>

**ii. Irregular Drawing of Salaries**

During the period under review, two (2) officers drew double salaries in amounts totalling K175,932 as net pays (i.e. Mr. Noran Chilangwa K90,827 and Ms Tamara Namukoko K85,105). An examination of the DDACC files and payslips revealed that the officers were using different employee numbers but same names, NRCs and account numbers.

**iii. Payment of Rural Hardship Allowances to ineligible employees**

Amounts totalling K3,159,476 were paid to four hundred and thirty (430) officers as Rural and Remote Hardship allowances. The allowances were irregular in that the station from which the employees operated were not among those designated for the payment of the above allowances. See details in the table below.

<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>
PEO	4	40,624
Kasama	205	1,470,130
Mpulungu	43	245,261
Mbala	178	1,403,461
<b>TOTAL</b>	<b>430</b>	<b>3,159,476</b>

**iv. Payment of Remote instead of Rural Hardship Allowance**

Amounts totalling K662,726 were paid to forty eight (48) officers as Remote Hardship allowances when they actually qualified for rural hardship allowance since their stations were between 20 and 70 km. This resulted in an overpayment of K132,545. See details in the table below.

<b>District</b>	<b>No. of Officers</b>	<b>Amount Paid K</b>	<b>Should have been paid K</b>	<b>Overpayment K</b>
Kasama	19	164,208	131,366	32,842
Mpulungu	2	14,293	11,434	2,859
Mbala	48	484,225	387,380	96,845
<b>TOTAL</b>	<b>69</b>	<b>662,726</b>	<b>530,180</b>	<b>132,546</b>

**v. Payment of Rural Hardship Allowance instead of Remote Hardship**

Amounts totalling K1,938,358 were paid to two hundred and sixty three (263) officers as Rural Hardship allowances when they actually qualified for Remote Hardship allowance since their stations were over 70 km. This resulted in an under payment of K484,590 which had not been paid to the affected teachers. See details in the table below.

<b>District</b>	<b>No. of Officers</b>	<b>Amount paid K</b>	<b>Should have been paid K</b>	<b>Underpayment K</b>
Kasama	55	372,860	466,075	93,215
Mpulungu	78	568,318	710,398	142,080
Mbala	130	997,180	1,246,475	249,295
<b>TOTAL</b>	<b>263</b>	<b>1,938,358</b>	<b>2,422,948</b>	<b>484,590</b>

**b. Eastern Province**

**i. Failure to Remove Officer from Payroll - Chipata District**

A Senior Teacher, who was stationed at Chizongwe Technical High School was offered a contract to be a Lecturer by the University of Zambia for a period of four (4) years with effect from 5<sup>th</sup> August 2013. Despite the teacher leaving the station and taking up his new job without authority from the Ministry, he had not been removed from the payroll and as of August 2014, amounts totalling K64,694 had been paid to him as salaries.

**ii. Payment of Salaries to Non-Serving Officers- Lundazi and Mambwe Districts**

Contrary to the Terms and Conditions of Service for the Teaching Service Commission, seven (7) officers who left the service during the period from February 2013 to April 2014 for various reasons such as death and retirement among others were irregularly paid salaries in amounts totalling K255,468 as of May 2014. See table below.

<b>District</b>	<b>No. of Officers.</b>	<b>Amount K</b>
Lundazi	2	113,926
Mambwe	4	116,342
Chadiza	1	25,200
<b>Total</b>	<b>7</b>	<b>255,468</b>

**iii. Payment of Rural Hardship Allowances to Ineligible Officers**

An examinations of payroll records, staff returns, and listings of schools eligible for rural and remote allowances revealed that amounts totalling K1,061,917 were irregularly paid to one hundred and one (101) officers as Rural Hardship allowances as they were placed on wrong pay points in various Schools which qualified for the above allowances while serving in non-qualifying schools as shown below.

<b>District</b>	<b>No. of Officers.</b>	<b>Amount K</b>
PEO	1	7,382
Chipata	4	27,851
Lundazi	11	113,021
Chadiza	5	47,935
Mambwe	3	52,902
Katete	77	812,826
<b>Total</b>	<b>101</b>	<b>1,061,917</b>



In addition, amounts totalling K185,997 were irregularly paid to seventeen (17) officers as Remote Hardship Allowance between January 2013 and May 2014 in that the officers were being paid at wrong pay points which attracted Remote Hardship Allowances while they were physically serving in stations that were not eligible. See table below:

<b>District</b>	<b>No. of Offices.</b>	<b>Amount K</b>
Lundazi	3	41,178
Katete	14	144,820
<b>Total</b>	<b>17</b>	<b>185,997</b>

**c. Irregular Payment of Rural Hardship Allowance - Central Province**

Terms and Conditions for the Teaching Service No.166, requires that only officers based in rural or remote areas are paid a hardship allowance at an appropriate rate.

Additionally, PSMD circular No B.2.of 2010 defines the eligibility criteria for both Rural and Remote hardship allowances.

During the period under review, amounts totalling K275,673 were paid as Rural hardship Allowances to various officers who did not qualify as they served in stations that were ineligible.

**HEAD: 85 Ministry of Lands, Natural Resources and Environmental Protection**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**57.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K139,082,991 was made to cater for various activities at the Ministry against which a total amount of K76,290,404 was released resulting in an underfunding of K62,792,587. As at 31<sup>st</sup> December 2013, the whole amount had been spent.

**Accounting and Other Irregularities**

An examination of accounting and other records at the Ministry Headquarters and a visit to provinces revealed the following:

**a. Unaccounted for Fuel**

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of fuel costing K848,895 procured during the period under review.

**b. Failure to Recover Loans and Advances**

Contrary to Terms and Conditions of Service for the Public Service No. 92, recoveries in respect of loans and advances amounting to K381,893 issued to fifty (50) officers had not been effected as of June 2014.

**c. Development of Management Information System**

In December 2012, the Ministry engaged Sivan Design DS Ltd of Israel for consultancy services to review the current Land Information Management System (LIMS) and implement a new system for Land Information Management at a contract sum of K7,965,231 (US\$1,252,919).

The contract period was for one year from January to December 2013.

As of June 2014, the consultant had been paid amounts totalling K3,716,315 (US\$702,882.33). However, the following were observed:

**i. Delayed Completion of Works**

Although the contract was for a period of one year from January to December 2013, as of June 2014, six (6) months after the estimated date of completion, the works had not been completed. The following were still outstanding:

- Data migration of land records from the current system to the new system.
- Inter-operationalise and integrate the system with other relevant government information systems.
- Designing and developing a versatile accounting and billing system in order to enhance revenue collection and accountability.
- Preparing detailed technical and user manuals for the new system.
- Designing and developing a new land information management system with all land administration functionalities and capabilities of mobile and internet access to stake holders.

**ii. Unsupported Payments**

Contrary to Clause No. 6.4 (a)(ii) of the contract which states that payments to the consultant were to be made on presentation of valid certificates for each stage completed and subject to approval by the client, a total amount of K1,987,666 paid to the consultant during the period under review were not supported by stage completion certificates.

**iii. Failure to Insure Equipment**

Clause 3.11(ii) of the contract states that the client shall insure equipment and materials provided, for implementation of the project for an amount equal to their full replacement value. However, it

was observed that five (5) servers costing K718,811 (US\$140,097) supplied by the consultant in April 2013, had not been insured by the Ministry as of June 2014.

#### **d. National Tree Planting Programme**

In September 2012, the Ministry launched the Phase I of the National Tree Planting Programme (NTPP) which was a nation-wide initiative to plant and raise 25,000,000 tree seedlings. The objective of the programme was to develop the regional plantation forest resource base, improving productivity of indigenous forests through enrichment planting.

In this regard, the programme was funded K12,000,000 in November 2012 of which K6,919,035 was spent while the balance of K5,042,522 was carried forward to 2013.

The following were observed:

##### **i. Poor Management of Nurseries and Plantations**

Four (4) Provinces namely Eastern, Muchinga, Luapula and Copperbelt received amounts totalling K2,943,514 for the National Tree Planting Programme. The total number of polythene pots that were received and expected to be sown with tree seedlings was 6,236,000. However, the Provinces only filled 4,468,840 polythene pots in readiness for sowing nurseries leaving a balance of 1,767,160. It was also observed that although 4,468,840 polythene pots were filled in readiness for sowing only a total of 714,256 pots were sown with seedlings thereby failing to achieve the targets. The seedlings planted represented 16% of the filled polythene pots. Further, the failure to sow nurseries in the filled polythene pots resulted in wasteful expenditure on wages in amounts totalling K520,277 paid to casual workers engaged to fill the polythene pots.

In addition, the expected total area to be planted in the four (4) provinces was 4,000 hectares at 1,000 hectares per province and only 208 hectares had been planted. The planted total area represented 5% of the expected hectares to be planted. See table below.

Province	Amount Recieved K	No. of Polythene Pots Recieved	No. of Polythene Pots Filled	No. of Filled Pots Sown	Filled Pots Unsown	% of Pots Sown	No of Ha. Planted	% of Ha Planted	% of Ha Not Planted
Eastern	731,007	1,550,000	1,227,500	151,249	1,076,251	21	68	7	93
Muchinga	875,269	1,536,000	1,412,000	274,000	1,138,000	19	70	7	93
Copperbelt	674,738	1,550,000	553,340	152,007	401,333	27	50	5	95
Luapula	662,500	1,600,000	1,276,000	137,000	1,139,000	10	20	2	98
<b>Total</b>	<b>2,943,514</b>	<b>6,236,000</b>	<b>4,468,840</b>	<b>714,256</b>	<b>3,754,584</b>		<b>208</b>		

##### **ii. Uncollected Seedlings**

An amount of K43,549 was paid to Chongo Chikoti on 22<sup>nd</sup> June 2013 for the purchase 87,098 seedlings from community seedling producers in Chinsali, Mpika and Nakonde districts.

However, as of March 2014, only 15,650 seedlings had been collected leaving a balance of 71,448 seedlings costing K35,724 uncollected.

**iii. Unvouched Expenditure**

Contrary to Financial Regulation No. 65, forty seven (47) payment vouchers in amounts totalling K840,303 made during the period under review at Mansa Provincial Forestry Office were not availed for audit.

**iv. Misapplication of Funds**

Contrary to the Appropriation Act of 2013, a total amount of K237,203 was spent on activities such as servicing of motor vehicles, imprest for various trips, school fees and allowances not related to the purpose for which the funds were released.

**v. Unsupported Payments**

Contrary to Financial Regulation No. 52, payments in amounts totalling K755,523 in respect of wages paid to casual workers in Copperbelt, Muchinga and Eastern Provinces were not supported with relevant documents such as employment contracts, acquittal sheets and attendance registers.

**vi. Physical Inspections**

Physical inspections of nurseries and plantations carried out in June 2014 in selected provinces revealed that seedlings at Mpika, Musipazi, Chimutengo and Kapweshi nurseries were drying up. In addition, some plantations were not weeded. See pictures below.



*Unweeded plantation  
In Nakonde*



*Seedlings drying up  
In Mwansabombwe*



*Unweeded plantation  
In Mwansabombwe*

**e. Zambia Forestry College - Construction of Girls Hostel – Delayed Completion of Works**

In December 2012, the Ministry engaged FM & CBN to construct a two storey girls hostel at the college at a contract price of K5,314,787 in a period of ten (10) months from December 2012 to October 2013. The scope of works included construction of substructure, concrete work, brick and block work, roofing, iron mongery, metal work, plumbing, electrical installations, floor, wall and ceiling finishing water reticulation among others. As of June 2014, the contractor had been paid a total amount of K4,503,361 leaving a balance of K811,426.

The following were observed

**i. Delayed Completion of the Project**

Although the contract period was for ten (10) months from December 2012 to October 2013, works such as wiring and electrical fittings, painting and decorating, tiling, internal connection of water, landscaping and brick paving had not been done as of June 2014.

**ii. Questionable Use of Supervision and Administrative Funds**

The bill of quantity on page 6/2 under provisional sums states that, “include in the following net provisional sums to be expended by the Director of Buildings under authorisation by the client or to be omitted in part or full if not utilised without any claim for loss”.

However, it was observed that amounts totalling K400,000 were included and paid on claims made on stage completion certificates Nos. 1 (K300,000) and 3 (K100,000) without any evidence of authorisation from the Director of Buildings to utilise this component of the contract sum. In addition, no quotations and/or receipts were availed for audit to support the utilisation of this amount.

<b>HEAD:</b>	<b>88</b>	<b>Office of the President – Muchinga Province</b>
<b>PROGRAMME:</b>	<b>6011</b>	<b>Poverty Reduction Programmes - (PRP)</b>
<b>ACTIVITIES:</b>		<b>Various</b>

**58.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K88,891,767 was made to cater for the Poverty Reduction Programmes and Infrastructure Development activities out of which K76,675,372 was released resulting in an under funding of K12,216,397.

A total amount of K172,130 was brought forward from the financial year ended 31<sup>st</sup> December 2012 for the construction of Culverts and Bridges in Chinsali (K82,500) and Nakonde (K89,630) Districts bringing the total amount available in 2013 to K76,847,502.

According to the Financial Statements (Statement C), a total amount of K54,708,793 was spent during the financial year ended 31<sup>st</sup> December 2013.

**Accounting and Other Irregularities**

An examination of records maintained at the Provincial Administration and a physical inspection of the projects carried out between March and October 2014 revealed the following:

**a. Contract for Completion of Office Block at Farmers Training Centre (FTC) in Chinsali**

On 11<sup>th</sup> December 2012, the Provincial Administration engaged P. K. General Dealers to complete the construction of an office block at Farmers Training Centre (FTC) in Chinsali at a contract price of K77,288. However, the contract period as well as commencement and ending dates were not stated.

The scope of works included demolishing the courses on top of the lintels and removing the lintels, partitioning the room to create three equal rooms, rebuilding the courses and fixing a ring beam and painting.

As of March 2014, the contractor had been paid the whole contract amount of K77,288.

A physical inspection of the project revealed the following:

- Cracks had developed on walls of the three (3) rooms below and above the ring beam.
- Due to poor workmanship, the window at the back of the middle office could not close and paint was peeling off the outer wall.

As of December 2014, the defects had not been worked on.

**b. Failure to Recover Funds - Contract for Installation of Water Tank**

In October 2012, Umutanto Investments was engaged to install a water tank at Farmers Training Centre (FTC) at a contract price of K39,000 and the whole amount was paid. However, the contractor did not carry out the works and instead the works were executed by another contractor at a contract sum of K29,383.

As of December 2014, the amount paid to Umutanto Investments had not been recovered.

**c. Rehabilitation of Five (5) Offices at the Marketing Department Under Ministry of Agriculture and Livestock in Chinsali**

On 31<sup>st</sup> December 2012, the Provincial Administration engaged Chimab General Dealers to rehabilitate five (5) offices at the Marketing Department under the Ministry of Agriculture and Livestock in Chinsali. The contract period was four (4) weeks starting from 7<sup>th</sup> January 2013 to 7<sup>th</sup> February 2013 at a contract price of K74,681. The works were varied to include installation of grille gates and sewer pipes at a price of K4,000 bringing the total contract price to K78,681.

The scope of works included repair of cracks, replacement of external doors, fixing of burglar bars on all windows, sealing off leakages and glazing.

As of March 2014, the contractor had been paid the whole amount of K78,681.

A physical inspection of the site carried out in December 2014 revealed that although the works had been completed, there were leakages in the office of the Youth Development Coordinator and the Resettlement office as evidenced by water marks on the ceiling boards.

**d. Construction of an Office Block for Shiwang'andu District Administration**

On 24<sup>th</sup> July 2013, the Provincial Administration engaged Stoutone Investments to construct a one storey office block for Shiwang'andu District Administration at a total contract price of K7,943,050. The contract period was twenty four (24) weeks commencing on 2<sup>nd</sup> September 2013 and ending on 28<sup>th</sup> February 2014. The completion period was later extended to 30<sup>th</sup> November 2014.

The scope of works included construction of substructure and super structure, roofing, plumbing and electrical installation, glazing, painting and decorations, construction of a tarmac road and parking areas and drainage works. The contractor was also supposed to supply and install fuel storage under ground tanks, pumps and other associated fittings.

As of December 2014, the contractor had been paid a total amount of K5,957,088.

A physical inspection of the site carried out on 16<sup>th</sup> December 2014, revealed that the works had not been completed. The outstanding works included landscaping, glazing, tiling, fitting of doors, shelves and ceiling boards, painting, construction of a tarmac road and completion of parking areas and guard house, water and electrical reticulation, supply and installation of air conditioning units.

**e. Construction of a House for the District Commissioner in Shiwang'andu**

On 24<sup>th</sup> July 2013, the Provincial Administration engaged Work Mate Investments Ltd to construct a 1 x 4 bedroomed high cost house for the District Commissioner in Shiwang'andu at a contract price of K926,404. The contract period was sixteen (16) weeks commencing on 20<sup>th</sup> August 2013 and ending on 21<sup>st</sup> December 2013. On 27<sup>th</sup> January 2014, the contract period was extended for six (6) weeks bringing the completion date to 4<sup>th</sup> February 2014.

The scope of works included construction of substructure and super structure, roofing, plumbing and electrical installations, glazing, painting and decorating, construction of drainage and drilling, sinking and equipment of borehole.

As of December 2014, the contractor had been paid a total amount of K880,084.

A physical inspection of the site carried out on 16<sup>th</sup> December 2014, revealed that although the house had been occupied and the defect liability period had expired on 15<sup>th</sup> October 2014, the following works had not been done:

- Landscaping had not been completed.

- The water connection to the house had not been completed as the tank had not been connected to the borehole.

**f. Construction of Ten (10) Medium Cost Houses in Mafinga**

On 24<sup>th</sup> July 2013, the Provincial Administration engaged Jamcho Trading Ltd to construct ten (10) medium cost houses in Mafinga District at a total contract price of K6,335,839. The contract period was one hundred and ninety (190) days commencing on 26<sup>th</sup> July 2013 and ending on 23<sup>rd</sup> February 2014. In May 2014, the contractor was granted an extension up to 30<sup>th</sup> June 2014.

The scope of works included construction of sub and super structures, roofing, plumbing and electrical installation, glazing, painting, landscaping, drilling of a borehole and construction of road and parking areas.

As of December 2014, the contractor had been paid a total amount of K2,902,878.

A physical inspection of the site carried out on 18<sup>th</sup> December 2014 revealed that the works had not been completed, six (6) months after the expected completion period. The outstanding works included plumbing, glazing, painting, landscaping, and construction of a drainage, electrical installation and reticulation, completion of one house from wall plate level and mounting of 2 x 10,000 litre water tanks as well as connections.

In addition, contrary to clause No. 49 of the conditions of the contract which stated that a contractor was to pay liquidated damages to the employer at the rate of 0.5% of the value of work uncompleted per day or a maximum of 10% of the final contract price, the contractor had not been charged any liquidated damages for the delay in completing the works.

**g. Construction of a House for the District Commissioner in Mafinga**

On 24<sup>th</sup> July 2013, the Provincial Administration engaged Luwaili Investment Ltd to construct a 1 x 4 bedroomed high cost house for the District Commissioner in Mafinga at a contract price of K1,199,209. The contract period was fourteen (14) weeks commencing on 26<sup>th</sup> July 2013 and ending on 10<sup>th</sup> October, 2013.

The scope of works included construction of substructure and super structure, roofing, plumbing and installation of solar power system, glazing, painting and decorations, construction of drainage and drilling, sinking and equipping of borehole as well as gravel road works.

In January 2014, works were varied to include putting up of culverts on the access roads and supply a generator set.

As of December 2014, the contractor had been paid a total amount of K1,169,225.



A physical inspection of the site carried out on 18<sup>th</sup> December 2014 revealed that the generator set was not supplied and fitting of wardrobe handles was outstanding.

In addition, the following were observed:

- Cracks had developed on the walls of the dining room and master bedroom as well as on the window sill of the veranda.
- The solar power system was not functioning from the time it was installed in February 2014.
- Instead of putting culverts, the contractor put planks on the access road and the works were poorly done.

#### **h. Drilling of Five (5) Boreholes in Shiwanga'ndu and Mafinga**

On 24<sup>th</sup> December 2013, the Provincial Administration engaged Limpopo Drilling and Exploration Ltd to drill and equip five (5) boreholes in Mafinga (3) and Shiwang'andu (2) districts at a contract price of K170,000. The boreholes were to be drilled in thirty six (36) days commencing 24<sup>th</sup> December 2013 and ending on 31<sup>st</sup> January 2014.

In Mafinga district, the boreholes were to be drilled at Chiefs Mwenechifungwe and Mweneniwisi palaces and at Mulekatembo Secondary School while in Shiwang'andu district, the boreholes were to be drilled at Kabangama Village and at Chief Kabanda's palace.

As of March 2014, the contractor had been paid a total amount of K119,000.

However, as of June 2014, only two (2) boreholes in Shiwang'andu District had been drilled. Inquiries revealed that the contractor abandoned the project in February 2014.

Further, a physical verification carried out in June 2014 of the two (2) boreholes drilled in Shiwang'andu District revealed that both boreholes were functional. However, the quality of water from the borehole at Chief Kabanda's palace was poor in that the water was dirty and consequently could not be used by the community.

In July 2014, the contract was terminated. However, it was observed that although the contractor had been paid K119,000 the value of the certified works was K108,100 resulting into an over payment of K10,900 which had not been recovered from the contractor as of December 2014.

#### **i. Rehabilitation of a House for the District Commissioner in Mpika**

On 19<sup>th</sup> September 2013, the Provincial Administration engaged Vyane Enterprises to rehabilitate a house for the District Commissioner in Mpika at a contract price of K971,562. The contract period was sixteen (16) weeks commencing on 19<sup>th</sup> September 2013 and ending on 19<sup>th</sup> December 2013. On 27<sup>th</sup> December 2013, the completion date was varied to 6<sup>th</sup> February 2014.

The scope of works included construction of a wall fence and a servant's quarter, removing the roof and replacing it with a new one, fixing the ceiling board, fitting flush and mukwa panel doors, replacing broken glass panes, toilet pans and cisterns, wardrobes, plumbing works and painting. The contractor was also to supply and install a 1,000 litres PVC tank and a tank stand.

As of December 2014, the contractor had been paid a total amount of K922,984.

A physical inspection of the site carried out on 16<sup>th</sup> December 2014 revealed that the works had been completed. However, the following were observed:

- There were leakages in the children's bedroom as evidenced by water marks on the ceiling board and the valve for the kitchen sink was leaking.
- Damaged window stays and handles for the kitchen, laundry and one (1) bedroom had not been replaced and the geyser was not functional.
- The contractor fitted PVC bath tub in the master bedroom instead of a ceramic bath tub as provided for in the BoQ.
- A mirror had not been fitted in the common bathroom as provided for in the BoQ.
- The door to the toilet at the servant's quarter was not flashing to the wall and the pipe supplying water to the toilet was leaking while the ceiling board and electricity connection had not been done.

In addition, contrary to the procurement guideline which states that the contract price should not be above the engineer's estimate of the cost of the project by more than 25%, the total contract price of K971,562 exceeded the engineer's estimate of K650,189 by K321,373 which represents 49.4%.

**j. Construction of Culverts at Icheshi - Chinsali**

On 6<sup>th</sup> February 2013, the District Administration entered into a contract with Jophen General Dealers for the construction of culverts at Icheshi. The contract period was forty five (45) days at a contract price of K34,400. As of December 2013, the works had been completed and the contractor was paid the whole amount.

A physical inspection of the culverts carried out in October 2014 revealed that although the works were completed, the workmanship was poor in that the gravel was not properly compacted and was being washed away from the embankment thereby exposing the culverts and posing a danger to the users.

**k. Construction of a Mother's Shelter - Nakonde**

On 22<sup>nd</sup> December 2012, the Nakonde District Administration engaged Sharit Investments Limited to construct a Mother's shelter at Nakonde Urban clinic in Nakonde District at a contract price of K53,850.

The contract was for a period of thirty four (34) days commencing on 29<sup>th</sup> December 2012 and ending on 1<sup>st</sup> February 2013.

As of March 2014, the contractor had been paid a total amount of K52,500.

The works were only completed in June 2014, seventeen (17) months after the expected completion period.

In addition, although the contract provided that 5% of the contract price was to be held until the end of the defect liability period, the amount held was K1,350 which represented 2.5% of the contract price instead of K2,693 which is 5% of the contract price.

A physical inspection of the site carried out in October 2014 revealed the following:

- The structure was not in use.
- Several cracks had developed on the corridor and the wall near the rear window.
- The rear window was poorly fitted and could not close.
- The timber used for roofing was not treated.

#### **1. Construction of Nchenga - Upukwe Bridge - Nakonde**

On 22<sup>nd</sup> December 2012, the Nakonde District Administration engaged Josam Logistics Limited to construct the Nchenga – Upukwe bridge at a contract price of K53,630 and the contract was for a period of 34 days commencing on 29<sup>th</sup> December 2012 and ending on 1<sup>st</sup> February 2013.

The scope of works on the construction of the bridge included carrying out the following works:

- Construction of an embankment and decking stand, back filling and pillar stands
- Stone pinching of the head walls, construction of the slab
- Construction of aprons on both ends and culvert rings

As of March 2014, the contractor had been paid a total amount of K89,225 resulting in an overpayment of K35,595 above the contract price. Although, the Controlling Officer stated that the reason for the over payment was because the works were on going, there was no variation authority to the contract.

A physical inspection of the bridge carried out in October 2014 revealed that the bridge was still far from completion and the contractor was not on site. The outstanding works included:

- Construction of the embankment, back filling
- Construction of the culvert rings

**m. Failure to Avail Engineers' Estimates**

A review of records pertaining to various contracts entered into by the Provincial Administration revealed that there were no engineers' estimates to facilitate the evaluation of the contractors' bids for six (6) contracts with contract prices totalling K24,095,614 entered into during the period under review. See table below.

Serial	Contractor	Amount K
1	Woodrock construction Limited	6,222,028
2	Buildcon	4,766,775
3	Stoutone Investments	7,943,050
4	JM and J Traders	4,250,887
5	Julika Enterprises	199,420
6	Guru General Dealers	713,453
<b>Total</b>		<b>24,095,614</b>

Consequently it was not possible to ascertain the competitiveness of the bids

**HEAD: 89 Ministry of Agriculture and Livestock**

**UNITS:** Various

**PROGRAMMES:** Various

**ACTIVITIES:** Various

**59.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K309,835,461 was made to cater for various activities at the Ministry against which amounts totalling K207,588,479 were released resulting in an under funding of K102,246,982. See table below.

Department	Budget Provision K	Releases K	Variance K
Headquarters	62,835,621	43,807,984	19,027,637
Human Resource & Administration	22,674,415	16,855,573	5,818,842
Policy & Planning	31,453,304	26,653,313	4,799,991
Agriculture	26,457,577	22,480,033	3,977,545
Zambia Agriculture Research Institute	13,625,452	10,741,772	2,883,681
Veterinary Services	54,696,585	31,302,737	23,393,848
Livestock Development	26,483,767	13,799,064	12,684,703
Fisheries	13,252,874	7,931,523	5,321,351
Agribusiness & Marketing	3,229,321	3,229,321	-
Co-operatives	3,624,076	2,147,584	1,476,492
Seed Control & Certification Institute	8,922,280	6,403,246	2,519,034
National Agriculture Information Service	7,218,221	4,478,169	2,740,052
Agriculture Research Stations	4,587,367	2,702,578	1,884,788
Fisheries Research Stations	12,771,777	6,052,722	6,719,056
Veterinary & Livestock Development	18,002,824	9,002,860	8,999,964
<b>Total</b>	<b>309,835,461</b>	<b>207,588,479</b>	<b>102,246,982</b>

## **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters, Department of Fisheries, Seed Control Certification Institute (SCCI), the Zambia Agriculture Research Institute (ZARI) and physical inspections of projects in selected districts carried out during the period from January to May 2014 revealed the following:

### **a. Questionable Payments of Salary Arrears**

Contrary to Financial Regulation No. 52, six (6) officers were paid salary arrears in amounts totalling K76,960 without supporting authorities such as letters of appointment, acting or promotion on their personal files.

### **b. Irregular Payment of Salaries to Officers that Resigned**

Contrary to the Terms and Conditions of Service for Public Workers, two (2) officers that resigned from the Civil Service in 2012 were still on the payroll. As of August 2014, amounts totalling K22,672 had been paid to the officers and no recoveries had been made by management as shown in the table below.

<b>Name</b>	<b>Period Resigned</b>	<b>Amount Paid K</b>
Christopher Kambondo	2012	10,980
Mate Mutemwa	2012	11,692
<b>Total</b>		<b>22,672</b>

### **c. Irregular Payment of Salaries**

Contrary to the Terms and Conditions of Service for the Public Service No.34 (d), two (2) officers seconded to projects were irregularly paid salaries from the Ministry in amounts totalling K110,499 for the period from October 2012 to August 2014. As of November 2014, the salaries irregularly paid to the officers had not been recovered.

### **d. Irregular Payment of Housing Allowance**

Contrary to the Terms and Condition of Service for the Public Service, sixty nine (69) officers that were occupying Government institutional houses during the period under review were irregularly in receipt of housing allowance in amounts totalling K385,443. As of August 2014, the irregularly paid housing allowances had not been recovered from the officers.

<b>Province</b>	<b>No. of Officers</b>	<b>Amount K</b>
Muchinga	6	62,290
Copperbelt	31	137,769
Northwestern	20	59,462
Northern	12	125,922
<b>Total</b>	<b>69</b>	<b>385,443</b>

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

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of the loans and advances in amounts totalling K150,412 paid to fourteen (14) officers during the period under review had not been effected as of November 2014.

**f. Unacquitted for Funds**

Contrary to Financial Regulation No. 45, amounts totalling K1,545,149 in respect of allowances paid to sixty six (66) officers during the period under review were not acquitted by the intended beneficiaries.

**g. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, one hundred and eight (108) payment vouchers in amounts totalling K2,240,257 were not availed for audit as of August 2014.

**h. Unsupported Payments**

Contrary to Financial Regulation Number 52, two hundred and forty four (244) payments in amounts totalling K3,611,325 had no supporting documents such as receipts, invoices and local purchase orders making it difficult to ascertain the validity of the transactions.

**i. Unaccounted for Stores**

Contrary to Public Stores regulation No. 16, various stores items costing K405,841 procured during the year under review could not be accounted for in that there were no receipt and disposal details.

**j. Failure to Produce Reports**

During the period under review, amounts totalling K1,535,695 were paid to forty nine (49) officers to enable them carry out various assignments such as verification of rehabilitation works and monitoring of various projects. However, no activity reports were availed for audit making it difficult to ascertain whether the activities were undertaken.

Although in his response dated 22<sup>nd</sup> October 2014, the Controlling Officer stated that reports were filed separately and were available for verification, as of November 2014, no such reports were availed for audit.

**k. Irregular Payment of Meal Allowances**

Contrary to the cabinet Circular on allowances, amounts totalling K297,331 were irregularly paid as meal allowances to various officers who were performing routine assignments at the Office such as retrieving files requested by the Public Service Management Division, separating department of Livestock files from the Veterinary department and organizing the salaries and accounting records among others.

**l. Failure to Report Accidents to Standing Accidents Board**

In October 2013, two (2) motor vehicles, a Mitsubishi Pajero registration No. GRZ 747 BX and a Toyota Prado registration number GRZ 223 CJ, were involved in road traffic accidents.

However, contrary to the Standing Accidents Board guidelines, the accidents had not been reported to the Police nor had the loss reports been prepared.

As of November 2014, no claims had been made from the Insurance Company.

**m. Failure to Prepare a Loss Report**

Two (2) motor bikes registration No. GRZ 53 EB and GRZ 55 EB belonging to Mpika Farmers Training Institute were stolen in April 2014. However, as of November 2014, no loss reports had been prepared.

**n. Purchase and Supply of 24,000 Litres Raw Milk Cooling Tanks**

In November, 2013, the Ministry invited quotations for the supply of three (03) twenty four thousand (24,000) litres milk cooling tanks. In this regard, three (3) Suppliers namely Chichabe Suppliers, Queen's Land Suppliers and Careys Premier responded and quoted as shown in the table below.

Description	Qty	Chichabe Suppliers		Queen's Land Suppliers		Careys Premier	
		Unit price	Total	Unit Price	Total	Unit Price	Total
Milk Cooling Tanks	3	139,440	<b>418,320</b>	193,000	<b>579,000</b>	190,000	<b>570,000</b>
VAT @16%			Inclusive		Inclusive		Inclusive
Delivery Period			Ex-stock		Not stated		Not stated
Price Validity			20 days		Not stated		Not stated
Date Quoted			19/11/2013		20/11/2013		26/11/2013
Total in ZMK			<b>418,320</b>		<b>579,000</b>		<b>570,000</b>

The cooling tanks were required for distribution to Mapepe in Chilanga District, Monze District and Chibombo District milk collection centres.

After a scrutiny of the quotations the Ministry awarded the contract for the supply and delivery of three (3No.) twenty four thousand (24,000) litres raw milk cooling tanks to Chichabe Suppliers limited at a contract sum of K418,320. The supplier supplied the milk cooling tanks to the Ministry on 8<sup>th</sup> December, 2013.

However, the three (3No.) milk cooling tanks had not yet been delivered by the Ministry to the three (3) intended milk collection centres. A physical inspection carried out in April and August, 2014 revealed that the three (03) raw milk cooling tanks were still kept at the Tsetse Tripanosomiasis Control Centre in Chilanga District.

Further, the total quoted price for the three (3No.) milk cooling tanks from Chichabe suppliers was K418,320. It was however observed that the Ministry of Agriculture and Livestock made a payment of

K498,000 on 27<sup>th</sup> December 2013 resulting in an overpayment of K79,680. Although in his response the Controlling Officer stated that the amount was the VAT component, the quoted amount was VAT inclusive. As of December 2013, the over payment had not been recovered from the supplier.

**o. Infrastructure Development**

During the period under review, the Ministry received amounts totalling K17,633,270 out of which a total amount of K3,806,978 was spent leaving a balance of K13,826,262.

The following were observed:

**p. Supply and delivery Foot and Mouth Disease (FMD) inactivated Bivalent Vaccine (AFTOVAX) - SAT1/SAT2**

On 14<sup>th</sup> June 2013, Botswana Vaccine Institute was engaged to the supply 1,000,050 doses of Foot and Mouth Disease (FMD) inactivated Bivalent Vaccine-(AFTOVAX)-SAT1/SAT2 at a contract sum of K8,486,625 (EUR 1,207,029.64) with a delivery period of between April and September 2013. As of November 2014, the supplier had been paid in full.

However, the following were observed.

- **Supply of Vaccines before Signing Contract**

Although the contract was signed on 14<sup>th</sup> June 2013, a total of 600,000 doses of the FMD vaccine valued at K5,040,000 were delivered on 17<sup>th</sup> May 2013 (300,000 doses) and 24<sup>th</sup> May 2013 (300,000 doses) three (3) weeks before the signing of the contract.

- **Excess Delivery of Vaccines**

Although the contract was for the supply of 1,000,050 doses valued at K8,486,625, the supplier delivered 1,200,000 doses resulting in excess supply of 199,950 doses costing K1,679,580.

- **Expired Drugs Due to Delivery of Vaccines with Few Months Shelf Life**

Clause 15.1 and the delivery schedule of the contract stated that, “goods to be supplied were to be new, unused, or of the most recent or current models with a shelf life of 10 to 12 months”. However, contrary to the provision 14,600 doses costing K122,640 supplied in May 2013 had a shelf life of three (3) months and as of August 2013 they had expired.



**HEAD:** 89/ Ministry of Agriculture and Livestock

**DEPARTMENT:** Provincial Agriculture and Coordinating Offices (PACOs)  
District Agriculture and Coordinating Offices (DACOs)  
Research Stations  
Agriculture Training Institutions

**PROGRAMMES:** Various

**ACTIVITIES:** Various

**60.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K113,189,114 was made to cater for various activities at the PACOs, DACOs, Research stations and Training institutions against which amounts totalling K74,695,617 were released.

In addition, amounts totalling K4,944,729 were brought forward from 2012 and amounts totalling K4,306,920 were received in respect of dismantling of personal emoluments, user fees and outstanding bills bringing the total funds available to K83,947,266.

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

An examination of accounting and other related records maintained at the Provincial Agriculture and Coordinating Offices, District Agriculture Coordinating Offices, Agricultural Training Institutions and physical inspections of selected projects carried out during the period from May to September 2014 revealed the following:

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

Contrary to Financial Regulation No. 65, twenty one (21) payment vouchers in amounts totalling K37,184 processed during the period under review were not availed for audit. See table below.

<b>Station</b>	<b>No. of Transactions</b>	<b>Amount K</b>
Kalomo DACO	3	4,650
Kazungula DACO	2	3,500
Mpulungu DACO	2	11,300
Nakonde DACO	14	17,734
<b>Total</b>	<b>21</b>	<b>37,184</b>

##### **b. Unsupported Payments**

Contrary to Financial Regulation Nos. 45 and 52, one hundred and sixty four (164) payments in amounts totalling K684,209 made during the period under review, were not supported with relevant documents such as cash sale receipts, letters of appointments and acquittal sheets. See table below.

Station	No. Of Transactions	Amount K
Mongu PACO	2	3,833
Sesheke DACO	2	8,150
Kalomo DACO	10	27,315
Livingstone DACO	13	24,620
Kazungula DACO	24	80,453
Lusaka PACO	4	11,520
Chongwe DACO	2	15,600
Kafue DACO	1	2,400
Luangwa DACO	3	12,240
Rufunsa DACO	15	53,437
Kaunga Farmers Training	2	4,310
Luanshya DACO	2	4,578
Kitwe DACO	2	13,440
Lufwanyama DACO	9	6,300
Nchelenge DACO	1	450
Chinsali PACO	5	2,057
Chinsali DACO	7	16,016
Mafinga DACO	1	2,000
Isoka DACO	3	4,210
Chama DACO	2	800
Nakonde DACO	3	32,242
Mpika College	51	358,238
<b>Total</b>	<b>164</b>	<b>684,209</b>

**c. Unapproved Payments Vouchers**

Contrary to the Financial Regulation No. 48, which states 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, six (6) payment vouchers in amounts totalling K28,240 were not signed by responsible officers. See table below.

Station	No. of Transactions	Amount K
Vubwi DACO	2	10,300
Mpika College	4	17,940
<b>Total</b>	<b>6</b>	<b>28,240</b>

**d. Misapplication of Funds**

Contrary to the Appropriation Act of 2012, amounts totalling K148,533 involving sixty (60) transactions were applied on activities not related to the intended purposes such as subsistence allowances, agriculture shows, settling allowances, allowances for IFMIS data capturing and wages for casual workers which were not related to the purpose for which the funds were appropriated. See table below.

Station	No. Of Transactions	Misapplied Amount K
Mongu PACO	1	7,500
Chinsali DACO	8	31,747
Solwezi PACO	17	37,984
Kapompo DACO	8	22,218
Kasempa DACO	16	24,035
Mufumbwe DACO	6	20,250
Kawambwa DACO	4	4,800
<b>Total</b>	<b>60</b>	<b>148,533</b>

**e. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K1,160,916 issued to one hundred and seven (107) officers during the year under review remained unretired as of September 2014. See table below.

Station	No. Of Transactions	No. Of Officers	Amount K
Mongu DACO	4	4	2,950
Sesheke DACO	3	3	4,900
Senanga DACO	2	1	4,936
Livingstone DACO	3	3	4,650
Kazungula DACO	5	4	8,520
Lusaka PACO	3	3	8,520
Lusaka DACO	1	1	2,280
Rufunsa DACO	1	1	2,100
Ndola PACO	4	4	17,169
Mufumbwe DACO	2	2	10,706
Mpulungu DACO	13	1	100,820
Mambwe DACO	4	4	14,925
Vubwi DACO	5	5	18,842
Chinsali PACO	11	10	28,241
Chinsali DACO	16	11	82,320
Isoka DACO	4	1	5,350
Chama DACO	3	2	14,500
Mpika College	123	46	820,787
Samfya DACO	2	1	8,400
<b>Total</b>	<b>209</b>	<b>107</b>	<b>1,160,916</b>

Included in the unretired imprest for Kazungula DACOs was subsequent imprest of K3,000 issued to one (1) officer who had not retired previous imprest contrary to Financial Regulation No. 91 (1) and (2).

**f. Fraudulent Payment – Vubwi DACO**

On 21<sup>st</sup> October 2013, an Assistant Accountant at Vubwi DACO was issued with an imprest of K1,700 to enable him facilitate a planning and review workshop in Nyimba District. However, a scrutiny of bank statements revealed that the actual amount paid was K3,700 resulting in a difference of K2,000 over and above the authorised amount. As of September 2014, no action had been taken by management against the officer.

**g. Failure to Provide Monitoring Reports**

Imprest in amounts totalling K137,196 was issued to twenty six (26) officers to enable them carry out monitoring activities. However, there were no monitoring reports made available for verification making it difficult to ascertain whether the activities were undertaken. See table below.

Station	No. of Transactions	No. of Officers	Amount K
Lusaka PACO	2	2	5,000
Luangwa DACO	2	2	11,850
Chinsali DACO	11	10	36,466
Chama DACO	6	6	55,780
Kazungula DACO	8	6	28,100
<b>Total</b>	<b>29</b>	<b>26</b>	<b>137,196</b>

#### **h. Questionable Retirement of Imprest – Senanga DACO**

On 25<sup>th</sup> June 2013, a Junior Technical Officer at Senanga DACO was paid accountable imprest of K4,350 to enable him procure exhibits for Provincial Show.

A review of retirement details and inquiries made revealed that, the officer procured a receipt book number 2651-2750 costing K15 from P&D Enterprise on cash sale No. 11044 and then issued receipts to himself in amounts totalling K2,343 for various show exhibits purported to have been purchased from local farmers. Therefore, the retirement of amounts totalling K2,343 was questionable.

#### **i. Questionable Payments for Fuel**

Contrary to Cabinet Circular No. 7 of 2012 which states that “payments for fuel for travel outside one’s station should be based on the fuel formula”, amounts totalling K66,674 were paid to thirty seven (37) officers during the period under review to carry out various activities outside the district boundaries without using the fuel formula. See table below.

Station	No. of Transactions	No. of Officers	Amount K
Choma PACO	47	30	49,588
Choma DACO	13	7	17,086
<b>Total</b>	<b>60</b>	<b>37</b>	<b>66,674</b>

#### **j. Irregular Use of Imprest to Procure Goods and Services**

Financial Regulation No. 86 (c) states that, “accountable imprest is imprest issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time”. It was however observed that imprest in amounts totalling K68,742 issued to thirteen (13) officers involving seventeen (17) transactions was used to procure goods and services whose values were obtainable on the market. See table below.

Station	No. of Transactions	No. of Officers	Amount K
Lusaka PACO	1	1	3,520
Kaunga FTI	3	2	7,810
Luanshya DACO	2	2	13,278
Choma PACO	2	2	13,151
Kalomo DACO	2	2	5,820
Kazungula DACO	7	4	25,163
<b>Total</b>	<b>17</b>	<b>13</b>	<b>68,742</b>

#### **k. Irregular Payment of Subsistence Allowances**

According to section 55 (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 K17,632 were irregularly paid to nine (9) officers as loading and offloading allowances on first appointment. See table below.

Station	No. Of Officers	Amount K
Kasempa DACO	3	5,292
Chinsali PACO	3	8,840
Chinsali DACO	3	3,500
<b>Total</b>	<b>9</b>	<b>17,632</b>

# **l. Claims Paid without Obtaining Prior Authority**

During the period under review, amounts totalling K126,934 involving ninety three (93) transactions were paid out to officers as claim for subsistence allowances, meal allowances and repair and servicing of photocopying machine without obtaining prior authority from responsible officers. See table below.

Station	No. Of Transactions	No. Of Officers	Amount K
Mongu DACO	18	14	13,315
Sesheke DACO	18	17	12,175
Choma PACO	5	5	9,200
Kalomo DACO	14	12	23,560
Livingstone DACO	20	13	29,990
Kazungula DACO	18	13	38,694
<b>Total</b>	<b>93</b>	<b>74</b>	<b>126,934</b>

# **m. Irregular Payment of Sitting Allowances**

Contrary to Cabinet Office circular No 11 of 2013, amounts totalling K19,550 were paid as sitting allowances to various officers who were members of the Procurement Committees at the DACOs in Kalomo and Kazungula.

# **n. Irregular Payment of Meal Allowances**

Contrary to Cabinet Office Circular No. 11 of 2013 which states that, meal allowance shall only be paid to an officer who travels away from his/her normal station of duty on official duty for eight (8) hours or more but not including an overnight stay, forty one (41) officers were irregularly paid meal allowances in amounts totalling K20,850 for various activities executed within their normal duty stations. See table below.

Sation	No. Of Transactions	No. Of Officers	Amount K
Mongu DACO	24	16	5,250
Sesheke DACO	29	20	7,550
Senanga DACO	4	4	4,850
Lusaka DACO	1	1	3,200
<b>Total</b>	<b>58</b>	<b>41</b>	<b>20,850</b>

# **o. Failure to Deduct Tax – Kasama PACO**

Contrary to the Income Tax Act Cap 323 of the Laws of Zambia, taxable earnings in amounts totalling K178,346 were paid to nineteen (19) officers at Kasama PACO as long service bonus allowances and leave terminal benefits without deducting Pay As You Earn (PAYE).

**p. Failure to Remit Tax**

Contrary to the Income Tax Act Cap 323 of the Laws of Zambia, tax in amounts totalling K22,503 deducted from various earnings had not been remitted to the Zambia Revenue Authority as of September 2014. See table below

Station	No. of Transactions	Amount Paid K	Amount Unremitted K
Mongu PACO	2	17,839	10,326
Chinsali PACO	4	239,084	12,177
<b>Total</b>	<b>6</b>	<b>256,923</b>	<b>22,503</b>

**q. Failure to Deduct NAPSA Contributions – Kazungula DACO**

Contrary to the NAPSA Act of 1996, wages in amounts totalling K5,600 were paid to three (3) temporal watchmen at Veterinary offices without deducting NAPSA contributions.

**r. Irregular Payment of Rural Hardship Allowances - Solwezi PACO**

During the period under review, amounts totalling K5,228 were paid as Rural Hardship Allowances to one (1) officer. However, the payments were irregular in that the officer was stationed at PACO in Solwezi which did not qualify for payment of Rural Hardship Allowance.

**s. Staff Recruited Without Authority - Mafinga and Nakonde DACOs**

During the period under review, Mafinga and Nakonde DACOs engaged nine (9) temporal workers to mitigate staff shortages and a total of K25,968 was spent on wages. However, there was no authority from Public Service Management Division (PSMD) to employ the officers and there was no budget line for the expenditure. See table below.

Station	No. Of Transactions	No. Of Officers	Amount K
Mafinga DACO	4	3	10,008
Nakonde DACO	9	6	15,960
<b>Total</b>	<b>13</b>	<b>9</b>	<b>25,968</b>

**t. Unaccounted for Funds – Mpika College of Agriculture**

- i. Contrary to Financial Regulation No. 129 (1), amounts totalling K48,220 collected in respect of tuition fees at Mpika College of Agriculture were not accounted for in that the money was not banked and no cash was found on hand.
- ii. On 25<sup>th</sup> March and 14<sup>th</sup> April 2013, collections in respect of user fees totalling K15,000 were deposited into a bank account maintained at Finance Bank. Although the deposit slips showed that amounts totalling K15,000 were deposited, the bank statements reflected an amount of only K312 leaving a

balance of K14,688 unaccounted for. As of August 2014, management had not taken any action to correct the situation.

**u. Failure to Adhere to Procurement Guidelines**

According to the Public Procurement Act No. 12 of 2008, all procurements above K10,000 to K50,000 should be authorized or approved by the Controlling Officer and that the Head of Department or Director can only authorise or approve payments up to K10,000. However, the following were observed:

- i. Mpulungu DACO approved the procurement of diving equipment costing K21,700 which was beyond his threshold.
- ii. On 7<sup>th</sup> January 2013, Sesheke DACO made two (2) payments in amounts totalling K27,092 to Mukalyana Cement Warehouse for the purchase of building materials for the rehabilitation of veterinary camp houses in Mwandia. The amounts were above the threshold of K10,000 for the DACO. Further, the payments were split to circumvent the procurement guidelines. See table below.

Station	Payee	Date	Amount K	Purpose
Sesheke DACO	Mukalyana Cement Warehouse	07.01.13	13,319	Purchase of building materials for camp House 1
Sesheke DACO	Mukalyana Cement Warehouse	07.01.13	13,773	Purchase of building materials for camp House 2
	<b>Total</b>		<b>27,092</b>	

- iii. Contrary to procurement procedures, payments in amounts totalling K25,450 in respect of goods and services procured by Chongwe DACO during the year under review involving one (1) transaction was processed without following procurement regulations in that the payments were not supported with at least three (3) competitive quotations.

**v. Unaccounted for Stores and Fuel**

Contrary to Public Stores Regulation No. 16, various stores items costing K2,530,653 (General stores K1,719,248 and fuel costing K811,405) procured during the period under review had no receipt and disposal details. See table below.

Station	No. of Transactions	General Stores K	Fuel K	Total K
Lukulu DACO	2	-	3,672	3,672
Kaoma DACO	3	10,100	-	10,100
Mongu DACO	17	17,882	6,717	24,599
Sesheke DACO	9	8,425	3,852	12,277
Shan'gombo DACO	4	-	6,988	6,988
Lusaka PACO	1	6,095	-	6,095
Lusaka DACO	1	5,000	-	5,000
Kafue DACO	3	13,460	-	13,460
Luangwa DACO	15	18,717	86,377	105,094
Chirundu DACO	2	-	19,300	19,300
Rufunsa DACO	2	12,854	-	12,854
Lufwanyama DACO	10	33,417	80,416	113,833
Kalulushi DACO	40	39,190	94,511	133,701
Kawambwa DACO	3	10,626	-	10,626
Mpulungu DACO	7	-	30,679	30,679
Katete College of Agriculture	61	95,301	24,800	120,101
Mambwe DACO	11	138,266	8,726	146,992
Musekela Research Station	1	16,825	-	16,825
Chinsali PACO	5	750	4,492	5,242
Chinsali DACO	59	112,653	100,933	213,586
Chinsali DACO-Mbesuma Ranch	7	-	10,799	10,799
Chama DACO	6	11,630	4,650	16,280
Nakonde DACO	16	9,124	12,165	21,289
Mpika College	173	864,095	82,475	946,570
Choma PACO	37	32,457	43,038	75,495
Choma DACO	50	180,218	57,284	237,502
Kalomo DACO	50	21,334	129,531	150,865
Livingstone DACO	3	3,316	-	3,316
Kazungula DACO	5	57,513	-	57,513
<b>Total</b>	<b>603</b>	<b>1,719,248</b>	<b>811,405</b>	<b>2,530,653</b>

**w. Irregular Refund – Mpulungu DACO**

During the period under review, the District Veterinary Officer was refunded amounts totalling K7,892 in respect of fuel he procured for his personal vehicle he purportedly used for official duties during the period from July to November 2013. However, the refund was irregular as the officer did not obtain authority to use his personal vehicle for official duties. As of August 2014, the money had not been recovered.

**x. Questionable Drawing of Fuel – Lusaka DACO**

During the year under review, four (4) diesel propelled vehicles drew six hundred and ninety five (695) litres of petrol costing K6,514 involving twenty nine (29) drawings. It was not clear how diesel propelled vehicles could draw petrol.



**y. Unauthorised Drawing of Fuel**

During the year under review, fuel costing K18,667 was drawn by motor vehicles not belonging to the DACOs without authority from the responsible officers. See table below.

Station	No. Of Transactions	Amount K
Nakonde DACO	8	1,288
Kalomo DACO	24	5,010
Livingstone DACO	5	4,824
Kazungula DACO	17	7,545
<b>Total</b>	<b>54</b>	<b>18,667</b>

**z. Loans and Advances**

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

Contrary to the Terms and Condition of Service for the Public Service, recoveries in respect of salary advances (K10,800), tuition advances (K6,300) and household loans (K28,497) in amounts totalling K45,597 paid to fourteen (14) officers during the period under review had not been effected as of December 2014. See table below.

Station	No. Of Officers	Loans K	Advances K	Tuition Advances K	Total Amount K
Mongu PACO	6	19,500	3,600	-	23,100
Ndola PACO	8	8,997	7,200	6,300	22,497
<b>Total</b>	<b>14</b>	<b>28,497</b>	<b>10,800</b>	<b>6,300</b>	<b>45,597</b>

**ii. Subsequent Issuance of Salary Advances - Mongu PACO**

Contrary to the Terms and Condition of Service No. 91(b) which states that, “an officer may not get a salary advance while another advance is still outstanding,” salary advances in amounts totalling K3,500 were paid to two (2) officers with outstanding salary advances.

**aa. Non Functional Borehole - Lufwanyama DACO**

During the year under review, Lufwanyama DACO received an amount of K50,000 for the drilling of a borehole at Mibenge.

In this regard, on 27<sup>th</sup> December 2013, the DACO paid K41,000 to Borex Drilling and Exploration Limited to drill a borehole, supply and install a submersible pump, supply and install a steel stand reinforced in concrete base and supply and mount a poly tank. Further, on 30<sup>th</sup> December 2013, ZESCO was paid an amount of K12,546 for power supply.

A physical inspection of the project carried out in December 2014 revealed that the works had not been completed in that the installation of the submersible pump, erection of the steel stand, mounting of the poly tank and installation of power had not been done.

**bb. Construction of a Dip Tank at Kalovya – Chama DACO**

In October 2013, Chama DACO entered into a labour only contract with Ropsa General Dealers for construction of a plunge dipping tank at Kalovya at a contract price of K9,033. The works were to be completed in fourteen (14) weeks commencing on 22<sup>nd</sup> October 2013 and ending on 28<sup>th</sup> January 2014.

In this regard, during the period from October to December 2013, the District Agriculture Coordinating Office purchased 173 bags of cement costing K16,435 for the project.

However, a site visit carried out in June 2014 revealed that despite the availability of cement no works had been done.

**cc. Rehabilitation of Kasamba Weir - Kabompo DACO**

During the period from March to May 2013, Kabompo DACO rehabilitated Kasamba Weir under the supervision of the Senior Irrigation Officer from Solwezi PACO. The works involved reinforcing the concrete barrier to prevent water from seeping under the weir. In this regard, a total amount of K16,872 was spent on the project.

A physical inspection of the weir carried out in December 2014, revealed that the works were poorly done in that the water was still seeping under the weir.

**dd. Construction of Regional Livestock Laboratory - Kasama PACO**

On 25<sup>th</sup> February 2013, the Ministry of Agriculture engaged Sarzam Contractors Limited of Lusaka to construct the Livestock Laboratory at a total contract sum of K3,658,903. The contract did not specify the contract period.

The scope of works included excavation of the foundation, concrete works, block and brick work for ground and first floor, roofing, joinery and iron mongery, structural steel works, plumbing, electrical installations, floor and wall finishes, glazing, painting and decorations and soil drainage works.

As of December 2014, the contractor had been paid amounts totalling K1,521,377

The following were observed:

**i. Irregular Payment to Private Consultant - Re-designing of Drawings and Preparation of BOQ**

On 11<sup>th</sup> June 2013, an amount of K35,000 was paid to Kenabanyama Enterprises of Lusaka for re-designing of drawings and preparation of bill of quantities for the construction of the regional laboratory in Kasama. The payment was irregular in that the minutes of the technical committee meeting held on 2<sup>nd</sup> and 3<sup>rd</sup> May 2013 at the Ministry Headquarters in Lusaka recommended that the changes to rectify the defects observed in the drawings for the Choma Laboratory which was

to be used in the construction of the regional laboratory and office block in Kasama be addressed by the Buildings Department as Consultants.

## ii. Physical Inspection

A physical inspection of the project carried out in December 2014 revealed that the works had not been completed with works such as decking, roofing and iron mongery among others were still outstanding.

### ee. Kalungwishi Game Ranch - Mporokoso DACO

#### i. Construction of a 1 x 50 Hecter Paddock

On 30<sup>th</sup> January 2014, Kasama PACO awarded a contract to Nasseh Trading to construct a 1 x 50 hector paddock at a contract price of K42,804 with a completion period of three (3) weeks.

The scope of works included erecting of poles treated with anti termite, putting wire fence and fitting a lockable gate with a security lock. As of May 2014 the contractor had been paid the full contract price.

A physical inspection of the project carried out in July 2014 revealed that although the works had been completed the poles used were not treated with anti termite and as such they had been attacked by termites, the gate was of poor quality and there was no lock. Further, the hinge at one end of the gate was detached from the main pole. See pictures below.



*Gate secured with wires*



*Gate detached at the hinge of one end*



*Untreated Poles attacked by termites*

#### ii. Construction of Water Crossing Culverts

In November and December 2013, PACO awarded two contracts to Yona Muchindo Chishimba for the construction of the water crossing culverts at the Kalungwishi Game Ranch, at contract sums of K27,790 and K29,000. See details in the table below.

CONTRACTOR	WORKS	CONTRACT DATE	CONTRACT PRICE K	AMOUNT PAID K	COMPLETION PERIOD
Muchindo Yona Chishimba	Construction of a water crossing Culvert	15.11.13	27,790	27,790	10 Days
Muchindo Yona Chishimba	Construction of a water crossing Culvert	18.12.13	29,000	29,000	Not stated
<b>TOTAL</b>			<b>56,790</b>		

The scope of works included installation of four (4) culverts at two river crossings.

As of July 2014, the contractor had been paid the full contract price.

A physical inspection of the project carried out in July 2014, revealed that the works had been completed.

However, contrary to procurement regulations which require that all institutions and persons doing business with the Government be registered with the Patents and Companies Registration Agency (PACRA), a company search conducted at the PACRA offices on 9<sup>th</sup> June 2014, revealed that Yona Muchindo Chishimba was not registered with PACRA. In this regard, the contracts in amounts totalling K56,790 to Muchindo Yona Chishimba were irregularly awarded.

**ff. Construction of an Office Block - Chongwe DACO**

On 28<sup>th</sup> December 2012, Chongwe DACO engaged Sarzam Contractors Limited to construct the District Agriculture Coordinating Office Block at a contract sum of K912,234, for a period of twenty four (24) weeks commencing 4<sup>th</sup> January and ending on 21<sup>st</sup> June 2013. The scope of works included construction of the sub and superstructures, carpentry and iron mongery, plumbing and electrical installation, painting and decorating.

As of August 2014, the contractor had been paid the full contract sum.

A physical verification of the project carried out in November 2014 revealed that although the office block had been completed and handed over in October 2013 the following works had not been done.

- Firefighting installation (comprising hose reel and fire extinguishers x 2)
- Supply and fixing of twenty (20) brass coat hooks to the doors.
- Supply and fixing of three (3) soap dispensers.
- Supply and fixing of three (3) hand driers.

**gg. Construction of Chasato Earth Dam – Chama DACO**

On 5<sup>th</sup> June 2013, Chama DACO entered into a contract with the Zambia National Service (ZNS) for the construction of the Chasato Earth Dam at Chikwa Camp at a dry rate (client to provide fuel and lubricants) contract price of K200,887. In this regard, the DACO was to provide fuel and lubricants. The works were to be completed in seventeen (17) weeks commencing on 5<sup>th</sup> June 2013 and ending on 5<sup>th</sup> September 2013.

As of June 2014, a total amount of K605,384 had been spent on the project out of which K200,887 was paid to the contractor, K268,407 was used on the procurement of fuel and lubricants, K123,110 was

utilised on monitoring and supervision while K12,980 was utilised on the purchase of other materials for the project.

The scope of works included equipment mobilisation, excavations, embankment formation, pipes and fittings, masonry and concrete works and spread and compacted moisture material

Although the works were completed on 20<sup>th</sup> January 2014, five (5) months after the expected completion date of 5<sup>th</sup> September 2013, the project had still not been officially handed over as there was no hand over certificate.

A physical verification of the project carried out in June 2014 revealed that the soil of the embankment formation had been eroded. See picture below.



*Soil erosion of the embankment formation of Chasato dam*

#### **hh. Other Projects**

A review of documents and physical inspections carried out from April to September 2014 revealed weaknesses in the management of projects in that there was poor workmanship and failure to complete the projects on time in respect of seventeen (17) Projects on which expenditure of K6,875,551 was incurred as detailed below.

Province	District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid to Contractor K	Scope of Works	Remarks/Observations
Western	Mongu	Construction of a Regional Veterinary Laboratory Phase 2 (Full Contract)	Raymond Construction	30.01.13 - 30.09.13 8 months	4,299,995	4,116,845	Substructure, Concrete works, Block and brick work on the ground and first floors, Roofing, Plumbing, Glazing, Electrical installations, Floor and wall finishes and Drainage	<p>A physical inspection carried out on 22<sup>nd</sup> December 2014, twelve (12) months after the expected completion date revealed that the substructure, concrete works, block and brick works on ground and 1<sup>st</sup> floors, and roofing, had been done, with the following works still outstanding:</p> <ul style="list-style-type: none"> <li>• Flooring,</li> <li>• Glazing,</li> <li>• Plumbing works,</li> <li>• Joinery and iron mongery</li> <li>• Painting and decorating,</li> <li>• Soil drainage,</li> <li>• Plastering in the interior and exterior walls partly done</li> </ul> <p>The contractor was on site carrying out works.</p>
		Rehab. of Dip Tank in Zimba	Rock Team Construction	27.08.13	24,416	22,461	Rehabilitation of a Crush Pen and a Dip	As of July 2014, the project had been completed. However, cracks had developed on the dip tank.

Southern	Kalomo	(Full Contract)	and General Dealers.	13.10.13 8 Weeks			Tank including excavation, removing old plaster, mending of cracks among others.	Defects liability period was not stated in the contract documents.
		Rehab. Of a Staff House and Construction of 1 Double VIP Latrine.  (Full Contract)	Rock Team Construction and General Dealers.	27.08.13 07.11.13 12 weeks	84,840	80,598	Rehabilitation of one (1) Staff house and Construction of one (1) Double Pit Latrine	As of July 2014, the project had been completed. However, there were signs (stains) of leakages in the ceiling board in the sitting room and one of the bedrooms.  Defects liability period was not stated in the contract documents.
	Choma	Construction of an Office block at Mochipapa  (Labour Contract)	Wamana Hardware	30.08.12 02.03.13 Six (6) months	Labour price K47,000	K158,450 (materials K107,505 and Labour K50,945	Construction of an Office block	As of August 2014, the contractor had been paid amounts totalling K50,945 as labour resulting in an overpayment of K3,945. No explanation was given as to why the contractor was paid K50,945 while there were some outstanding works.  As of December 2014, twenty (20) months after the expected completion date, the structure had been roofed with the rest of the works such as painting, glazing, and electrification among others still outstanding.  In addition, there was no evidence of procurement procedures having been followed when engaging the contractor.
		Construction of a Staff	Mustaraya	30.12.13	50,365	50,365	Construction of a Staff House at Nakempa	The contractor was paid the full labour price of K50,365 on 27 <sup>th</sup> December 2013 three days before the

		House at Nakempa (Labour Contract)		31.10.14 10 months				contract was signed on 30 <sup>th</sup> December 2013. As of December 2014, works had not been completed in that the following works were still outstanding: fitting of rubber stoppers, Installation of solar panel, wiring, fitting of electrical distribution box and electrification, glazing of two (2) glass panes to the storeroom windows, fitting of a ceiling board, two (2) grill gates to the outer doors, window burglar bars and painting of final coat.  As of August 2014, there was no explanation as to why the contractor was paid the full labour price before the contract was signed and works completed.
<b>North Western</b>	Mwinilunga	Construction of office Block-Kanyama Breeding Centre (Full Contract)	Alfa Agro General dealers	Not stated in the contract	227,500	56,871	Excavation, Sub-structure, Super Structure, Roofing, Carpentry works, Glazing , Electrical works, wall and floor finishes	As of December 2014 the structure was at gable level.  Contract did not state liquidated damages.
		Construction of Storage Shade-Kanyama Breeding Centre (Full Contract)	Jukachi Limited	Not Stated	243,605	69,000	Excavation, Sub-structure, Super Structure, Roofing, Carpentry works, Glazing , wall and floor finishes	As of December 2014, the structure was at gable level.  Contract did not state liquidated damages.



		Construction of 2 No. Workers houses- Kanyama Breeding Centre (Full Contract)	Jopco Construction Limited	Not Stated	227,827	57,000	Excavation, Sub-structure, Super Structure, Roofing, Carpentry works, Glazing , Electrical works, wall and floor finishes	As of December 2014, both houses were at gable level.  Contract did not state liquidated damages.
<b>Lusaka Province</b>	Lusaka	Construction of a low cost staff house at Chilanga fish farm. (Full Contract)	Prekon Trading Limited	20.03.13 13 weeks	324,976	97,492	Construction of low cost three (3) bed roomed staff house	As of November 2014, the construction of the staff house had stalled at ring beam level and the contractor was not on site.
	Lusaka	Construction of Breeding Centre (Full Contract)	LP Distributors Limited	23.10.13 22.01.14 13 weeks	814,053	200,000	Construction of a low cost three (3) bed roomed house, an artificial insemination house, a poultry house, a guard house, Solar and borehole installation, perimeter fencing	As of November 2014, ten (10) months after the expected completion date, the following works were still outstanding:  <b>1. Low Cost Staff House</b>  <ul style="list-style-type: none"> <li>• Painting the inside walls- Final coat</li> <li>• Installing taps for the bath tub in the master bedroom.</li> <li>• Completion of constructing the soak away.</li> <li>• Fitting man hole covers for septic tank and sewer lines.</li> </ul>

								<p><b>2. Artificial Insemination House</b></p> <ul style="list-style-type: none"> <li>• Painting the inside walls.</li> <li>• Installing taps in the kitchen.</li> <li>• Completion of installing a shower unit.</li> </ul> <p>It was further noted that 06 x aluminium window frames of varying sizes were specified in the bill of quantities.</p> <p><b>3. Poultry House</b></p> <ul style="list-style-type: none"> <li>• Painting the inside walls.</li> <li>• Installing electrical fittings in the house (including Control unit, wall switches, light bulb holders and sockets).</li> <li>• Installing chicken wire mesh.</li> </ul> <p><b>4. Guard House</b></p> <ul style="list-style-type: none"> <li>• Installing wall switches, light bulb holders and wall sockets.</li> <li>• Completion of painting the inside walls.</li> </ul> <p><b>5. Solar and Borehole Installation</b></p> <p>The contractor was in the process of connecting the project to the ZESCO electricity grid instead of installing solar power as indicated in the Bill of Quantities. No addendum was provided to support this change.</p> <p><b>6. Perimeter Fencing</b></p> <p>Works were still outstanding.</p>
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<b>Muchinga</b>	Chinsali	Construction of Medium cost houses at Mbesuma State Ranch (Full Contract)	Horizon Properties	01.02.2013 31.03.2013 twelve (12) weeks	803,096	783,019	Construction of 3 medium cost houses	<p>As of December 2014, the houses had been completed and were in use. However, the following were observed:</p> <p><b>House No 1</b></p> <ul style="list-style-type: none"> <li>• Paint on the wall outside the toilet was peeling off.</li> <li>• The front veranda floor had developed cracks.</li> <li>• The window to bedroom 2 was not opening.</li> </ul> <p><b>House No 2</b></p> <p>The kitchen window had no peg stay.</p> <p><b>House No 3</b></p> <ul style="list-style-type: none"> <li>• The window of bedroom 1 had cracks.</li> <li>• The drainage had developed cracks.</li> <li>• The floor of the veranda at the main entrance of the house had cracks and was peeling off.</li> <li>• The kitchen window had no peg stay.</li> </ul>
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**ii. Zambia College of Agriculture (ZCA)**

In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2012 and 2013, a total provision of K2,693,104 was made to cater for general administration activities for ZCA against which amounts totalling K2,191,865 were released leaving a balance of K501,238.

In addition, amounts totalling K2,501,007 were collected as student user fees and an amount of K27,000 was received as settlement of an insurance claim bringing the total funds available to K4,692,873.

**Accounting and Other Irregularities**

An examination of accounting and other related records maintained at the ZCA carried out in August 2014, revealed the following:

**i. Missing Receipt books**

Contrary to Financial Regulation No 10 (n), there were five (5) general receipt books that were not produced for audit as shown in the table below.

No.	Receipt Range	
	From	To
1	4646251	4646300
2	4646401	4646450
3	4646451	4646500
4	4646501	4646550
5	4646801	4646850

**ii. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, twenty four (24) payment vouchers in amounts totalling K105,726 processed during the period under review were not availed for audit.

**iii. Unsupported Payments**

Contrary to Financial Regulation No. 45 and 65 (1), payments in amounts totalling K711,241 involving one hundred and seventy seven (177) transactions processed during the year under review were not supported with relevant documents such as quotations, cash sale receipts and LPOs among others.

**iv. Irregular Payment of Allowances**

Contrary to Cabinet Office circular No. 11 of 2013 which abolished the payment of administrative allowances, amounts totalling K174,681 were paid to officers as day scholar allowances, marking allowances, student registration allowance, allowances for board meetings.

In addition, amounts totalling K9,383 were paid as out of pocket allowances to officers who worked within their normal station of duty (ZCA premises).

**v. Irregular Use of Accountable Imprest**

Financial Regulation No. 86 (c), states that, “Accountable Imprest is issued to facilitate the purchase of goods and services whose value cannot be ascertained at the time”. It was however observed that imprest in amounts totalling K101,556 was issued to twenty six (26) officers to purchase stationery, cleaning materials, spare parts, computer laptops, fuel and hire of transport, among others, whose values could have been ascertained at the time.

Further, the procurements were not subjected to procurements procedures in that no competitive quotations were obtained.

**vi. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K480,025 (General stores K319,087 and fuel costing K160,938) procured during the period under review had no receipt and disposal details.

**vii. Failure to Prepare Contracts for Part Time Lecturers and General Workers – ZCA Monze**

During the period under review, the College paid amounts totalling K31,930 to various part-time lecturers and General Workers as wages for the services offered to the college. However, there were no contracts produced for audit. As a result, it was difficult to ascertain the basis on which the part time lecturers and general workers were paid amounts totalling K31,930.

**HEAD: 89/09 Ministry of Agriculture and Livestock – Agribusiness and Marketing Department**

**UNIT: 4 Agriculture Finance and Credit Management**

**PROGRAMMES: 1253 Farmer Input Support Programme (FISP)**

**9001 FISP Electronic Voucher Pilot**

**ACTIVITIES: Various**

**61.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K499,972,003 was made for the purchase, distribution of inputs and the implementation of the E-voucher system under the Farmer Input Support Programme (FISP) against which K820,941,301 was released resulting in an over funding amounting to K320,969,298.

According to the financial statements (Statement C), as at 31st December 2013, a total amount of K819, 944,437 had been spent.

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

An examination of accounting and other records maintained at the Ministry Headquarters, Provincial Agriculture Coordinating Offices (PACOs), fifty one (51) District Agriculture Coordinating Offices (DACOs) and physical inspections of selected cooperatives and warehouses carried out from April to July 2014 revealed the following:

##### **a. Failure to Implement the E-Voucher System**

During the period under review, the Ministry received K110,491,885 for the procurement of 37,333.90 metric tonnes of farming inputs to benefit 241,000 small scale farmers on a pilot programme and the whole amount was released.

The E-voucher system was to benefit farmers in ten (10) pilot districts namely; Kalomo, Choma, Monze, Mazabuka, Chongwe, Mumbwa, Chibombo, Kabwe, Kapiri Mposhi and Ndola. The system was intended to use private sector suppliers/agro-dealers with a view to provide an opportunity to promote sustainable small-scale farmer and input market development through the private sector.

It was however observed that although a total amount of K110,491,885 was released to the Ministry for the implementation of the E-Voucher system out of which K1,915,804

was spent on sensitization and procurement of computers, the piloting of the programme in the 10 selected districts had not been done as of August 2014.

**b. Inadequately Supported Payments**

Contrary to Financial Regulation No. 45, one (1) payment in amounts totalling K30,720 made during the period under review were inadequately supported in that they lacked supporting documents such as receipts and acquittal sheets among others.

**c. Accounting for Revenue**

During the period under review, the Ministry collected amounts totalling K369,274,913 in respect of various inputs supplied to farmers. However the following were observed:

**i. Failure to Recover Funds from Beneficiaries**

A Scrutiny of Authority to Collect (ATC) and Authority to Deposit (ATD) forms, deposit slips and bank statements revealed that although the Ministry was expected to collect amounts totalling K44,082,800 from the beneficiaries in six (6) DACOs, only amounts totalling K42,017,075 were collected resulting in under collection of K2,065,725 as shown in the table below.

<b>District</b>	<b>Expected Revenue K</b>	<b>Actual Revenue K</b>	<b>Under Collection K</b>
Mkushi	6,232,200	6,230,600	1,600
Luano	3,257,000	3,230,200	26,800
Kabwe	10,583,200	10,513,200	70,000
Choma	12,352,200	11,934,475	417,725
Sinazongwe	1,612,200	1,588,600	23,600
Monze	10,046,000	8,520,000	1,526,000
<b>Total</b>	<b>44,082,800</b>	<b>42,017,075</b>	<b>2,065,725</b>

As of August 2014, the amount of K2,163,825 had not been collected from the beneficiaries.

**ii. Deposits Not Reflecting on Bank Statements**

A scrutiny of ATDs, deposit slips and bank statements revealed that although inputs in amounts totalling K79,500 were collected and purported to have been banked by one (1) co-operatives did not reflect on the bank statements as of 31<sup>st</sup> July 2014.

**d. 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 co-operatives and farmers and un-acquitted for inputs among others.

In particular, the following were observed:

**i. Late Delivery of Inputs**

The fertilizer and seed contractors were supposed to deliver the inputs between eight (8) and ten (10) weeks from the date of signing contracts. The planting season is from October to mid-December within which farmers would need inputs. However, it was observed that inputs valued at K58,412,600 were only delivered to the thirty six (36) districts between January and April 2014. See table below.



District	No. of Inputs						Total Cost of Inputs K	Period Delivered
	Fertilizer x 50Kgs bags	Maize x 10Kgs bags	Sorghum x 5kg	Rice x 10Kg	G/nuts x 10Kg	Cotton x 5Kg		
Ndola	28,780	6,745	600				2,878,000	1.01.14 – 28.03.14
Luanshya	9,867	2,130	445				986,700	1.01.14 – 28.03.14
Kitwe	14,760						1,476,000	1.01.14 – 28.03.14
Mufulira	12,510						1,251,000	1.03.14 – 15.02.14
Lufwanyama	19,690						1,969,000	1.03.14 – 28.03.14
Lusaka	28,796	-	-				2,879,600	17.12.13 – 12.02.14
Chilanga	24,368	-	420				2,436,800	20.12.13 – 10.01.14
Kafue	39,113	-	560				3,911,300	17.12.13 -25.02.14
Chirundu	9,849	-	400				984,900	03.01.14 – 29.01.14
Siavonga	3,020	-	-				302,000	14.01.14 – 14.02.14
Solwezi	22,100						2,210,000	22.11.13 -24.01.14
Kasempa	22000						2,200,000	22.11.13 – 24.01.14

Kabompo	11000						1,100,000	18.12.13 - 26.03.14
Mwinilunga	18600						1,860,000	16.12.13 -27.02.14
Mufumbwe	14400						1,440,000	16.12.13 – 14.03.14
Chinsali	2070	498		42	27		207,000	16.01.14 – 04.04.14
Chama	4,353	1,033		68	25		435,300	02.01.14 – 03.04.14
Nakonde	2,880	640		160			288,000	15.01.14 -12.03.14
Isoka	444	106		24			44,400	15.01.14 – 28.03.14
Mansa	4,246						424,600	24.12.13– 02.04.14
Samfya	1,768						176,800	24.12.13 – 10.02.14
Chienge	8,576						857,600	24.12.13 – 14.03.14
Kawambwa	4,975						497,500	24.12.13 – 31.01.14
Serenje	39,609						3,960,900	01.01.14 – 30.03.14
Itezhi tezhi	18,437					600	1,843,700	01.01.14 – 30.03.14
Mkushi	31,161						3,116,100	01.01.14 – 30.03.14

Luano	16,285						1,628,500	01.01.14 – 30.03.14
Kabwe		25,530			256	1,600	0	
Nyimba	5,043	1,050					504,300	01.02.14 – 12.03.14
Petauke	2,988	731					298,800	03.02.14 -23.03.14
Vubwi	3,624	906					362,400	02.02.14 – 11.03.14
Katete	2,632	654					263,200	06.02.14 – 19.03.14
Choma	53,477						5,347,700	16.12.13 – 28.03.14
Pemba	36,436						3,643,000	10.01.14 – 17.02.14
Sinazongwe	6,879						687,900	13.01.14 – 06.02.14
Chongwe	59,396	14,255	792				5,939,600	03.12.14 – 18.02.14
<b>Total</b>							<b>58,412,600</b>	

As a consequence of late delivery of inputs, it was observed in Chongwe that 752 x 5kg bags of sorghum seed had not been collected by farmers. As at the time of audit, June 2014, the seed was still in stock at Chongwe DACO's office.

## ii. Expired Inputs

A physical inspection carried out in July 2014 of the store rooms in which undistributed inputs were being stored revealed that bags of maize, rice, sorghum and groundnuts in six (6) districts costing K207,072 had expired as of April 2014 and no action had been taken to dispose of the expired inputs. See table below.

DISTRICT	INPUT	BAGS IN STORE	UNIT PRICE K	AMOUNT K	DATE OF EXPIRY
Chilanga	Maize	384	160	61,440	14-Apr
Siavonga	Maize	284	160	45,440	14-Apr
	Sorghum	403	14.5	5,844	14-Apr
	Maize	6	160	960	14-Apr
Solwezi	Rice	88	120	10,560	14-Apr
	Groundnuts	44	101.74	4,477	14-Apr
	Maize	212	160	33,920	14-Apr
Kaoma	Maize	230	160	36,800	14-Apr
Lukulu	Sorghum	416	14.5	6,032	14-Apr
Luampa	Maize	10	160	1,600	14-Apr
<b>Total</b>				<b>207,072</b>	

## iii. Unacquitted for Farming Inputs

Contrary to the FISP Implementation guideline No. 8.2.2, which requires that all inputs issued be signed for by the beneficiaries, it was observed that farming inputs costing K54,000 involving one hundred and fifty one (151) packs were issued to farmers from thirty one (31) farmer groups without being signed for.

## iv. Issuance of Inputs to Unqualified Co-operatives

FISP guideline No. 6.1.1 stipulates that beneficiary cooperatives of inputs should be registered with the Registrar of Societies and should have been active for at least one year and should operate a bank account, among others. However, it was observed that 1,269 packs costing K232,200 were issued to eighty eight (88) farmer groups that were not qualified in that the cooperatives were either not registered or had not existed for more than one year. See table below.

DISTRICT	No. of Farmer Groups	Packs issued	Cost K
Lufwanyama	4	73	29,200
Lundazi	3	34	12,800
Chadiza	9	118	45,600
Katete	11	134	53,600
Sinazongwe	61	910	91,000
<b>Total</b>	<b>88</b>	<b>1,269</b>	<b>232,200</b>

**v. Issuance of Inputs to Un-qualified Farmers**

Contrary to FISP guideline No. 6.1.2, inputs costing K209,300 were issued to seven hundred and five (705) farmers who were not registered with any cooperative as detailed in the table below.

Station	No. of Cooperatives	No. of Farmers	Total Cost K
Mongu	1	24	6,000
Chienge	44	168	16,800
Lundazi	1	10	4,000
Katete	1	64	25,600
Sinazongwe	14	335	127,200
Livingstone	11	51	17,000
Kazungula	5	53	12,700
<b>Total</b>	<b>77</b>	<b>705</b>	<b>209,300</b>

**vi. Undelivered Farming Inputs**

A comparison of quantities of inputs allocated to districts with quantities actually delivered revealed that inputs costing K1,571,070 were not delivered to fourteen (14) districts as of July 2014. See table below.

District	Input Type	Quantity Allocated	Quantity Supplied	Variance	Unit Price K	Total Amount K
Kitwe	Maize seeds 10kg	7,140	7,135	5	160	800
	Fertilizer 50kg bag	28,560	22,583	5,707	100	570,700
Chirundu	Sorghum seed	280	250	30	14.5	435
Siavonga	Sorghum seed	280	250	30	14.5	435
Mwinilunga	D- Compound	18,800	18,110	690	100	69,000
Kabompo	D-Compound	11,200	11,094	106	100	10,600
Kasempa	D-Compound	22,200	21,600	600	100	6,000
Lukulu	D-Compound	6,760	6,632	128	100	12,800
Mporokoso	Urea	16,800	16,758	42	100	4,200
Luwingu	D- Compound	20,400	20,184	216	100	12,600
Kabwe	Maize seed 10kg	27,642	25,530	2,112	160	337,920
Serenje	Urea	28,540	17,807	3,463	100	346,300
	Maize seed 10kg	14,270	13,604	663	160	106,080
Itezhi tezhi	Urea 50kg Bag	18,000	17,674.00	326	100	32,600
Vubwi	Urea 50kg bags	5,180	4,580	600	100	60,000
Mungwi	D-Compound 50Kg	27,360	27,354	6	100	600
<b>Total</b>		<b>253,412</b>	<b>231,145</b>	<b>14,724</b>	<b>1,609</b>	<b>1,571,070</b>

**vii. Unaccounted for Inputs**

A scrutiny of records in six (6) districts revealed that inputs costing K349,740 could not be accounted for in that there were no records of issuance to farmers or cooperatives such as Goods Issued Vouchers (GIVs), Authority to Collect (ATC) and Authority to Deposit (ATD) forms and there were no stocks on hand at the respective warehouses. See table below.

Station	Inputs		Amount K
	Fertilizer (50Kg bags)	Maize Seed (10kg bag)	
Kasempa	28		2,800
Nkeyema	81		8,100
Choma	0	194	31,040
Sinazongwe	147	32	14,700
Monze	972		97,200
Chongwe	1,959		195,900
<b>TOTAL</b>	<b>3187</b>	<b>226</b>	<b>349,740</b>

**viii. Failure to Replace Damaged Inputs**

During the period under review, inputs costing K28,300 were damaged in transit and had not been replaced by the two (2) suppliers as of July 2014. See table below.

District	Supplier	Input Type	Quantity Damaged	Unit Price K	Total Cost K
Lukulu	NCZ	D-Compound	15	100	1,500
Serenje- Chisebwa	Nyiombo	Urea	20	100	2,000
Mkushi – Masansa	Nyiombo	Urea	20	100	2,000
Kabwe – Kawayya	Nyiombo	Urea	142	100	14,200
Kabwe – Chililala	Nyiombo	Urea	18	100	1,800
Mambwe	NCZ	D-Compound	68	100	6,800
<b>Total</b>			<b>283</b>		<b>28,300</b>

**e. Operational Funds**

**i. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items costing K18,000 procured in Kaoma during the period under review.

**ii. Inadequately Supported Payments**

Contrary to Financial Regulation No. 45, two (2) transactions in amounts totalling K11,000 were not supported with relevant documents such as quotations, delivery notes, cash sale receipts and LPOs among others.

**HEAD: 90 Office of the President – Lusaka Province**

**PROGRAMMES: Various**

**ACTIVITY: Various**

**62.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K15,060,902 was made to cater for General Administration against which amounts totalling K13,266,604 were released.

According to Financial Statements (Statement C) for the financial year ended 31<sup>st</sup> December 2013, amounts totalling K13,190,688 had been spent.

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

An examination of accounting and other records maintained at Lusaka Provincial Administration and eight (8) district administration offices carried out in March 2014 revealed the following:

**a. Missing Payment Vouchers.**

Contrary to the Financial Regulation 65, nineteen (19) payment vouchers in amounts totalling K87,475 made during the period under review were not produced for audit. It was therefore difficult to ascertain the purpose for which the payments were made.

**b. Irregular use of Accountable Imprest**

Contrary to Financial Regulations No. 86 (c), which states that accountable imprest shall be issued to facilitate the purchase of goods and services whose values cannot be ascertained at the time, a total of K544,514 was issued to various officers as accountable imprest to purchase goods and services whose values were obtainable on the open market.

**c. Unsupported Payments**

Contrary to Financial Regulations No.45 and 52, sixty one (61) payments in amounts totalling K501,091 made during the period under review had no supporting documents such as local purchase orders, invoices and receipts among others.

**d. Irregular Payment of Lunch Allowances**

Contrary to Cabinet Office Circular No. 11 of 2013, which states that meal (lunch) allowance shall be paid to officers who travel away from their normal duty station on official duty for eight (8) hours or more but not including an overnight stay, a total of K85,280 was paid to officers performing duties at their normal working stations.

**e. Unaccounted for Stores**

Contrary to Public Stores Regulation No 16 and 18, stores items costing K388,588 procured during the year under review had no receipt and disposal details.

**f. Gifts for Traditional Ceremonies**

A total of K114,122 was paid as imprest to twenty one (21) officers to attend traditional ceremonies. A scrutiny of retirements submitted revealed that a total of K23,402 worth of various gifts purchased for the ceremonies were not acquitted by the recipients (their Royal Highnesses) or their representatives. In this regard, it was difficult to ascertain whether the gifts were presented to the intended beneficiaries.

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

**i. Unauthorised Fuel Drawings**

Fuel and lubricants costing K14,603 involving fifty (50) transactions were drawn by various motor vehicles without authority.

**ii. Unaccounted for Fuel**

Contrary to Public Stores Regulation No. 16, fuel costing K92,497 procured during the year under review had no disposal details.

**iii. Irregular Withdrawal of Fuel**

PSMD Circular No. B 22 of 2013, stipulates that super scale officers of salary grades O to R or the equivalent and officers in salary grades L to N and equivalent shall be assigned with personal-to-holder vehicles as well as be entitled to 60% and 30% respectively of their monthly basic salary for fuel allowance per month to cater for local travels undertaken within their district.

Contrary to the Circular, ten (10) motor vehicles assigned to officers in salary grades L to N drew fuel costing K200,064.

In his response dated 18<sup>th</sup> June 2014, the Controlling Officer stated that due to the shortage of transport in the District, the same vehicles were used for operations outside their stations by other members of staff especially for urgent assignments or when called to attend to Government business in Lusaka.

However, there was no documentary evidence such as log books availed for audit.



**h. Failure to Remit Tax to ZRA**

Contrary to the Income Tax Act (Cap 323), amounts totalling K14,541 deducted from an officer as PAYE during the period under review had not been remitted to the Zambia Revenue Authority as of June 2014.

**i. Undelivered Furniture**

During the period from September to December 2013, amounts totalling K7,180 were paid to two (2) suppliers to supply furniture as shown in the table below.

Date	Payee	Amount K	Details
16/09/2013	Alpha Office Furniture Ltd	4,000	1 office chair and 1 office table – Chirundu DC
18/12/2013	Mikalile Trading Ltd	3,180	2 office tables – Rufunsa DC
	<b>Total</b>	<b>7,180</b>	

However, as of November 2014, the furniture had not been delivered.

**HEAD: 90/01 Office of the President – Lusaka Province - Headquarters**

**PROGRAMME: General Deposit Account**

**ACTIVITIES: Various**

- 63.** During the financial year ended 31<sup>st</sup> December 2013, a total amount of K1,177,542 was received by the Provincial Administration for various activities as shown in the table below.

Project	Amount K	Department	Details
Drafting the Zambian Constitution	588,100	Ministry of Justice	Lusaka Provincial Constitution Convention
Rehabilitation of Kabwata Cultural village	100,000	Ministry of Tourism and Arts	Rehabilitation of Kabwata Cultural village
Distribution and Monitoring of Youth Development fund	100,000	Ministry of Youth and Sports	Administrative purposes, i.e. stationery, Print forms for distribution, field appraisal youth Dev. Fund, Youth day celebrations
Rehabilitation and Reintegration of street children	97,000	Ministry of Gender and Child Development	Street children rehabilitation and reintegration programme, International day of Girl child
Operations funds	75,000	Ministry of Chiefs and traditional Affairs	Chiefs and traditional affairs funds for operations of the departments
Presidential visit funds	61,300	Cabinet Office	Presidential Visit to Luangwa
Food Security	58,356	Ministry of Community Development, Mother and Child Health	Monitoring the implementation of food security pack, Women empowerment
Re-imbursements	35,024	Provincial Administration	Re-imbursements
Tree Planting	24,000	Forestry Department	Tree planting in Chilanga
Talent Identification	20,000	Ministry of Tourism and Arts	Talent identification program under 20th UNWTO General Assembly
Re-imbursements	18,762	Provincial Administration	Refund from RDC's
<b>Total</b>	<b>1,177,542</b>		

As of 31<sup>st</sup> December 2013, amounts totalling K1,016,634 had been spent.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in March 2014 revealed the following:

#### **a. Rehabilitation of Kabwata Cultural Village**

An amount of K100,000 was disbursed to cater for the rehabilitation of sixteen (16) chalets at Kabwata Cultural Village. The scope of works included thatching, finishing (plastering bases), painting, decorating and glazing with a completion period of eight (8) weeks commencing 1<sup>st</sup> December 2013.

As of March 2014, amounts totalling K76,260 had been spent on the procurement of the materials, labour and allowances for supervision. However, a physical inspection carried out in June 2014 revealed that works had not been completed in that four (4) chalets had not been thatched, painting and decorating valued at K7,005 had not been done for all the

chalets, glazing valued at K1,500 had not been done and a crack in one of the chalets had not been mended. See picture below.



*Crack on wall on one of the chalets*

**b. Unaccounted for Stores - Youth Day Celebrations**

Contrary to Public Stores Regulation No. 16, twenty t-shirts costing K4,800 procured for the Youth Day celebrations could not be accounted for in that there were no disposal details.

**c. Failure to Retire Accountable Imprest – Chiefs Affairs**

Contrary to Financial Regulation No. 96, accountable imprest of K7,000 issued to an officer for general administrative expenses and chiefdom development had not been retired as of August 2014.

**HEAD: 90 Office of the President – Lusaka Province**

**PROGRAMME: Poverty Reduction Programme (PRP)**

**ACTIVITY: Various**

**64.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K5,033,772 was made to cater for Poverty Reduction Programmes against which amounts totalling K2,930,482 were released resulting in an underfunding of K2,103,290.

According to the Financial Statements (Statement C), for the financial year ended 31<sup>st</sup> December 2013, amounts totalling K2,930,482 had been spent.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration Office and a physical inspection of projects carried out in March 2014 revealed the following:

**a. Construction of a Guard House at the Provincial Administration Office**

On 2<sup>nd</sup> December 2013, the Provincial Administration engaged Teelisy Investments for the construction of a Guard House at the Provincial Administration Office at a contract sum of K47,258. As of March 2014, the full amount of K47,258 had been paid to the Contractor.

However, a physical inspection carried out in June 2014 revealed that the installation of the geyser, electrical and sanitary fittings had not been done.

**b. Construction of Community Hall – Shibuyunji District**

On 4<sup>th</sup> November 2013, a sum of K40,697 was paid to Shibuyunji District Women Association for the construction of a community hall.

As of March 2014, amounts totalling K39,000 had been spent leaving a balance of K1,697.

However, the following were observed:

**i. Unaccounted for Funds**

Out of the K39,000 spent by the Association, an amount of K1,600 was not unaccounted for in that there were no expenditure details and no cash was found on hand.

**ii. Unaccounted for Building Materials**

There were 19 x 50 kg pockets of cement costing K1,235 that were not accounted for in that there were no disposal details availed for audit.

A physical inspection carried out in June 2014 revealed that the structure had no concrete slab as per schedule of materials provided thereby compromising the strength of the structure. See picture below.



*Community Hall under construction in Shibuyunji District*

**c. Wasteful Expenditure - Drilling of Emergency Boreholes**

In July 2013, the Lusaka Provincial Administration through the Provincial Water Affairs Unit, engaged Zambezi Drilling Company to sink three (3) emergency boreholes in the province at National In-Service Training College (NISTCOL), Kafue General Hospital and Chainda Clinic at a total cost of K50,240.

In addition, an amount of K10,560 was spent on the procurement of hand pump sets (K9,000) and cement (K1,560). Although the boreholes were drilled, the hand pumps had not been installed as the three (3) affected institutions preferred submersible pumps. In this regard, the expenditure of K10,560 incurred on the procurement of hand pumps and cement was wasteful.

**d. Rehabilitation of Dams**

**i. Rehabilitation of Sikongo Dam**

On 19<sup>th</sup> December 2013, Halifax Investments Ltd was engaged to rehabilitate Sikongo Dam in Chirundu District at a contract sum of K260,961 with a completion period of 14 working days.

The scope of works comprised closing of the left bank spill way, opening up right bank spill way, construction of contour ridge on the left bank and leveling the crest.

As of March 2014, the contractor had been paid a total of K159,240.

A physical inspection of the works carried out in June 2014 revealed that the works had not been completed and the contractor was not on site.

In particular, the following were observed:

- Only 20 m of the spill way was cleared from the required 50 m, and
- Of the 20 m cleared, stumps of shrubs were protruding in the basin of the spill way.



*Shrubs in the spill way - Sikongo Dam*

Although in his response dated 18<sup>th</sup> June 2014, the Controlling Officer stated that the time frame of fourteen (14) days was extended because of the challenges faced by the contractor as the earth moving equipment that was being used kept getting stuck due to the wet conditions of the soil at that time, no evidence on the extension was availed for audit.

## ii. **Rehabilitation of Zemba Zemba Dam**

On 19<sup>th</sup> December 2013, Lavio Construction Ltd was engaged to rehabilitate Zemba Zemba Earth Dam in Chirundu District at a contract sum of K508,786 with a completion period of twenty one (21) working days commencing 30<sup>th</sup> December 2013.

The scope of works comprised excavation of foundation trench, reinforced concrete (construction of drop structure sill) and silt removal from reservoir area.

A physical inspection of the works carried out in June 2014 revealed that the contractor was not on site and the works had not been completed in that the retaining wall and the head wall for the drop structure was not built.

In addition, there were defects on the walls as follows:

- The seal on the spill way was eroded and the foundation exposed,
- The soil embankment at the end of the drop structure was washed away and formed a gully exposing the foundation of the structure, and
- The drop structure had developed cracks about 3 m from the end point.

See pictures below.



*Original Crack*



*Mended crack on head wall*



*Gully at end of head wall*

**HEAD: 90/03 Office of the President – Lusaka Province – Rural Roads Unit**

**PROGRAMME: 6011 Infrastructure Development**

**ACTIVITIES: Various**

65. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K13,487,955 was made for infrastructure development under the Rural Roads Unit (RRU) against which amounts totalling K13,312,958 were released resulting in an underfunding of K174,997. In addition a total amount of K175,000 was brought forward from 2012, bringing the total available funds to K13,487,958.

According to the Financial Statements (Statement C), a total amount of K8,016,804 was spent from the available funds leaving a balance of K5,296,154 as of 31<sup>st</sup> December 2013.

#### **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 May 2014 revealed the following:

**a. Unsupported Payments**

Contrary to Financial Regulation Nos. 45, 52 and 65, fourteen (14) payments in amounts totalling K375,385 were inadequately supported with relevant documents such as acquittal sheets, attendance register, receipts and invoices.

**b. Unrecovered Funds Paid in Advance to the Filling Station.**

On 17<sup>th</sup> December 2013, the Provincial Administration paid an amount of K36,600 to Petrolink Ltd as an advance payment for fuel and lubricants for the rehabilitation of Kabanana to Chisakila Road in Kafue District.

Although the Filling Station had been closed in February 2014, as of November 2014, only K20,290 had been recovered leaving a balance of K16,310.

**c. Undelivered Stores Items**

During the period from July to December 2013, amounts totalling K197,085 were paid to four (4) suppliers for the purchase of various stores items. However, as of June 2014, items costing K101,266 (Marinda Trading – K29,700; Southern Wave Company – K12,200; Fonda Auto Marketing Enterprises – K56,350 and Nichom Business Consulting and Trading – K3,016) had not been delivered.

**d. Unaccounted for Spare Parts**

Contrary to Public Stores Regulation No. 16, spare parts and lubricants costing K164,539 procured during the period under review had no disposal details.

**e. Failure to Execute Funded Projects.**

During the period under review, amounts totalling K1,328,528 were funded for the execution of eleven (11) road projects. However, as of May 2014, the works had not commenced. See table below.

Activity	Authorised Provision K	Releases K
220 Grading - 10km Munali Constituency Roads	107,690	175,796
225 Heavy Grading - D566 Road	106,000	123,037
455 Grading - 23km Chomba Road	209,000	132,176
461 Grading 35km - Chakwenga Mine Road	209,000	132,176
465 Heavy Grading - 15kms Chipako Road	114,833	72,623
476 Regravelling - 9km Mukamambo II Road	106,000	67,037
581 Grading - Mongu/ Shimabala Road	218,200	137,994
583 Grading - Selected Roads in Lusaka Central Constituency	107,690	175,796
585 Grading Palabana-Moono Road	106,000	67,037
900 Grading and Spot Regravelling - Chishiko/ Kabeleka Road	106,000	67,037
903 Heavy Grading and Spot Gravelling - 15km Other Roads in Chilanga	123,050	177,819
<b>Total</b>	<b>1,513,464</b>	<b>1,328,528</b>

**f. Rehabilitation of Roads in Various Districts in Lusaka Province.**

During the year under review, a sum of K4,069,352 was allocated for the rehabilitation of twenty two (22) road projects in Lusaka Province out of which a sum of K2,742,254 was spent leaving a balance of K1,327,098. Further, there was poor workmanship on some roads as detailed in the table below.



Project	Releases  K	Amount Spent  K	Scope of Works	Observations
D177 Kalubwe Road	173,037	176,722	Grading and spot graveling of 25.4 km	<p>A physical inspection carried out in August 2014 revealed that a stretch of 25.4 km was done. The following observations were made:</p> <ul style="list-style-type: none"> <li>• Depression in the carriageway at +7.4km, +10.8km and +12.4km</li> <li>• Shoving at +13.7 km</li> <li>• Gully formation at +7.4 km and +22.5 km</li> </ul>
D158 Old Kafue road. (Kafue to Lusaka)	190,000	182,300	Heavy grading and re-gravelling of a stretch of 25.7 km of the road.	<p>A physical inspection carried out in August 2014 revealed that a stretch of 25.7 km was done. The following observations were made:</p> <ul style="list-style-type: none"> <li>• Road eroding on left bank of road next to a culvert at +11.7 km.</li> <li>• Gravel dumped but not spread at an installed culvert at +19.5 km.</li> <li>• Deformed road carriageway at 21.4 km.</li> <li>• Potholes at +23.5 km and +24.3 km.</li> </ul>
D170 Old Mumbwa Road	185,552	101,950	Heavy grading of 13 km of Old Mumbwa road	<p>A physical inspection carried out in August 2014 revealed that a stretch of 26.7 km was done. However, the following was observed:</p> <ul style="list-style-type: none"> <li>• Cracked wing wall at +14.4 km</li> <li>• Exposed granite at +1.2 km and +2.9 km.</li> </ul>

D482 Chiawa Road and Chiawa/ Malilansolo Road (Ngombe Ilede Road and Ibwe Munyama Road).	234,628	118,893	Heavy grading	<p>A review of records revealed that the roads were part of the road network to be upgraded to tarmac under the Link Zambia project. As a result, the Rural Roads Unit varied the funds to grade Ngombe Ilede Road and 28 km of Ibbwe Munyama road in Chirundu district. A total expenditure of K118,893 was incurred.</p> <p>A physical inspection carried out in August 2014, revealed the following:</p> <p><b>Ngombe Ilede Road – 26.4 km</b></p> <ul style="list-style-type: none"> <li>• Gullies formed at +13.5 km</li> <li>• No works were done from +13.5 km to +23.4 km</li> <li>• Damaged culverts at +26.2 km.</li> </ul> <p><b>Ibwe Munyama Road - 18.2km</b></p> <ul style="list-style-type: none"> <li>• Erosion of the road at +5.6 km, +6.2 km, +9.4 km, +12.7 km, +13.2 km, +13.8 km, and +17.8 km.</li> <li>• Gullies formed at +5.3 km, +5.4 km, +10.9 km, +15.2 km, +17.5 km, and +17.8 km.</li> <li>• Protruding stones/ rocks at +18.0 km - dumping laterite (gravel) required. See picture below.</li> </ul> <div data-bbox="1260 1109 1551 1292" data-label="Image"> </div> <p><i>Protruding stones/ rocks at +18.0 km</i></p>
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Grading 20 km of Feeder roads - Chongwe	278,962	65,800	Grading and spot gravelling 20 km of roads in the district	<p>A total of 28.4 km of roads in the district had been covered.</p> <p>A physical inspection carried out in August 2014, revealed the following:</p> <p><b>Mutumbisha Road - 8.6 km</b></p> <ul style="list-style-type: none"> <li>Gullies formed at three (3) points, namely +2.7 km, +4.9 km, and +6.1 km.</li> <li>Depressions forming at +1.2 km, +1.6 km, +1.8 km, +3.4 km, +4.4 km, +5.2 km, +5.7 km, +6.8 km, and +6.9 km.</li> <li>Wheel ruts at +3.0 km, and +6.0 km.</li> </ul> <p><b>Chishiko Kabeleka Road - 5.5 km</b></p> <ul style="list-style-type: none"> <li>Depressions forming at +0.9 km and at +3.8 km.</li> <li>Gullies at three (3) points, namely at +0.6 km, +2.6 km, and +3.7 km.</li> <li>Wheel ruts at +1.1 km, +1.2 km, and +2.9 km.</li> </ul> <p><b>Nchute - Lukoshi Road - 4.3 km</b></p> <ul style="list-style-type: none"> <li>Depressions forming at +0.4km, +0.8km, +2.2km, +2.6km, +3.3km, and +3.9km.</li> <li>Gullies at three (3) points, namely at +0.6km, +1.0km, +1.4km, and +3.8km.</li> <li>Wheel ruts at +2.2km, +2.5km, +2.7km and +4.0km.</li> </ul> <p><b>Mpango Road - 7.8 km</b></p> <ul style="list-style-type: none"> <li>Wheel ruts at +0.9km, +2.2km, and +7.6km.</li> <li>Depressions forming at +2.9km, +3.5km, +3.7km, +5.0km, +5.5km, +5.9km</li> </ul>
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				<p><b>Waterfalls Road - 10.0 km</b></p> <ul style="list-style-type: none"> <li>• Potholes at +3.9km, +4.1km, +4.4km, +5.4km, +6.5km, +5.9km</li> <li>• Culvert collapsed and side drainage blocked at +5.0km</li> </ul> <p><b>Mukamambo II Road - 10.0 km</b></p> <ul style="list-style-type: none"> <li>• Gullies at +0.3km, +0.75km, and +2.5km.</li> <li>• Eroding road sides at +0.5km.</li> <li>• Wheel ruts at +2.2km.</li> <li>• Depressions forming at +1.2km, +2.3km, +2.7km, and +2.8km.</li> </ul>
Grading and Spot Re-Gravelling – Other Roads in Luangwa	308,593	65,800	Grading and spot re-gravelling 50 km of other roads in the district.	<p>A physical inspection carried out in August 2014 revealed that thirteen (13) roads with a total distance of 46.8 km had been graded. However the following were observed:</p> <p><b>Mulamba – Chikokola Road</b></p> <ul style="list-style-type: none"> <li>• Depressions forming at +0.3km, +1.7km, +1.8km, +2.0km, +3.7km, +3.8km +3.9km, +4.2km, and +4.3km.</li> <li>• Wheel ruts at +0.9km, +1.1km, +2.0km, and +2.3km.</li> </ul> <p><b>Engine Road</b></p> <ul style="list-style-type: none"> <li>• Depressions forming at +0.3km, and +0.6km.</li> </ul> <p><b>Mangelengele Road</b></p> <ul style="list-style-type: none"> <li>• Gullies formed at +3.6km, and +4.1km</li> <li>• Road deformed at +4.7km.</li> <li>• Depressions forming at +3.4km, +3.5km and +4.5km.</li> </ul>

				<p><b>Janeiro Road</b></p> <ul style="list-style-type: none"> <li>• Depressions forming and potholes at +3.3km, +3.6km, and 7.9km.</li> <li>• Gullies formed at +0.1km, +0.2km, and +0.3km.</li> </ul> <p><b>Hospital Road</b></p> <ul style="list-style-type: none"> <li>• Protruding granite at +0.3km.</li> <li>• Gullies formed at +0.9km, +1.2km, +1.3km, +1.4km, +1.7km, +2.0km, and +2.4km.</li> </ul> <p><b>Chilombwe Road</b></p> <ul style="list-style-type: none"> <li>• Granite protruding at +9.9km, +10.1km, +13.0km, and +13.1km</li> <li>• Pothole at +18.4km</li> </ul>
D164 Road- Chilanga District	134,073	41,700	Light grading of 32.5 km of the road	<p>A physical inspection carried out in August 2014 revealed that works were complete. The following were observed:-</p> <ul style="list-style-type: none"> <li>• Gullies at +0.1km, +0.4km, and +4.2km.</li> <li>• Depressions forming at +0.6km, +0.8km, +1.3km, +2.2km, +3.0km, +3.6km, +4.0km, +8.3km, +10.6km, and +26.5km.</li> <li>• Wheel ruts at +0.8km, +1.3km, +2.2km, +2.6km, +13.7km and +23.2km.</li> </ul>
Kacheta Road- Chilanga District	134,073	130,800	Heavy grading and spot graveling of 12 km of Kacheta Road	<p>A physical inspection carried out in August 2014 revealed that a stretch of 23.5 km road was done. However, the following was observed:</p> <ul style="list-style-type: none"> <li>• Gully formation at +12.4km.</li> </ul>

				<ul style="list-style-type: none"> <li>• Eroding road sides at +4.7km, +7.6km, +11.3km, and +17.6km.</li> <li>• Depressions forming at +13.7km, 14.9km, +16.3km, +18.2km, +19.1km, and +20.8km.</li> <li>• Wheel ruts at +17.6km.</li> <li>• Granite exposed at +21.8km and +22.9km.</li> </ul>
Nampundwe Road Shibuyunji District	267,514	153,800	Heavy Grading, Spot Gravelling and Culvert Installation - 20km	A physical inspection carried out in August 2014 revealed that a stretch of 22km of the road was done. It was also observed that the road had Poor back filling and two (2) broken head walls where two (2) culvert installations were made at +2.5km and +8.34km.
Kabanana/ Chisakila Road - Kafue District	167,592	398,240	Heavy grading, and spot gravelling - 17km	<p>A physical inspection carried out in August 2014, revealed that a stretch of 14 km was done.</p> <p>The following was observed:</p> <ul style="list-style-type: none"> <li>• Wheel ruts at +0.4km and +6.0km.</li> <li>• Gullies formed at +1.2km, +6.3km, +6.7km +7.1km, and +8.1km.</li> <li>• Erosions at +2.3km, +4.7km, +7.6km and 8.6km.</li> <li>• Culvert at +3.7km washed away.</li> </ul> <div data-bbox="1171 1144 1713 1352" data-label="Image"> </div> <p><i>Washed away bridge and culverts at +3.7km</i></p>

Grading - 20km Other Roads in Chirundu	252,353	403,901	Grading 20 km	<p>Physical inspections carried out in August 2014 revealed the following:</p> <p><b>Kapululira Road – 4.2km</b></p> <ul style="list-style-type: none"> <li>• Gullies formed at +2.2km, +2.3km, +3.2km, and +3.6km.</li> <li>• Potholes at +2.0km.</li> <li>• Erosion at +3.0km.</li> <li>• Wheel ruts at +3.9km.</li> </ul> <p><b>Hospital Road (Off Chiawa Road) – 1.8km</b></p> <ul style="list-style-type: none"> <li>• Gullies formed at +1.3km and +1.4km.</li> <li>• Depressions forming at +0.3km.</li> <li>• Erosion at +0.2km, +0.5km, +1.2km, and +1.7km.</li> <li>• Wheel ruts at +0.8km.</li> </ul> <p><b>Hospital Road (Off T2 Chirundu Road) – 2.0km</b></p> <ul style="list-style-type: none"> <li>• Potholes at +0.6km.</li> <li>• Gullies formed at +1.8km, and +1.9km.</li> <li>• Erosion at +0.3km, +1.4km, +1.6km and +1.7km (for 0.2km).</li> </ul>
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**HEAD: 91 Office of the President – Copperbelt Province**

**PROGRAMME: General Administration**

**ACTIVITIES: Various**

**66.** In the Estimates of Revenue and Expenditure for the year ended 31<sup>st</sup> December 2013, a provision of K11,499,482 was made to cater for the Recurrent Departmental Charges against which amounts totalling K11,821,376 were released.

According to the financial statements (Statement C), as 31<sup>st</sup> December 2013, amounts totalling K7,946,532 had been spent.

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

An examination of accounting and other records maintained at the Provincial Administration and district offices, carried out in March 2014, revealed the following:

**a. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, two (2) payments in amounts totalling K13,399 were not presented for audit.

**b. Unsupported Payments**

Contrary to Financial Regulation No. 52, one hundred and twenty three (123) payments in amounts totalling K741,397 made during the period under review were not supported with relevant documents such as receipts and invoices among others.

**c. Operations of District Commissioners Offices**

**i. Unaccounted for Disbursements**

During the period under review, the Provincial Administration received amounts totalling K1,113,504 for onward disbursement to seven (7) District Commissioners' Offices. However, only K777,765 was disbursed to the Districts, leaving a balance of K335,739 which was utilised at the Provincial Administration. See table below.



<b>District</b>	<b>Releases to PACU K</b>	<b>Releases to DC's K</b>	<b>Variances K</b>
Chingola	159,072	110,830	48,242
Kalulushi	159,072	109,001	50,071
Kitwe	159,072	110,830	48,242
Luanshya	159,072	105,601	53,472
Lufwanyama	159,072	109,001	50,071
Masaiti	159,072	126,903	32,169
Mpongwe	159,072	105,601	53,472
<b>Total</b>	<b>1,113,504</b>	<b>777,765</b>	<b>335,739</b>

**ii. Unvouched Expenditure**

Contrary to Financial Regulation Nos. 45 and 52, twenty one (21) payment vouchers in amounts totalling K65,369 were unvouched in that they lacked supporting documents such as receipts, invoices, leave forms, acquittal sheets and transfer letters.

**iii. Unretired Imprest**

Contrary to Financial Regulation No. 96(1), Imprest in amounts totalling K223,062 involving thirty (30) transactions had not been retired as of July 2014.

**iv. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, stores items costing K123,877 procured during the period under review had no receipt and disposal details.

**HEAD: 91 Office of the President – Copperbelt Province**

**PROGRAMME: General Deposit Account**

**ACTIVITIES: Various**

67. During the financial year ended 31<sup>st</sup> December 2013, a total amount of K3,935,427 was received in the General Deposit Account by the Provincial Administration for various activities as shown in the table below.

Source	Purpose	Amount K
Cabinet office	Rehabilitation of Lukanga North roads	119,750
Cabinet office	Independence day celebrations	136,325
Ministry of Chiefs and Traditional Affairs	Retainers wages and office operations	229,940
Ministry of Mines	Rehabilitation of forestry research lab	100,000
Ministry of Tourism	Construction of Masala Cultural Village	500,000
Auditor General	rehabilitation of office of the Auditor General-Ndola	115,802
Ministry of Sport	COSAFA Hosting	1,778,366
Ministry of Gender	Removal of street kids	100,000
Cash and cheque deposits	administration of account and events like shows and trade fair	434,021
Permanent Secretary	return of borrowed funds	421,223
<b>TOTAL</b>		<b>3,935,427</b>

In addition, an amount of K642,935 was brought forward from the previous year bringing the total funds available to K4,578,362

A total of K4,401,291 had been utilised as of 31<sup>st</sup> December 2013.

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

An examination of accounting and other records maintained at the Provincial Administration Office and an inspection of selected projects carried out in February 2014 revealed the following:

##### **a. Failure to Reimburse Borrowed Funds**

During the period under review, amounts totalling K279,657 were borrowed from the General Deposit Account. As of December 2014, the funds had not been reimbursed.

**b. Works at the Levy Mwanawasa Stadium Car Park**

In Paragraph 52(d) of the Auditor General's Report on the Accounts for the financial year ended 31<sup>st</sup> December 2012, mention was made of the poor workmanship on the Levy Mwanawasa Stadium Car Park.

In their recommendation to the 3<sup>rd</sup> Session of the 11<sup>th</sup> National Assembly, the Public Accounts Committee urged the Controlling Officer to strongly caution the officers involved in the certification of shoddy works and to ensure that the works are redone to correct the defects that were observed.

A review of the situation in December 2014, revealed the following:

- The recommendation by the Public Accounts Committee on the officers involved in the certification of shoddy works had not been implemented.
- A physical inspection of the Car Park revealed that the defects had not been corrected as some parts of the area was overgrown with grass while some parts had depressions. See pictures below



*Part of the worked on car park*



*Worked on car park*

**c. Rehabilitation Works at Fatima Girls**

In 2012, a total amount of K352,000 was released for the concrete Terrazzo Floor Finishing and Drainage works at Fatima Girls School.

In August 2012, the Provincial Administration through the Ministry of Works and Supply (Buildings department) engaged Orbit Suppliers and Contractors Limited to carry out rehabilitation works at a contract sum of K357,644. The scope of works included, Demolitions, Concrete Slab, Concrete Terrazzo, Concrete Brick Paving, Dish Drain and Concrete Apron.

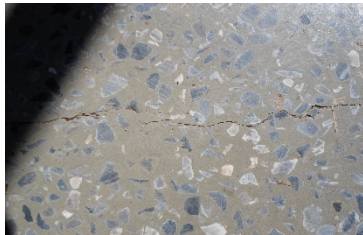
As of February 2013, the contractor had been paid a total amount of K336,885 representing 98% leaving a balance of K20,759.

However, the contract did not have a defect liability clause.

A physical verification carried out in December 2014 revealed that although the works had been completed and the machinery demobilised, the following were observed:

- The terrazzo was cracking
- The concrete slab was cracked
- The spoon drain was cracked and peeling

See pictures below.



*Cracked terrazzo*



*Cracked spoon drain*



*Peeling concrete*

#### **d. Renovation of Riverside Forest Research Laboratories**

During the year under review, a sum of K332,987 was received by the Province for the renovation of Riverside Forest Research Laboratory. However, as of December 2013, despite the project being funded, the laboratory had not been renovated. Records examined showed that only K177,071 was available in the account while the balance of K155,916 was part of the funds borrowed and had not been reimbursed as of December 2014.

**HEAD:** 91/03 Office of the President, Copperbelt  
**PROGRAMME:** Poverty Reduction Programmes (PRP)  
**ACTIVITIES:** Various

**68.** In the Estimates of Revenue and Expenditure for the year ended 31<sup>st</sup> December 2013, a provision of K8,537,063 was made to cater for activities under the Poverty Reduction Programme (PRP) against which amounts totalling K6,432,610 were released resulting in an under funding of K2,104,453.

#### **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 July 2014 revealed the following:

**a. Unsupported Payments**

Contrary to Financial Regulations No 52, six (6) payment vouchers in amounts totalling K59,075 were not supported by relevant documentation such as receipts and invoices among others.

**b. Irregular Payment - Purchase of a Dredger**

On 31<sup>st</sup> December 2013, the Provincial Administration paid Jeremy Enterprise Limited an amount of K2,967,275 as a down payment for the purchase of a dredger.

However, the payment was irregular in that at the time of payment, there was no contract entered into between Jeremy Enterprises Limited and the Provincial Administration. The contract was only signed on 3<sup>rd</sup> January 2014.

**c. Rehabilitation of Masaiti Dam**

During the period under review, amounts totalling K130,750 were released for the rehabilitation of the Masaiti Dam. The scope of works included vegetation control on the embankment crest, levelling of the embankment spillway, river channel, passage of canal, hauling of earth materials and installation of low flow pipes and construction of a foot bridge among others.

As of December 2013, amounts totalling K87,984 had been spent on the procurement of materials and payment of allowances.

However, the following were observed:

- i. Building materials costing K20,442 procured from Lloyd Baldwin Zambia Limited in December 2013 had not been delivered as of March 2014.
- ii. A physical inspection carried out in March 2014 revealed that despite a sum of K87,984 being spent, no works had been done on the dam. See picture below.



*The Spill Way*

**HEAD: 91 Office of the President, Copperbelt**

**PROGRAMME: Rural Roads Unit**

**ACTIVITIES: Various**

**69.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K10,312,955 was made to cater for various activities under the Rural Roads Unit (RRU) and the whole amount was released.

#### **Accounting and Other Irregularities – Rural Roads Unit**

An examination of accounting and other records maintained at the Provincial Administration carried out in July 2014 revealed the following:

**a. Unsupported Payments**

Contrary to Financial Regulation No. 52, three (3) payments in amounts totalling K193,770 made during the period under review were not supported with relevant documents such as receipts and invoices among others.

**b. Undelivered Stores**

During the period under review, amounts totalling K2,579,332 were paid to various suppliers for the supply of various stores items. However, as of December 2014, the items had not been delivered.

**c. Unaccounted for Fuel**

Contrary to Public Stores Regulation No. 16, fuel and lubricants costing K2,198,130 procured in November and December 2013 was not accounted for in that there were no disposal details thereby making it difficult to ascertain how the fuel was utilised.

**d. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K7,750 issued to an officer during the period under review had not been retired as of December 2014.

**e. Failure to Supply a Grader**

On 29<sup>th</sup> November 2013, Remus Industrial Limited was engaged to supply and deliver a Caterpillar grader at a contract sum of K1,628,431 with a delivery period of eight (8) weeks. On 30<sup>th</sup> December 2013, the contractor was paid in full.

Although the supplier was paid in full, as of July 2014, the grader had not been supplied.

**HEAD: 92/03 Office of the President – Central Province – Rural Roads Department**

**PROGRAMME: Infrastructure Development**

**ACTIVITIES: Various**

**70.** In the Estimates of Revenue and Expenditure for the Financial year ended 31<sup>st</sup> December 2013, a total provision of K12,000,000 was made for the implementation of various activities under the Rural Roads Unit and the whole amount was released. See table below.

<b>Activity</b>	<b>Budget K</b>	<b>Release K</b>
Maintenance of Buildings & Plant	2,000,000	2,000,000
Rehabilitation of Feeder Roads in Districts	7,000,000	7,000,000
Acquisition of Specialised Equipment	3,000,000	3,000,000
<b>Total</b>	<b>12,000,000</b>	<b>12,000,000</b>

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration Office and a physical inspection of selected projects carried out in January 2014 revealed the following:

**a. Undelivered Stores Items**

Stores items costing K100,722 procured from various suppliers during the period under review had not been delivered as of June 2014.

**b. Unaccounted for Fuel**

Contrary to Public Stores Regulation No. 16, fuel costing K543,720 procured on 31<sup>st</sup> December 2013 for use on Ngabwe Road was not accounted for in that there were no disposal details availed for audit.

**c. Fuel Drawn by a Non Runner Vehicle – GRZ 893 CB**

During the period from 12<sup>th</sup> November 2013 to 20<sup>th</sup> February 2014, 1,504.5 litres of diesel costing K13,842 were drawn in respect of motor vehicle GRZ 893 CB. However, records at the Controller of Government Transport indicated that the vehicle had been a non-runner since 20<sup>th</sup> July 2013 rendering the fuel drawings questionable.



**HEAD: 93 Office of the President - Northern Province**

**PROGRAMME: Various – PRP Funds**

**ACTIVITIES: Various**

**7I.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K9,795,317 was made to cater for various Poverty Reduction Programmes (PRP) in Northern Province against which amounts totalling K4,947,987 were released resulting in an underfunding of K4,847,330.

According to the financial statements (Statement C), as of 31<sup>st</sup> December 2013, amount totalling K3,468,155 were spent.

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

An examination of accounting and other records maintained at the Provincial and District Administration Offices and a physical inspection of selected projects revealed the following:

**a. Failure to Reimburse Borrowed Funds**

During the period under review, amounts totalling K963,960 were borrowed from the PRP account for general administrative activities at the Provincial Administration Office. As of November 2014, only K642,495 had been reimbursed leaving a balance of K321,465.

**b. Irregular Payment of Value Added Tax (VAT).**

According to VAT Act Chapter 331 of the Laws of Zambia, all businesses that qualify for registration of VAT are required to complete registration forms and be allocated a VAT registration number and a certificate.

Contrary to the provisions of the Act, the Provincial Administration awarded five (5) contracts to five (5) suppliers of goods and services valued at K747,116 during the period under review. The value of goods and services provided included an amount of K105,918 being Value Added Tax (VAT) charged even though the suppliers were not VAT registered with Zambia Revenue Authority (ZRA).

**c. Irregular Award of Contracts**

The Zambia Public Procurement Act No. 73 of 2008, precludes a public officer, or a public officer's close relative, from participating as a bidder in the public procurement of the procuring entity by which the public officer is employed or over which the public officer exercises any supervisory or oversight authority.

During the period from May 2013 to January 2014, the Luwingu District Administration Office awarded five (5) contracts in amounts totalling K67,510 to Chisungusho Contractors for the supply and delivery of tyres and buildings materials. However, inquiries with PACRA revealed that Chisungusho Contractors belonged to the spouse of the District Commissioner.

Further, it was observed that the District Administration Office paid amounts totalling K24,175 to the Commissioner's spouse for various transportation services rendered.

**HEAD: 93/03 Office of the President - Northern Province - Rural Roads Department**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**72.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K11,837,228 was made to cater for the rehabilitation of feeder roads, purchase of Earth Moving Equipment and procurement of spare parts and the whole amount was released.

According to financial statements (Statement C), as of 31<sup>st</sup> December 2013, a total amount of K5,528,085 had been spent.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration Office and a physical inspection of selected projects carried out in March 2014 revealed the following:

**a. Rehabilitation of Feeder Roads - Luwingu District**

On 28<sup>th</sup> March 2013, the District Commissioner's office awarded a contract to Nawela General Dealers of Lusaka for rehabilitation of Kachibwe – Kapupu feeder road at a contract price of K218,550. The contract was to commence in April 2013 for a period of four (4) months. The scope of works included; vegetation clearing, setting out, drainage works, earthworks (grading, forming, embankment construction and gravelling) and road formation.

On 3<sup>rd</sup> June 2013, the contract was terminated due failure by the contractor to perform according to the contract specifications.

As of 24<sup>th</sup> July 2013 a sum of K173,912 had been paid to the contractor leaving a balance of K44,638.

The following were observed:

**i. Irregular Payments to the Contractor**

- Contrary to the terms of the contract clause No. 4.3 which states that the advance payment shall be a maximum of 15% of the Contract Sum, the District Administration Office paid a total of K65,565 (30% of the contract sum) as an advance payment for mobilization instead of K32,785.
- On 24<sup>th</sup> July 2013, the District Commissioner's Office irregularly paid an amount of K10,000 one month after termination of the contract bringing the total payments to the contractor to K173,912. Further, the payments were not supported with a completion certificate.

**ii. Failure to Enforce Performance Security Bond**

A scrutiny of contract documents revealed that the Special Conditions of the Contract Clause 4.7 provided for 10% of the Contract Sum as performance security bond. However, after the failure by the contractor to execute the works, the District Administration Office did not enforce this claim with the guarantor - Meanwood General Insurance Company in line with the terms of the contract.

**HEAD: 94 Office of the President – Western Province**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**73.** In the Estimates of Revenue and Expenditure for the Financial Year ended 31<sup>st</sup> December 2013, a total provision of K19,958,124 (Including a supplementary of K6,164,014) was made to cater for various programmes at the Provincial Administration, against which a total of K15,963,559 was released representing 80% of the total provision. In addition, there was a balance of K555,910 brought forward from the previous year bringing the total funds available for expenditure to K16,519,469.

As 31<sup>st</sup> December 2013, amounts totalling K14,443,392 had been spent.

An examination of accounting and other records maintained at the Provincial Administration carried out between January and March 2014 revealed the following:

**a. Unretired Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K80,864 issued to eleven (11) officers during the period under review had not been retired as of June 2014. See table below.

<b>Station</b>	<b>No of Officers</b>	<b>Amount K</b>
Provincial Administration	7	57,332
Senanga DA	1	4,000
Mwandi DA	3	19,532
	<b>11</b>	<b>80,864</b>

**b. Over Payment of Fuel Imprest**

On 27<sup>th</sup> May 2013, the Executive Officer at the Provincial Administration, was issued with imprest of K25,519 (subsistence allowance K8,000 and Fuel – K17,519) to enable the officer visit royal establishments and cultural groups in the Province.

A review of the payments revealed that the officer was paid fuel imprest of K17,519 to cover a distance of 4,180 km out of which 1,700 km were duplicated resulting in an over payment of fuel imprest by K3,440. As of November 2014, the overpayment had not been recovered.

**c. Irregular Use of Accountable Imprest to Procure Goods and Services**

Financial Regulation No. 86 (c) states that, “accountable imprest is issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time”. However, accountable imprest in amounts totalling K33,017 was issued to eleven (11) officers to procure goods and services whose values were obtainable on the market. See table below.

<b>Station</b>	<b>Amount K</b>
Provincial Administration	27,280
Kalabo DA	5,737
<b>Total</b>	<b>33,017</b>

**d. Irregular Issuance of Imprest**

- i. On 12<sup>th</sup> July 2013, the Sioma District Commissioner was issued with an imprest of K8,400 on cheque No. 078784 to enable him, the Driver and the Messenger travel to Sioma and Shangombo Districts to conduct meetings with locals for seven (7) nights as shown below.

<b>Officer</b>	<b>No of Nights</b>	<b>Rate K</b>	<b>Total Amount K</b>
DC	7	600	4,200
Messenger	7	300	2,100
Driver	7	300	2,100
<b>Total</b>			<b>8,400</b>

On the same day, a subsequent imprest of K4,100 was issued to him on cheque No. 078785 to enable him and the driver travel to Mongu to attend the budgeting meeting for four (4) nights as shown below.

<b>Officer</b>	<b>No of Nights</b>	<b>Lunch Allowance Rate (2 days)</b>	<b>Per Diem Rate K</b>	<b>Total Amount K</b>
DC	4	50	700	2,850
Driver	4	50	300	1,250
<b>Total</b>				<b>4,100</b>

A review of the retirement details of cheque number 078784 revealed that the officer left the station on 12<sup>th</sup> July 2013 and returned to Sioma on 19<sup>th</sup> July 2013 (7 nights). It was however observed that the subsequent imprest covered part of the period covered by the earlier imprest, from 12<sup>th</sup> to 15<sup>th</sup> July 2013. The payment of subsequent imprest of K4,100 was therefore irregular.

Although in his response dated 15<sup>th</sup> November 2014, the Controlling Officer stated that the overpayment had been recovered, no evidence was provided for verification as of November 2014.

- ii.** On 16<sup>th</sup> September 2013, the Sioma District Commissioner, was issued with imprest of K7,800 (K2,800 - subsistence allowance and K5,000 - fuel imprest) to enable him travel to Mongu to attend a meeting at the Permanent Secretary's office. According to the retirement documents, he started off from Sioma on 15<sup>th</sup> September 2013 and reached Mongu the same day and returned to Sioma on 19<sup>th</sup> September 2013 (4 nights).

On 1<sup>st</sup> October 2013, the District Commissioner was paid a claim of K1,400 in respect of subsistence allowance for the period 17<sup>th</sup> to 19<sup>th</sup> September 2013. It was however observed that the two (2) payments covered the same period from 17<sup>th</sup> to 19<sup>th</sup> September 2013

Although in his response dated 15<sup>th</sup> November 2014, the Controlling Officer stated that the overpayment had been recovered, no evidence was provided for verification as of November 2014.

- iii.** On 23<sup>rd</sup> August 2013, the Kaoma District Commissioner, was issued with imprest of K8,884 (K6,050 - Subsistence allowance and K2,834 - Fuel) on cheque number 079406 by the Provincial Administration to enable him travel to Mulobezi for a series of meetings on developmental projects. According to the internal memorandum dated 23<sup>rd</sup> August 2013, he was to travel to Mulobezi on 23<sup>rd</sup> August 2013 and back to his station on 2<sup>nd</sup> September 2013 (10 nights).

According to the retirement documents, he started off from Mongu on 23<sup>rd</sup> August 2013 and reached Mulobezi the same day and returned to Kaoma on 3<sup>rd</sup> September 2013 (11 nights).

On 12<sup>th</sup> September 2013, the District Commissioner claimed and was paid a sum of K6,000 as subsistence allowance on cheque number 00007 for the period 29<sup>th</sup> August 2013 to 7<sup>th</sup> September 2013 (10 nights) for purportedly having been in Mulobezi on duty. It was however observed that the two payments covered the same period. Therefore, the payment of K3,000 for the overlapping period was irregular.

**e. Questionable Payment and Retirement of Imprest**

- i. On 23<sup>rd</sup> August 2013, the Driver at the Nkeyema District Commissioner's Office, was issued with an imprest of K3,000 on cheque number 00005 to enable him drive the Nkeyema District Commissioner to Mulobezi for a period of ten (10) days using the vehicle ABH 4008 which belongs to Kaoma Trades School.

According to the retirement details, they started off from Kaoma on 30<sup>th</sup> August 2013 and reached Mulobezi the same day and went back to Kaoma on 9<sup>th</sup> September 2013 (10 nights).

On 12<sup>th</sup> September 2013, the Nkeyema District Commissioner, and his driver, were paid claims of K15,000 (25 nights) and K1,500 (5 nights) subsistence allowance on cheque numbers 00008 and 00009 respectively for the period they were in Mulobezi on official duty. According to the claim forms, the driver started off from Kaoma on 25<sup>th</sup> August 2013 and reached Mulobezi the same day. However, he did not indicate the date he went back to Kaoma while the District Commissioner started off on 19<sup>th</sup> August 2013 and reached Mulobezi the same day and went back to Kaoma on 11<sup>th</sup> September 2013 (25 nights). In this regard, the starting dates of the driver and the District Commissioner were different. It is not clear how the dates could be different when they were using the same vehicle. A review of the log book of the vehicle used and the inquiries made with the driver revealed that they started off from Kaoma on 26<sup>th</sup> August 2013 and reached Mulobezi the same day and went back to Kaoma on 10<sup>th</sup> September 2013 (15 nights). In this regard, the claims of K15,000 by the District Commissioner and K1,500 by the driver were questionable.

Further, the purpose for the trip was not known and no authority was sought from the Permanent Secretary, Western Province for him to travel outside his station.

- ii. On 20<sup>th</sup> August 2013, a driver from the Provincial Administration was paid K3,000 on cheque number 00004 as a claim of subsistence allowance for the period he was in Sichili driving the Nkeyema, Kaoma and Lukulu District Commissioners. According to the claim forms, he started off from Mongu on 8<sup>th</sup> August 2013 and reached Sichili the same day and came back to Mongu on 18<sup>th</sup> August 2013 (10 nights).

However, the period could not reconcile with that of the District Commissioners (Lukulu DC, 9<sup>th</sup> August 2013 to 11<sup>th</sup> September 2013, Kaoma DC, 23<sup>rd</sup> August 2013 to 3<sup>rd</sup> September 2013) while the Nkeyema District Commissioner used his own driver. In this regard, the claim of K3,000 was questionable.

Further, the purpose for the trip was not known and no authority was sought from the Permanent Secretary, Western Province, for him to travel outside his District.

Though in his response dated 15<sup>th</sup> November 2014, the Controlling Officer stated that the outstanding amount had been recovered from the officer, no evidence had been provided for verification.

**f. Questionable Payment for Accommodation**

On 12<sup>th</sup> July 2013, a payment of K7,007 (K5,000 for accommodation, K1,920 for meals and K87 for beverages) was made on cheque number 079068 to Mongu Lodge for a bill which was accumulated by the Sioma and Sikongo District Commissioners, from 6<sup>th</sup> to 14<sup>th</sup> April 2013. An examination of the records revealed that the officers stayed in the lodge for nine (9) nights without a specified activity and between 7<sup>th</sup> and 9<sup>th</sup> April 2013, five (5) rooms were occupied. The purpose of their stay in the lodge was not indicated rendering the payment questionable. Further, the Controlling Officer, Western Province, did not authorise the activity.

Although in his response dated 15<sup>th</sup> November 2014, the Controlling Officer stated that recoveries had been made from the two (2) district commissioners, no evidence was availed for verification.

**g. Over Payment of Fuel Allowance**

The former acting Deputy Permanent Secretary was paid amounts totalling K15,453 (July 2013 - K9,566 and September 2013 – K5,887) in respect of fuel allowance for the period from February to August 2013.

However, the officer was paid twice for the month of June 2013 resulting in an over payment of K1,913 which had not been recovered as of November 2014.

Although in his response dated 15<sup>th</sup> November 2014, the Controlling Officer stated that recoveries had been made, no evidence was availed for verification.



#### **h. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items and fuel costing K77,236 (General stores - K65,756 and fuel – K11,480) procured during the period under review were unaccounted for in that there were no receipt and disposal details. See table below.

Station	General Stores K	Fuel K	Total K
Provincial Administration	65,756	-	65,756
Kalabo DA	-	11,480	11,480
	<b>65,756</b>	<b>11,480</b>	<b>77,236</b>

#### **i. Irregularities in the Management of Fuel**

During the year under review, the Provincial Administration made payments in amounts totalling K745,458 to Puma Mongu Service Station for fuel and lubricants drawn by the various departments on the accounts maintained.

A scrutiny of fuel requisitions, invoices and other records for departments revealed weaknesses in control over use of fuel. In particular the following were observed:

##### **i. Fuel Drawn by Unknown Vehicle**

There were 130 litres of diesel costing K1,196 drawn without indicating the vehicle registration number, making it difficult to ascertain whether the fuel was issued to government vehicles.

##### **ii. Fuel Drawn by Officers at Level of GSS 03 and Above (L and above)**

Contrary to Cabinet Circular No 7 of 2012 which states that, no officer in the category of GSS 3 to GSS1 (L to M) and above shall use government pool fuel, 2,909.9 litres of diesel costing K26,713 were drawn by officers who were in this category. See table below.

Station	No of Transaction	No of litres	Amount K
Provincial Administration	10	790.0	7,268
Luampa DA	21	1,348.5	12,414
Kaoma DA	13	551.4	5,073
Sikongo DA	3	220.0	1,958
	<b>47</b>	<b>2,909.9</b>	<b>26,713</b>

**j. Unrecovered Salary and Tuition Advances**

Contrary to the Terms and Conditions of Service in the Public Service, recoveries in respect of salary and tuition advances in amounts totalling K60,400 paid to twenty five (25) officers during the year under review had not been effected as of November 2014.

**HEAD: 94 Office of the President – Western Province**

**PROGRAMME: General Deposit Account**

**ACTIVITIES: Various**

**74.** During the financial year ended 31<sup>st</sup> December 2013, a total amount of K3,883,305 was received in the General Deposit Account by the Provincial Administration for various activities.

In addition, an amount of K1,132,785 was brought forward from 2012 bringing the total funds available to K5,016,090.

As of December 2013, a total amount of K4,693,063 had been spent leaving a balance of K323,027.

**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 2014 revealed the following:

**a. Unclassified Disbursements**

Out of K3,883,305 received during the period under review, amounts totalling K195,220 had no supporting documents outlining the purpose for which the funds were remitted to the Provincial Administration.

Although in his response dated 15<sup>th</sup> November 2014, the Controlling Officer stated that out of the K195,220 an amount of K90,000 was received from the Ministry of Youth and Sports to cater for expenses during appraisals of youth development funds, no documentary evidence was provided for audit.

**b. Excess Payment of Subsistence Allowance**

During the period from 13<sup>th</sup> March to 12<sup>th</sup> April 2013, imprest in amounts totalling K47,133 was issued to eighteen (18) officers to enable them undertake various activities. However, a scrutiny of the retirement details (Account Forms 44A) revealed that the officers had been paid K10,200 in excess of their entitlements and as of November 2014, the funds had not been recovered.

**c. Unaccounted for Fuel**

Contrary to Public Stores Regulation No. 16, there were no disposal details in respect of fuel costing K46,891 procured for clearing access roads in Dongwe Resettlement Scheme in Lukulu District during the period under review.

**d. Wasteful Expenditure - The New Mongu Ultra - Modern Stadium**

During the year under review, an amount of K300,000 was received for clearing of the site in readiness for the construction of the new ultra - modern stadium in Mongu. The scope of works included bush clearing, uprooting and removing of shrubs and stamping on an area of 500,000 m<sup>2</sup>. In this regard, casual workers, officers from departments of Youth and Sport, Survey Department with equipment from Rural Roads Unit, were to carry out the works.

As of March 2014, a total amount of K260,307 had been spent leaving a balance of K39,693.

A physical inspection of the project carried out on 21<sup>st</sup> March 2014, revealed that shrubs that were purported to have been uprooted had over grown and no works had commenced as of November 2014.

**HEAD: 94 Office of the President – Western Province**

**PROGRAMME: Poverty Reduction Programme**

**ACTIVITIES: Various**

**75.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K8,812,550 was made to cater for various Poverty Reduction Programmes in

Western Province, against which amounts totalling K3,218,658 were released resulting in an underfunding of K5,593,892.

In addition, an amount of K3,388,233 was brought forward from the year 2012 bringing the total funds available to K6,606,891.

According to financial statements (Statement C), as of 31<sup>st</sup> December 2013, a total amount of K5,764,063 was spent.

### **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 2014 revealed the following:

#### **a. Questionable Payment of Imprest**

On 19<sup>th</sup> July 2013, nine (9) officers were issued with imprest in amounts totalling K21,500 (K19,500 for allowances and K2,000 for gravel pack) for five (5) nights to enable them travel to Mulobezi to drill bore holes. According to the retirement details, the officers started off for Mulobezi on 22<sup>nd</sup> July 2013 and reached the same day and came back to Mongu on 27<sup>th</sup> July 2013 (5 nights).

It was however observed that during the period the officers were in Mulobezi drilling bore holes, they were also signing in the staff log book at their office in Mongu. In this regard, the payment and retirement of imprest of K21,500 was recoverable.

As of November 2014, recoveries for amounts totalling K14,600 in respect of five (5) officers had been effected while no action had been taken for the balance of K6,900 involving four (4) officers.

#### **b. Misapplication of Funds**

Contrary to Appropriation Act of 2012, funds in amounts totalling K45,263 were applied on activities not related to poverty reduction such as payment for independence celebrations and imprest for officers travelling to districts for board of survey exercise among others.

#### **c. Cashew Nut Production**

The Ministry of Agriculture and Cooperatives and the Cashew Growers Association of Zambia have been working together to increase the cashew production in the Province from

the current 50 tons per year to 3,300 tons per year by 2017, through planting and managing new trees. In this regard, during the year under review, the Government released a sum of K256,400 to support this initiative. The following were observed:

**i. Undelivered Materials**

During the period between April and December 2013, the Provincial Administration engaged two (2) suppliers namely; Chiye Agro Suppliers and General Dealers, and Abitehcal Gardens and landscaping Limited to supply materials costing K84,616 for the Cashew Nut project at Simakumba nursery in Lukulu District. However, a verification of the records and items at the site revealed that materials costing K36,950 were delivered leaving a balance of materials costing K47,666 undelivered (Abitehcal Gardens - K10,300 and Chiye Agro - K37,366) as of November 2014.

**ii. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items costing K12,459 (General stores – K5,986 and Fuel - K6,473) procured during the period under review.

**d. Failure to Drill Boreholes at Mulambwa Clinic**

In July 2013, three (3) payments in amounts totalling K28,005 were made for the procurement of 2,100 litres of fuel, 2 India mark II and gravel pack for drilling of bore holes at Mulambwa and Ndondo Clinics. The drilling of the boreholes was supposed to be done by the Water Affairs Department.

However, a physical inspection conducted on 19<sup>th</sup> February 2014 revealed that while the bore hole at Ndondo had been done, the borehole at Mulambwa had not been drilled, seven (7) months after the materials were procured. In addition, the items procured for Mulambwa clinic were not accounted for in that they had no receipt and disposal details.

Although in his response dated 15<sup>th</sup> November 2014 the Controlling Officer stated that the materials were varied to address an emergency situation in Mulobezi District, no evidence was provided for verification.

**e. Procurement of Animal Vaccines**

On 28<sup>th</sup> October 2013, the Provincial Administration paid a sum of K129,500 to EEC Animal Vaccines for the supply of veterinary drugs and vaccines.

A scrutiny of records maintained at the Provincial Veterinary Office revealed the following:

**i. Undelivered vaccines**

Vaccines costing K24,400 had not been delivered by the supplier as of November 2014.

**ii. Unaccounted for vaccines**

A physical stock count carried out on 24<sup>th</sup> February 2014 revealed a shortfall of various vaccines costing K1,212 that could not be accounted for .

**f. Support to Women Clubs – Community Development Department**

During the year under review, a total of K146,900 was spent on the procurement of farm implements and sewing machines for distribution to women clubs in the Province.

The following were observed:

**i. Undelivered Ox-carts**

On 27<sup>th</sup> November 2013, the Provincial Administration paid a sum of K44,000 to Barotse Milling and Carrier to supply and deliver eight (8) ox-carts for distribution to women clubs. As of November 2014, the supplier had delivered five (5) ox-carts leaving a balance of three (3) costing K16,500. It was also observed that no contract was signed between the Provincial Administration and the supplier.

**ii. Distribution of Farm Implements and Sewing Machines to Non Registered Women Clubs**

Contrary to Women Empowerment Guidelines No. 2.2 which states that, “the club is officially recognized when it acquires a certificate of registration from the Registrar of Societies, Local Council or any recognized institution mandated by law to perform such registration in Zambia”, farm implements and sewing machines costing K9,000 (four

(4) ploughs costing K4,800 and three (3) sewing machines costing K4,200) were issued to three (3) women clubs in Shangombo which were not registered.

Although in his response dated 15<sup>th</sup> November 2014 the Controlling Officer stated that the clubs had since been registered, the clubs were only registered in July 2014.

**g. Installation of Street Lights Along Airport Road in Kalabo**

On 7<sup>th</sup> March 2013, the Provincial Administration engaged African Power System Ltd to install street lights along airport road in Kalabo District at a contract sum of K98,903. The contract was for a period of three (3) months commencing 28<sup>th</sup> March 2013.

The scope of works included the installing of wooden poles, sodium lamps, single phase overhead power line and connect photo cells among others.

As of November 2014, a total amount of K83,198 had been paid to the contractor.

A physical inspection of the project conducted in November 2014 revealed the following:

- One (1) pole was not connected to the power lines,
- Two (2) poles had no lamps,
- Some poles were bend and needed supporters, and
- Power had not been connected.



*One of the bend poles*

**h. Construction of Mulambwa Clinic**

On 15<sup>th</sup> August 2012, the Provincial Administration engaged Cadman Solutions Limited to complete a clinic block which had been built up to roof level by the local community at a contract sum of K208,771. The completion period was twelve (12) weeks from 17<sup>th</sup> August 2012 to 9<sup>th</sup> November, 2012.

The scope of works included mending of cracks, plastering and painting, wiring and electrical fittings, fitting tiles, glazing, fitting doors and door frames, plumbing, and construction of a drainage and roofing of the ramp at the rear entrance.

As of February 2014, the contractor had been paid a total amount of K238,711 exceeding the contract sum by K30,000.

A physical inspection of the project carried out on 19<sup>th</sup> February 2014 revealed that although the structure had been completed;

- The rear external doors were not fitted with door closers, as a result the doors were not closing,
- The ramp was roofed with a flat roof instead of a double pitched roof,
- There were several cracks on the drainage apron and the interior and exterior walls had cracks and paint was peeling off on some parts of the wall,
- Seven (7) fluorescent fittings and four (4) window handles costing K1,050 and K100 respectively had not been fitted,
- The toilets were leaking, and
- Painting on the ceiling board and walls was not uniformly done.



*The flat roofed ramp*



*Cracks on the drainage*

#### **i. Rehabilitation of Kalabo Government Guest House**

On 19<sup>th</sup> November 2012, the Provincial Administration engaged P.M. Kamaya and Sons General Dealers to rehabilitate Kalabo Government Guest House at a contract sum of K95,631 for a period of twelve (12) weeks commencing 19<sup>th</sup> November 2012.



The scope of works included demolitions, carpentry and joinery works, electrical fittings, metal works, painting and decorating, ceiling finishing, and plumbing works.

As of November 2014, a total amount of K93,221 had been paid to the contractor.

A physical inspection carried out in November 2014 revealed that the works had not been completed as the following works were outstanding; fixing of obscure glass in Room 3, fixing of closet doors, replacement of a bath tub and fascia board.



*Bath tab not replaced*



*The roof without fascia board*

#### **j. Rehabilitation of Lukulu Government Guest House**

On 4<sup>th</sup> October 2012, the Provincial Administration engaged Mix West Auto Spares and General Dealers to rehabilitate Lukulu Government Guest House at a contract sum of K164,465 for a period of twelve (12) weeks commencing 8<sup>th</sup> November 2012.

The scope of works included demolitions, block work, concrete works, carpentry and joinery works, electrical works, metal works, glazing, painting and decorating, ceiling finishing, and plumbing works.

As of January, 2014, a total amount of K143,615 had been paid to the contractor.

A physical inspection carried out on 20<sup>th</sup> March, 2014 revealed that although the works had been completed, cracks had developed on the walls and veranda floor and paint was peeling off on the veranda. See picture below.



*One of the cracks on the wall*



*Paint peeling off on the Veranda*

Although in his response dated 15<sup>th</sup> November 2014, the Controlling Officer stated that the defects had been rectified by the contractor, a physical inspection carried out in November 2014 revealed that the defects had not been rectified.

**k. Rehabilitation of Kaoma Government Guest House**

In June 2012, the Provincial Administration engaged Eldamain Business Solution to rehabilitate Kaoma Government Guest House at a contract sum of K167,908 (Original contract sum- K133,598 and Variation - K34,310). The contract did not state the start and end dates.

The scope of works included mending of cracks, plastering , replacement of roof and ceiling, tiling, extension of three rooms to provide for toilets and bathrooms, electricity fittings, plumbing and reconstruction of sewer line, and construction of drainage and apron.

As of January 2014, a total amount of K132,897 had been paid to the contractor.

A physical inspection carried out in March 2014 revealed that the works had not been completed in that the drainage had not been constructed and cracks had reappeared on the walls and apron. See pictures below.



*Crack on the wall*



*Cracks on the Apron*

Although in his response dated 15<sup>th</sup> November 2014, the Controlling Officer stated that the defects had been rectified by the contractor, a physical inspection carried out in November 2014 revealed that the defects had not been rectified and the drainage had not been constructed.

## **I. Construction of Office Block – Shangombo DC**

On 7<sup>th</sup> March 2013, the Provincial Administration engaged Pakuz Enterprises to construct the Shang’ombo District Commissioner’s office block phase two (2) at a contract sum of K250,000 for a period of six (6) months starting from 21<sup>st</sup> March 2013.

The scope of works included construction of substructure and superstructure, roofing, carpentry works, joinery, iron mongery, floor and wall finishing, glazing, metal work, painting and decorating, and construction of the drainage.

As of November 2014, a total amount of K202,097 had been paid to the contractor.

A physical inspection carried out in November 2014 revealed that the structure had been roofed with works such as glazing, fitting of ten (10) door frames and eleven (11) doors, flooring and painting still outstanding.

**HEAD: 94 Office of the President - Western Province - Rural Roads Department**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**76.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K10,000,000 was made to cater for various activities under the Rural Roads Department in Western Province and the whole amount was released.

In addition, amounts totalling K4,928,987 were brought forward from the previous year bringing the total funds available to K14,928,987.

According to financial statements (Statement C), as of 31<sup>st</sup> December 2014, a total amount of K11,824,212 had been spent.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of road works carried out in March 2014, revealed the following:

**a. Failure to Implement Funded Projects**

In 2013, amounts totalling K2,461,756 were released for construction of three (3) roads in Nkeyema, Kalabo and Lukulu Districts. Although the funds were released between January and October 2013, as of March 2014, the projects had not been implemented. See table below.

Activities	Programmes	Releases K
889	Construction of M9 Lombelombe(U12)	854,752
890	Construction of off D792 - Luanchuma (U2)	854,752
893	Construction of M9 Nangula - Miulwe(U5)	752,252
	<b>Total</b>	<b>2,461,756</b>

In his response dated 15<sup>th</sup> November 2014, the Controlling Officer stated that the construction of the M9-Nangula – Miulwe Road had commenced and equipment had been mobilised to the site while funds for the construction of M9 – Lombelombe and D792 – Luanchuma had been varied to Personal Emoluments after obtaining authority from the Secretary to the Treasury.

However, a visit to the M9-Nangula – Miulwe Road in November 2014 revealed that no works had been done.

**b. Construction of Limulunga – Ushaa Road**

The Unit planned to construct a stretch of 8 km of the Ushaa Road at an estimated cost of K845,911. In this regard, the Zambia National Service was engaged to carry out the works using force account. The projected duration was one hundred and twenty (120) days from 24<sup>th</sup> January 2013 to 22<sup>nd</sup> May 2013. The scope of works involved road formation, side and mitre drains, gravelling and compacting.

As of February 2014, amounts totalling K1,291,481 had been spent on fuel (K667,566), allowances (K483,550) and spare parts (K140,365).

A physical inspection of the works carried out in June, 2014 revealed that the road had been reshaped for a stretch of 8 km from Ikwichi Culvert Bridge after which a stretch of 3.6 km

was constructed bringing the total of kilometres worked on to 11.6 km. The following were also observed:

- Heavy gullies on the side slopes approaching the Ikwichi culvert bridge had developed
- Severe potholes on the ridding surface between the 5.8 km and 6.5 km points had developed.
- The road had narrowed in width due to eroded road slope and side drains. The side drains had overgrown with vegetation.

**c. Rehabilitation of Namushakende – Nalikwanda Road**

During the period under review, the Rural Roads Unit planned to gravel a stretch of 60 km of the Namushakende - Nalikwanda Road at an estimated cost of K1,000,215. The projected duration was a hundred and twenty (120) days, from May 2013 to August 2013. The scope of works involved road formation reshaping, stockpiling and loading of gravel material, re-gravelling/spot re-gravelling, maintenance grading, compacting and watering, reshaping of side and mitre drains.

As of February 2014, a total amount of K995,620 had been spent representing 99% of the funds available for the project while only 8 km representing 13% of the works had been done.

It is not clear how the RRU had only done 13% of the works while they had utilised 99% of the funds available for the project.

Further, 4,650 litres of fuel costing K42,780 issued to equipment operators on site had not been recorded in the respective log books making it difficult to ascertain whether the fuel was received and properly utilised on the project.

**d. Construction of Culverts on Kalabo – Mapungu Road**

The Unit planned to construct nine (9) culverts on the low laying points of the 20km stretch of the Kalabo – Mapungu road at a cost of K800,020.

As of February 2014, a total of K793,934 had been spent on allowances and wages (K187,634), fuel (K61,730), building materials (K542,960) and servicing (K1,611).

A review of accounting and stores records and a physical inspection carried out in June 2014, revealed the following:

**i. Diversion of Project Materials (1,200 pockets of Cement)**

Out of the 2,300 pockets of cement delivered by the supplier, 1,100 pockets were utilised on the project while 1200 pockets costing K93,600 were given (lent out) to a local private contractor, Almut (Z) Limited, an arrangement in which the contractor committed to return the borrowed cement by March 2014.

Although in his response dated 15<sup>th</sup> November 2014, the Controlling Officer stated that the local private contractor had returned the 1,200 pockets of cements, an audit verification conducted in November 2014 revealed that only 120 pockets of cement had been returned leaving a balance of 1,080 pockets of cement costing K84,240.

**ii. Project Status**

As of November 2014, five (5) culverts had been completed, two (2) were work in progress while two (2) had not been done.

**e. Construction of Sesheke - Mazaba Phase II**

In 2013, the Unit embarked on the construction of Sesheke – Mazaba Road phase II at a cost of K854,752. The scope of works included road formation, gravelling and cutting of mitre drains for a stretch of 12 km.

As of February, 2014, a total amount of K1,394,020 had been spent on allowances (K442,551), fuel (K925,719) and building materials (K25,750).

A review of project records and other documents revealed the following:

**i. Lack of Cost Estimates for Planned Works**

A review of documents and inquiries made revealed that there was no road condition survey done and cost estimates prepared for road works undertaken on the Sesheke Mazaba Road.

**ii. Non Maintenance of Log Books**

Contrary to Public Stores Regulation No. 67 (b), fuel issued on site costing K211,545 was not receipted by operators as they did not maintain log books for equipment in operation on site, making it difficult to determine whether the fuel issued was properly utilised on the project.

**f. Construction of Sichili – Nawinda Road Phase I**

The Unit planned to construct a stretch of 10 km from Sichili to Nawinda in Mulobezi District at an estimated cost of K874,752.

As of February 2014, a total of K971,474 had been spent in excess of the project sum by K96,722.

A review of records and physical inspections carried out in March, 2014, revealed that a stretch of 10 km had been constructed and gravelled.

In addition, fuel costing K209,323 issued on site to operators could not be confirmed as having been received and properly utilised on the project in that the drawings were not recorded in log books for the road equipment on site.

**HEAD: 95 Office of the President - Eastern Province**

**PROGRAMME: Poverty Reduction Programme**

**ACTIVITIES: Various**

**77.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K7,322,853 was made to cater for various Poverty Reduction Programs (PRP) in Eastern Province against which amounts totalling K5,306,965 were released resulting in an under funding of K2,015,888

In addition, an amount of K1,666,000 was brought forward from 2012, bringing the total funds available in 2013 to K6,972,965.

According to the Financial Statement (Statement C), as of 31<sup>st</sup> December 2013, a total amount of K3,735,217 had been spent.

## **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 2014 revealed the following:

### **a. Construction of Vubwi DC's Office Block**

A sum of K1,335,000 was released for the construction of an office block in Vubwi District.

In this regard, on 9<sup>th</sup> September 2013, Kampe Investment Ltd was engaged to construct the office block at a contract price of K1,394,225. The contractor took possession of the site on 19<sup>th</sup> September 2013 and the office block was to be completed by 5<sup>th</sup> February 2014.

As of November 2014, the contractor had been paid amounts totalling K1,475,529 resulting in an overpayment of K81,305. The overpayment of K81,305 had not been recovered from the contractor as of November 2014.

A physical inspection carried out in November 2014, nine (9) months after the expected completion period revealed that works had not been completed as roofing, plastering, flooring, painting, glazing, drainage structures, metal and carpentry works and electrical installations were still outstanding.



*An incomplete Vubwi DC's office block*

In addition, cracks had started developing on the walls and floor of the building.

### **b. Construction of Vubwi DC's Staff House**

In 2013, a sum of K400,000 was released by the Ministry of Finance for the construction of a high cost staff house for the District Commissioner in Vubwi District.



On 9<sup>th</sup> September 2013, Tude Construction and General Dealers was engaged to construct the house at a contract price of K456,087. The contractor took possession of the site on 19<sup>th</sup> September 2013 and the project was to be completed by 11<sup>th</sup> December, 2013.

As of November 2014, the contractor had been paid amounts totalling K400,860 representing 88% of the contract sum.

A physical inspection carried out in November, 2014, eleven months after the expected completion date revealed that the house had not been completed with works such as painting, drainage works, glazing and carpentry, plumbing and equipping of a borehole outstanding. See picture below.

In addition, cracks had developed on the walls of the building.



*An incomplete Vubwi DC's staff*

**c. Construction of a Low Cost House at Ukwimi Basic School**

During the year under review, a sum of K186,000 was released by the Ministry of Finance for the construction of a low cost staff house at Ukwimi Basic School, in Petauke District.

On 20<sup>th</sup> December 2012, Lutama Sungani Enterprise was engaged to construct the house at a contract price of K186,648 over a period of three (3) months.

As of November 2014, the contractor had been paid amounts totalling K100,643.

A physical inspection carried out in November, 2014 revealed that the project had not been completed, twenty (20) months after the expected completion date with works such as roofing, carpentry and joinery works, metal works and iron mongery, wall floor finishes, glazing, painting and decorating still outstanding. See picture below.



*An incomplete Low Cost Staff House at Gable level at Ukwimi Basic School*

In addition, the contractor had abandoned the site on 6<sup>th</sup> January 2014.

**d. Construction of Community Hall in Msanzala Resettlement Scheme**

A sum of K131,000 was released by the Ministry of Finance for the construction of a Community Hall in Msanzala Resettlement Scheme in Lundazi District. The Project was labour based in that the community mobilised some building materials such as crashed stones, burnt bricks, river and building sand towards the project. The Ministry of Transport, Works, Supply and Communication through the Provincial Building Engineer's office engaged Lutama Sungani Sizwe to construct the hall. The works were supervised by the Provincial Buildings Engineers.

As of November 2014, amounts totalling K103,211 (Materials – K75,719 and Labour – K27,492) had been spent on the project.

A scrutiny of accounting and other documents relating to the Project revealed the following;

**i. Lack of Contract Documents**

The contract between the Ministry of Transport, Works Supply and Communications and Lutama Sungani Sizwe was not made available for audit.

**ii. Non Delivery of Building Materials**

On 31<sup>st</sup> December 2013, an amount of K75,719 was paid to Kalawani General Dealers for the supply of building materials. However, building materials costing K38,420 had not been delivered as of November 2014.

A physical inspection carried out in November 2014 revealed that the project had been partially roofed with works such as completion of the roofing, plastering, flooring, metal works, painting, glazing, external works and spoon drains still outstanding.

**e. Electrification of Msipazi Forestry Plantation**

During the year under review, a sum of K131, 355 was released by the Ministry of Finance for the electrification of Msipazi Forestry Plantation in Chipata District.

On 31<sup>st</sup> December 2013, the Provincial Administration paid ZESCO Limited an amount of K83,709 for the electrification of the plantation.

A site inspection carried out in November 2014 revealed that the Forestry Plantation had not been electrified, eleven (11) months after the payment was made to ZESCO Limited. As a result, the Forestry Department was not able to carry out works requiring electricity such as irrigation of forestry plants, electrification of staff houses and offices.

**f. Construction of Wall Fences for VIPs**

During the period under review, a sum of K100,000 was released by the Ministry of Finance for the construction of a wall fence at the Provincial Minister's and Permanent Secretary's residences in Chipata.

In this regard, the Provincial Building Engineer's office was engaged to carry out the works using force account method. On 12<sup>th</sup> December 2013, the Provincial Administration paid Trade Base amounts totalling K82,779 for the supply of building materials for the project.

A scrutiny of documents relating to the Project and a physical inspection carried out in November 2014 revealed that the wall fences had not been completed and building materials costing K41,274 had not been delivered.

**HEAD: 95 Office of the President - Eastern Province – Rural Roads Department**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**78.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K12,733,670 was made to cater for grading and rehabilitation of feeder roads and maintenance of machinery and equipment under Rural Roads Unit (RRU) against which amounts totalling K6,435,936 were released.

In addition, an amount of K2,740,692 was brought forward from 2012, bringing the total funds available to K9,176,628.

According to the financial statements (Statement C), as of 31<sup>st</sup> December 2013, amounts totalling K8,736,653 had been spent.

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

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of the selected projects revealed the following:

##### **a. Questionable Procurement**

During the period under review, the Provincial Administration procured goods and services at a cost of K218,950 involving seven (7) transactions from Sagama General Dealers, based in Chipata. See table below.

Payee	Date	Amount K	Description	Supporting Quotations
Sagama General Dealers	26/11/2013	28,500	motor vehicle spare parts	N-Works Solutions Ltd and Tridsak Enterprises
Sagama General Dealers	01/11/13	36,000	oil coolers for Front End Loader	N-Works Solutions Ltd and Tridsak Enterprises
Sagama General Dealers	17/12/2013	39,700	spare parts for excavator	N-Works Solutions Ltd and Tridsak Enterprises
Sagama General Dealers	31/12/2013	49,800	spare parts for Sino Truck	N-Works Solutions Ltd and Tridsak Enterprises
Sagama General Dealers	31/12/2013	36,000	Hydraulic Oil Cooler for grader	N-Works Solutions Ltd and Tridsak Enterprises
Sagama General Trading	31/12/2013	10,950	Toyota Hilux service and painting	N-Works Solutions Ltd and Tridsak Enterprises
Sagama General Dealers	20.08.13	18,000	Hydraulic Oil Cooler for grader	N-Works Solutions Ltd and Tridsak Enterprises
		<b>218,950</b>		

However, the procurements were questionable in that for all the transactions that Sagama was involved in, the quotations were from three (3) companies namely Sagama, N-Works Solutions Limited and Tridsak Enterprises. A check at PACRA revealed that whereas

Sagama and N-Works Solutions Limited were registered, Tridsak was not. Further, efforts to verify the existence of Tridsak Enterprises by locating their business premises proved futile.

Inquiries with N-Works Solutions Limited revealed that the documentation used to support the transactions were not issued by the company and was therefore fraudulently prepared by Sagema to show as though the procurement complied with ZPPA Act requirement.

**b. Rehabilitation and Construction of Drainage Structures**

During the year under review, a sum of K1,290,130 was released by the Treasury for the rehabilitation and construction of drainage structures. As of May 2014, amounts totalling K1,065,613 had been spent on fuel (K357,948), procurement of culverts (K338,200), tools (K72,970) wages and allowances (K296,495) leaving a balance of K224,517.

The following were observed:

**i. Non Delivery of Culverts**

In December 2013, the Provincial Administration paid amounts totalling K338,200 to four (4) suppliers for the supply of three hundred and fifty six (356) culverts for installation on various roads such as Mwanjabanthu-Nyanje and Mumbi - Mwanjabanthu (Petauke District) and Kagolo-Nyanje (Katete District).

However, as of November 2014, eleven (11) months after payments were made, two hundred and forty three (243) culverts costing K230,850 had not been delivered. See details in the table below.

Name	Amount Paid K	Number of Culverts Paid for	Number of Culverts Delivered	Number of Culverts not Delivered	Value of the Undelivered Culverts K
Jamice Enterprises	49,400	52	0	52	49,400
Njeru Enterprises	49,400	52	24	28	26,600
MJ Than General Dealers and Contractors	49,400	52	24	28	26,600
CCCL Contractors	190,000	200	65	135	128,250
<b>Total</b>	<b>338,200</b>	<b>356</b>	<b>113</b>	<b>243</b>	<b>230,850</b>

**ii. Mwape Road Drainage Works - Nyimba District**

The Rural Roads Unit planned to undertake the rehabilitation of drainage structures on Mwape Road in Nyimba District by installing thirty three (33) lines of 900 mm diameter culverts which were procured by the Council using Constituency Development Funds (CDF) at a cost of K150,540.

As of April 2014, amounts totalling K137,845 had been spent on allowances for RRU Officers and wages for casual workers.

A physical inspection carried out in November 2014 revealed that culverts had been constructed at km 19, 21 and 22 from the Nyimba - Mwape junction. However, the culverts lay exposed as they were not covered with gravel.



*Double line culverts not buried on Mwape Road*

**iii. Nyati – Simambumbu Road Drainage Works in Petauke District**

The Rural Roads Unit planned to undertake the rehabilitation of drainage structures on Nyati - Simambumbu Road in Petauke District by installing eighteen (18) lines of 900 mm and two (2) lines of 600 mm diameter culverts respectively at an estimated cost of K68,500.

As of November 2014, amounts totalling K14,625 had been spent on wages for casual workers.

A physical inspection carried out in November 2014 revealed that at points kms 17.2, 19.2 and 22.8 from junction of Nyati - Simambumbu and Ukwimi Roads, culverts had not been installed. See pictures below.



*Culverts meant for drainage works along the Nyati – Simambumbu Road*

**c. Grading of Mwanjabanthu – Nyanje Road in Petauke District**

In 2012, an amount of K591,500 was released for the rehabilitation of Mwanjabanthu-Nyanje Road in Petauke District. The scope of works included bush clearing, heavy grading and spot gravelling on a stretch of 58 km. In addition, an amount of K49,400 meant for the rehabilitation and construction of drainage was allocated to the project bringing the total funds available to K631,076.

As of November 2014, all the funds for the project had been spent on fuel and lubricants (K367,282), allowances for RRU Officers (K214,394) and culverts (K49,400).

A physical inspection carried out in November 2014 revealed that a total of 42 km of grading was done representing 88% of grading works while bush clearing was done on the whole 58 km.

Further, despite culverts being purchased for the road works, they had not been collected from the supplier as of November 2014 resulting in poor drainage and water ponding on the road surface at km 19.8 from Mwanjabanthu palace. See picture below.



*Water ponding on Mwanjabanthu – Nyanje road due to poor drainage*



**d. Maintenance of T4 – Mwanjabantu via Mumbi Palace in Petauke District**

An amount of K662,529 was released by the Treasury during the year under review for the rehabilitation of D414 - Mwanjabanthu via Mumbi Palace Road. The scope of works included bush clearing and grabbing, road formation and spot gravelling for a stretch of 35km. In addition, a sum K49,400 was varied from the rehabilitation and construction of drainage structures funds bringing the total funds available to K670,348.

As of November 2014, all the funds for the project had been spent on fuel and lubricants (K228,893) and allowances for RRU Officers (K392,055) and culverts (K49,400).

A physical inspection carried out in November 2014 revealed that a stretch of 32.4km representing 93% of the works had been done. However, the embankment of the culverts situated at km 8.9 from the Great East Road turn-off of the worked on stretch had been eroded on one side. See picture below.



*Embankment eroded on culverts at Chiuta River along Mwanjabantu – Mumbi Road*

In his response dated 5<sup>th</sup> November 2014, the Controlling Officer stated that the eroded part of the culvert had been compacted with gravel and could be confirmed during verification. However, contrary to the Controlling Officer's response, a verification carried out on 18<sup>th</sup> November 2014 revealed that the eroded portion on the culvert had not been done

**e. Kampondo – Chanyalubwe Rd (Via Kapongolo) - Lundazi District**

In 2012, an amount of K142,265 was released for the grading of Kampondo – Chanyalubwe Road via Kapongolo School. The scope of works included bush clearing and grabbing, road formation and spot gravelling for a stretch of 19 km.



As of April 2014, amounts totalling K118,825 had been spent on fuel and lubricants (K48,000) and allowances for RRU Officers and wages for casual workers (K70,825) and 7 km had been done by the RRU.

A site visit made in April 2014 revealed that there was another contractor on site working on the stretch of road that included the portion done by the RRU. Inquiries with management revealed that on 4<sup>th</sup> June 2013, the Road Development Agency (RDA) had awarded a contract at a price of K7,490,486 to Tholes & Vibrant Construction & General Supply Ltd Joint Venture for the maintenance of a 25 km stretch of the same road.

Further, the part that was done by RRU was redone by the contractor. In this regard, the total expenditure of K118,825 incurred on the Road by RRU was wasteful.

In his response dated 18<sup>th</sup> August 2014, the Contractor agreed to refund the sum of K106,000. However, as of November 2014, the refund had not been made.

**HEAD: 96 Office of the President - Luapula Province**

**PROGRAMME: 2 General Administration**

**ACTIVITIES: Various**

- 79.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K13,248,552 was made to cater for various activities against which K7,572,483 was released resulting in an underfunding of K5,676,069

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out from January to June 2014 revealed the following:

#### **a. Unsupported Payments**

Contrary to Financial Regulations Nos. 45 and 52, twenty seven (27) payments in amounts totalling K168,019 made during the period under review were not supported with relevant documents such as suppliers' invoices, local purchase orders (LPOs) and receipts.

**b. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, thirty five (35) payment vouchers in amounts totalling K375,225 made during the period under review were not availed for audit.

**c. Failure to Undertake Activities**

During the period under review, forty three (43) officers were paid amounts totalling K672,363 to undertake various activities. However, as of November 2014, the activities had not been undertaken and no recovery of the funds had been made from the affected officers.

<b>Institution</b>	<b>No. of Transaction</b>	<b>No. of Officers</b>	<b>Amount K</b>
Provincial Administration	44	31	603,860
Mwansabombwe DC	3	3	23,624
Samfya DC	5	5	24,850
Mwense DC	2	2	8,528
Lunga DC	2	2	11,500
<b>TOTAL</b>	<b>56</b>	<b>43</b>	<b>672,363</b>

**d. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K486,643 procured during the period under review could not be accounted for in that there were no receipt and disposal details. See table below.

<b>Institution</b>	<b>General Stores K</b>	<b>Fuel K</b>	<b>Total Amount K</b>
Provincial Administration	308,182	144,857	453,039
Nchelenge DC	-	7,965	7,965
Kawambwa DC	-	2,279	2,279
Mwense DC	-	16,360	16,360
Samfya DC	-	7,000	7,000
<b>Total</b>	<b>308,182</b>	<b>178,461</b>	<b>486,643</b>

**HEAD: 96 Office of the President - Luapula Province**

**PROGRAMME: Poverty Reduction Programmes**

**ACTIVITIES: Various**

**80.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K3,967,429 was made to cater for various activities under the Poverty Reduction

Programme (PRP) against which amounts totalling K4,728,555 were released, resulting in over funding of K761,126 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 2014 revealed the following:

#### **a. Misapplication of Funds**

Contrary to the Appropriation Act of 2013, amounts totalling K426,257 meant for various PRPs, were applied on unrelated activities such as traditional ceremonies, marking of GRZ equipment, internal audit activities, workshops, tuition fees and settlement of hotel bills.

#### **b. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, one hundred and thirteen (113) payment vouchers in amounts totalling K2,418,260 were not availed for audit.

#### **c. Unsupported Payments**

Contrary to Financial Regulation No. 52, one hundred and twenty (120) payments in amounts totalling K1,396,207 made during the period under review were not supported with relevant documentation such as receipts, Good Received Vouchers (GRVs) and stage completion certificates.

#### **d. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K537,645 procured during the period under review could not be accounted for in that there were no receipt and disposal details.

**HEAD: 96/03 Office of the President - Luapula Province-**

**DEPARTMENT: Rural Roads Unit**

**PROGRAMME: Infrastructure Development**

**ACTIVITIES: Various**

**81.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K14,000,000 was made to cater for monitoring and evaluation, rehabilitation of district roads and procurement of equipment against which K14,133,000 was released resulting in an over-funding of K133,000 which was not supported by a supplementary provision.

As of 31<sup>st</sup> December 2013, amounts totalling K10,045,034 had been spent leaving a balance of K4,087,966.

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

An examination of accounting and other records maintained by the Provincial Administration and physical inspections carried out in selected districts in March 2014 revealed the following:

##### **a. Misapplication of Funds**

Contrary to the Appropriation Act of 2013, amounts totalling K1,497,400 meant for road works were applied on activities such as the payment of settling in allowance, leave travel benefits, imprest to attend meetings among others. These activities were not related to the rehabilitation of roads.

##### **b. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, eleven (11) payment vouchers in amounts totalling K416,285 made during the period under review were not availed for audit.

##### **c. Failure to Undertake Activities**

During the period under review, four (4) officers were paid amounts totalling K167,122 to undertake various road work activities. However, as of August 2014, the activities had not been undertaken and no recoveries of the funds had been made from the affected officers.

**d. Failure to Implement Projects**

During the period June to October 2013, ten (10) districts were funded amounts totalling K6,955,000 for the implementation of nineteen (19) road projects covering a total distance of 391 km. However, as of March 2014, only expenditure of K1,479,275 had been incurred on a stretch of 112 km leaving a balance of K5,475,725. See table below.

District	Amount Allocated K	No. Of Planned Road Projects	Total Planned Distance Km	No. Road Projects implemented	Actual kilometers Done K	Expenditure K	Balance K
Chembe	565,500	2	58	1	28	198,501	366,999
Milenge	890,500	2	27	0	0	-	890,500
Samfya	565,500	2	31	0	0	-	565,500
Mansa	565,500	3	38	2	7.8	226,309.69	339,190
Chipili	565,500	1	38	0	0	-	565,500
Mwense	565,500	2	37	0	0	-	565,500
Mwansabombwe	565,500	2	25	1	8.85	100,075.40	465,425
Kawambwa	890,500	2	40	1	23.3	591,420.30	299,080
Nchelenge	890,500	2	19	0	0	-	890,500
Chienge	890,500	1	78	1	44.2	362,968	527,532
	<b>6,955,000</b>	<b>19</b>	<b>391</b>	<b>6</b>	<b>112.15</b>	<b>1,479,275</b>	<b>5,475,725</b>

**e. Poor Project Implementation**

**i. Rehabilitation of Mulwe Road - Kawambwa District**

A total of K647,375 was allocated for the rehabilitation of 28 km stretch along Kawambwa Mulwe road. The scope of works involved grading, formation of drainages and spot gravelling. As of January 2014, amounts totalling K618,190 had been spent.

A physical inspection of the road carried out in February 2014 revealed that a stretch of 23.3 km had been done. However, the mitre drainages were not done resulting in water collecting on parts of the road and culverts being blocked. See pictures below.



*Eroded road due to lack of drainage*



*Blocked culvert and eroded road*

**ii. Rehabilitation of Feeder Roads - Mwansabombwe District**

During the period from July to August 2013, a total amount of K103,038 was spent on rehabilitating 8 km stretch of the roads. The scope of works included bush clearing, grading and spot gravelling.

A physical inspection of the road carried out in February 2014 revealed that mitre drainages were not done resulting into the road being eroded and water collecting on parts of the road. See pictures below.



*No drainages causing road erosion*



*No drainages causing water ponding*

**iii. Rehabilitation of Senama – Fiyongoli Road**

During the period from February to April 2013, a total amount of K103,591 was spent on the rehabilitation of a 7 km stretch. The scope of works included grading, bush clearing and spot gravelling.

A physical inspection of the road carried out in February 2014 revealed that a stretch of 7 km had been done. However, the mitre drainages were not done resulting in water collecting on parts of the road and blocking culverts. See picture below.



*No drainages, water collecting in parts of road and road eroded*

**iv. Construction of a Bridge on Mansa - Tayali Road, Mansa District**

An amount of K350,000 was allocated for the rehabilitation of 9 km stretch and construction of a bridge on Tayali road. Although the road had not been rehabilitated, an

amount of K100,961 was spent on the construction of a bridge leaving a balance of K249,039.

A physical inspection of the bridge and an interview carried out with Tayali Primary School Head Teacher on 18<sup>th</sup> March 2013, revealed that the level of the bridge was too low and that after the rains the bridge gets flooded and pupils fail to cross as it becomes impassable.

**v. Rehabilitation of Chembe - Kasomalwela Road – Chembe District**

An amount of K310,000 was allocated for the rehabilitation of Chembe-Kasomalwela road in Chembe District. The scope of works included road formation, grading and spot gravelling.

In this regard, during the period from April 2013 to July 2013, a total amount of K207,663 was spent on the rehabilitation of 28 km of the road.

A physical inspection of the road carried out in February 2014, revealed that the culverts were blocked resulting in the road being eroded.

**HEAD: 97 Office of the President – North - Western Province**

**PROGRAMME: 2 General Administration**

**ACTIVITIES: Various**

- 82.** In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2013, a provision of K16,055,012 was made to cater for various activities at the Provincial Administration Office against which amounts totalling K9,385,094 were released resulting in an under funding of K6,669,918.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and physical inspections carried out in February 2014 revealed the following:

**a. Irregular Award of a Contract**

During the period from March to December 2013, the Provincial Administration paid amounts totalling K109,642 to Mukan Trade Limited for the supply of various stores items.

However, as of October 2014, only materials costing K58,726 had been delivered while the balance of materials costing K50,916 had not been delivered.

In addition, it was observed that Mukan Trade Limited was owned by a civil servant who was an accountant at the Provincial Administration thus contravening Section 73 of the Public Procurement Act.

**b. Inadequately Supported Payments**

Contrary to Financial Regulation Nos. 45 and 52, fifty seven (57) payments in amounts totalling K169,460 were not supported with relevant documents such as cash receipts, acquittal sheets and invoices.

**c. Weaknesses in Accounting for Public Stores**

**i. Failure to Process Loss Reports**

During the period under review, two (2) motor vehicles, a Toyota Hilux GRZ849CE and a Mitsubishi Sportero GRZ 991CA were involved in road traffic accidents on 27<sup>th</sup> January 2013 and 21<sup>st</sup> April 2013 respectively . It was however observed that at the time of the accidents the vehicles were not insured and as of October 2014, no loss reports had been processed.



*GRZ 991 CA*



*GRZ 849 CE*

**ii. Unaccounted for Stores**

Contrary to Public Stores Regulation No 16, there were no receipt and disposal details in respect of stores items costing K832,200 (general stores – K417,259 and fuel – K414,941) procured during the period under review.



**d. Failure to Produce Activity Reports**

During the period under review, imprest in amounts totalling K47,864 was issued to seven (7) officers to carry out monitoring and sensitisation activities. However, as of October 2014, no activity reports had been produced for audit as proof that the activities were undertaken

**e. Staff Recruitment without Authority**

During the period under review, amounts totalling K139,167 were paid as wages to casual workers who were working as general workers at various Provincial Administration Departments without authority from Public Service Management Division (PSMD).

**HEAD: 97 Office of the President-North Western Province**

**PROGRAMME: Poverty Reduction Programmes - (PRP)**

**ACTIVITIES: Various**

**83.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K17,367,356 was made to cater for various Poverty Reduction Programmes (PRPs) against which amounts totalling K13,793,288 were released resulting in an underfunding of K3,574,068. See table below.

<b>Department</b>	<b>Budget K</b>	<b>Releases K</b>	<b>Balance K</b>
Headquarters	15,142,355	12,463,447	2,678,908
Forestry Department	189,000	163,000	26,000
Water Affairs Department	863,479	570,666	292,813
Cultural Services Department	329,000	322,520	6,480
Resettlement Department	680,842	110,975	569,867
Sports Department	162,680	162,680	-
<b>Total</b>	<b>17,367,356</b>	<b>13,793,288</b>	<b>3,574,068</b>

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration Office and a physical inspection of selected projects carried out in February 2014, revealed the following:

**a. Failure to Follow Procurement Procedures**

During the period under review, amounts totalling K530,307 were paid to two (2) suppliers for the supply of motor vehicles. However, contrary to the Zambia Public Procurement Authority (ZPPA) Act, the suppliers were single sourced without obtaining a no objection from the ZPPA.

**b. Infrastructure Development-Headquarters**

**i. Construction of Dining Hall at Mutanda High School**

In July 2011, the Provincial Administration engaged Earthrow Investments Limited to construct a Dining Hall and Kitchen at Mutanda High School at a contract sum of K691,066 with a completion period of twelve (12) months.

As of December 2013, the contractor had been paid a total amount of K480,700

The following were observed:

- **Failure to Follow Tender Procedures**

Contrary to Public Procurement Regulation No. 129 (1), which requires that “all procurements with estimated value of above K500 million shall be undertaken using the open bidding or open selection method, the contractor was single sourced without Authority from ZPPA.

- **Poor Workmanship**

The quality of works was poor as evidenced by leakages on the roof as shown in the pictures below.



*Leaking roof as evidenced by the stains on the walls*

As of June 2014, the contractor had abandoned the site.

**ii. Construction of Dormitories, Laboratory and Staff House at Lamba Day Secondary School**

- In September 2011, Kenta General Dealers was engaged to construct a 1 x 3 bedroom house and a Laboratory at Lamba Day Secondary School at a contract sum of K54,000 (labour only). As of February 2014 the contractor had been paid K30,000.

A physical inspection carried out in October 2014 revealed that despite the availability of building materials, works on the laboratory had not been completed with the following still outstanding; floor screeding, glazing, painting and worktops. See picture below.



*Incomplete Laboratory*

- In November 2012, KLC Electrical and General Contractors was engaged to complete the construction of boys' and girls' hostels at a contract sum of K62,200 (labour only). As of February 2014, KLC Electrical had been paid K25,540.

A physical inspection of the projects carried out in October 2014 revealed that despite the availability of the materials, works for the girls' hostel such as electrical, sewer system and painting were outstanding while the boys' hostel was still at slab level. See pictures below.



*Girls Hostel*



*Incomplete Slab for Boys Hostel*

In addition, sixty four (64) bags of cement costing K51,200 procured for the project had hardened due to poor storage. See Pictures Below.



*Hardening Cement in Storage*

### **iii. Rehabilitation of Kabompo Rest House**

In September 2012, the Provincial Administration engaged MSM Agro Solutions Limited to rehabilitate the Kabompo Rest House at a contract sum of K381,780 with a contract period of four (4) months. The works commenced in September 2012 and were expected to be completed by January 2013.

The scope of works included among others painting, glazing, electrical works, floor tiling, plumbing works, carpentry, joinery and iron mongery.

As of December 2013, the contractor had been paid a total of K329,416.

The following were observed:

- **Delayed Completion**

A physical inspection carried out in October 2014, twenty one (21) months after the expected completion date revealed that the rehabilitation works had not been completed with works such as flooring and wall tiling, painting, fixing of doors, installation of kitchen unit, fixing of fly screen mesh to window frames still outstanding. See pictures below.



*Incomplete Tile Installation*



*Door not replaced*

- **Poor Workmanship**

An inspection of the Rest House carried out in February 2014 revealed that there was poor workmanship in that the roof was leaking as evidenced by water stains on the ceiling, poor quality shower roses, some replaced door locks were defective and external doors had developed cracks. See Pictures Below.



*Defective Shower Rose*



*Defective Door*



*Defective Door Lock*

**HEAD:**                      **97/03 Office of the President - North-Western Province –**  
**Rural Roads Department**

**PROGRAMMES:**                      **Various**

**ACTIVITIES:**                      **Various**

**84.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K9,962,116 was made to cater for Infrastructure Development under the Rural Roads Unit out of which amounts totalling K6,577,909 were released resulting in an under funding of K3,384,207 as shown in the table below.

Activity	Budget K	Releases K	Over / (Under) Funding K
Kainamfumu Road	512,849	512,849	-
Jivundu Road	362,011	-	(362,011)
Lumwe Road	241,341	-	(241,341)
Kabukafu – Kanjibiji	724,022	-	(724,022)
Kanong'esha Road	1,387,709	1,387,709	-
KayipakaKalene Road	844,693	-	(844,693)
Nyakasumbi – Nguvu Road	800,000	498,643	(301,357)
Mize – Liyovu Road	800,000	-	(800,000)
Manyinga - Litoya Road	1,176,536	1,176,536	-
Other Roads	3,112,955	3,002,172	(110,783)
<b>Totals</b>	<b>9,962,116</b>	<b>6,577,909</b>	<b>(3,384,207)</b>

## **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Accounting Control Unit and physical inspections of selected projects carried out in February 2014, revealed the following:

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

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of fuel costing K1,042,940 procured during the period under review.

### **b. Implementation of Road Projects**

#### **i. Kayombo - Chikonkwelo Road**

During the period from February to November 2013, fuel costing K46,239 was drawn from the RRU account. However, the drawings were questionable in that the vehicle registration numbers were not indicated on the fuel coupons.

A physical inspection of the road carried out in February 2014 revealed that out of a stretch of 74.7 km which was supposed to be gravelled and shaped, only 49 km of bush clearing, 30 km formation and 27 km gravelling had been done.

#### **ii. Rehabilitation of Kanongesha Road**

Amounts totalling K234,410 had been spent on the rehabilitation of a stretch of 40.1 km of the Kanongesha Road as of March 2014. The scope of works included among others shaping, gravelling and installation of culverts.

A physical inspection carried out in March 2014 revealed that out of a stretch of 40.1 km, only 5.9 km had been gravelled.

#### **iii. Rehabilitation Lwakela - Kakoma Road**

Amounts totalling K1,773,625 had been spent on the rehabilitation of a stretch of 105 km of the Lwakela to Kakoma Road as of March 2014. The scope of works included among others grading, gravelling and installation of culverts.

A physical verification carried out in March 2014 revealed that only a stretch of 40.2 km had been graded.

**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 31<sup>st</sup> December 2013, a provision of K30,288,177 was made to cater for Recurrent Departmental Charges against which amounts totalling K16,846,654 were released resulting in an underfunding of K13,441,523.

In addition, amounts totalling K5,966 were brought forward from 2012 and amounts totalling K105,185 were received for other emoluments, bringing the total available funds to K16,957,805.

A review of the Statement C revealed that as of 31<sup>st</sup> December 2013, amounts totalling K16,262,325 had been spent leaving a balance of K695,481.

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

An examination of accounting and other records maintained at the Provincial Administration carried out in February 2014 revealed the following:

**a. Misapplication of Funds**

Contrary to the Appropriation Act of 2012, amounts totalling K778,790 meant for capacity building, cross cutting issues, keep Zambia clean, water resource management, and sports and recreation were spent on unrelated activities such as claims, presidential visits, upkeep for officers, transport and workshops, among others, without authority of the Secretary to the Treasury

**b. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, five (5) payment vouchers in amounts totalling K14,025 processed during the period under review were not availed for audit.

**c. Unsupported Payments**

Contrary to Financial Regulation No. 45 and 65, one hundred and seventeen (117) payments in amounts totalling K538,237 made during the period under review were not supported with

relevant documents such as quotations, sale receipts, authorities, relevant accounting forms and computations schedules, among others.

**d. Irregular Payment of Overtime**

Contrary to Financial Regulation No. 81, amounts totalling K274,131 were paid to various officers as overtime without maintaining an attendance register. As a result, it was difficult to ascertain the basis for the calculations.

Included in the payment for overtime were amounts totalling K102,541 which were paid as cash to various officers contrary to Cabinet Officer Circular No. 11 of 2013 which required that all such payments be made through the payroll.

**e. Irregular Use of Accountable Imprest**

i. Contrary to Financial Regulations No. 86 (c), which states that accountable imprest shall be issued to facilitate the purchase of goods and services whose values cannot be ascertained at the time, a total of K291,611 was issued to thirty nine (39) officers as accountable imprest to purchase goods and services whose values were obtainable on the open market.

ii. During the period under review, accountable imprest in amounts totalling K89,599 was paid to fifteen (15) officers to pay transporters for transport services for the movement of officers from Livingstone to Choma. It was not clear why the Provincial Administration paid the officers transport expenses instead of paying directly to the transporters.

In addition, supporting documents such as receipts, quotations from transporting companies were not availed for audit as of November 2014. In this regard, it was difficult to ascertain whether the transportation of household goods was undertaken.

**f. Irregular Payment of Allowances**

i. Contrary to Cabinet Office Circular No. B.12 of 2012 and Conditions of Service for the Public Service No. 154 (a), during the period under review, seven (7) officers were paid subsistence allowances totalling K78,447 when they were entitled to K38,130 resulting in an overpayment of K40,317 which had not been recovered as of November 2014.



- ii.** According to Terms and Conditions of Service for Public Service Nos. 155 (a) and 163 (a), an officer on transfer between stations, 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 and settling-in allowance shall be paid to an officer for the unavoidable incidental expenses to be met on initial appointment or when the officer is transferred, respectively.

Contrary to the Terms and Conditions of Service for Public Service, fifty nine (59) officers who were entitled to be paid K111,350 were instead paid amounts totalling K291,495 resulting in an overpayment of K180,145. As of November 2014, the amounts overpaid to the officers had not been recovered.

**g. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items costing K460,378 procured during the period under review.

**h. Failure to Deduct Pay As You Earn (PAYE)**

Contrary to the Income Tax Act, tax in form of PAYE was not deducted in respect of K222,648 paid to fifteen (15) officers as commutation and settling in allowances.

In addition, amounts totalling K77,076 deducted as PAYE from various officers had not been remitted to the Zambia Revenue Authority as of November 2014.

**i. Contracting of Unregistered Businesses**

During the period under review, amounts totalling K108,852 were paid to six (6) companies for the provision of various goods and services.

However, an inquiry made with Patent and Companies Registration Agency (PACRA) in respect of company registration, revealed that the companies were not registered with PACRA. In this regard, the Provincial Administration Office was dealing with companies that operated illegally.

**j. Failure to Utilise Funds - Choma Accounting Unit**

The Provincial Administration has been maintaining a sub-accounting unit for purposes of serving the Choma based departments namely, Forestry, Water Affairs, Land Resettlement

and Town and Country Planning. However, after the Presidential decree to move the Provincial Administration to Choma, the four departments under the Choma Accounting Unit were being administered by the Provincial Accounting Control Unit (PACU).

During the period under review, Choma Accounting Unit had amounts totalling K367,932 brought forward from the financial years 2011 (K331,882) and 2012 (K36,050) for various projects such as rehabilitation of boreholes, road rehabilitation and land acquisition among others.

It was however observed that amounts totalling K140,181 for various projects had not been utilised, as of November 2014.

**HEAD: 98/01 Office of the President - Southern Province**

**PROGRAMME: General Deposit Account**

**ACTIVITIES: Various**

**86.** The Provincial Administration maintains a General Deposit Account (GDA) into which third party funds are deposited. The funding to the account includes amounts that the various departments under the Provincial Administration receive from their respective ministries for specific purposes. During the financial year ended 31<sup>st</sup> December 2013, a total amount of K5,393,437 was received by the Provincial Administration for various activities as shown in the table below.

Project	Department	Amount Received K
Integration of street children	Child Department	25,000
Chiefs & Traditional Affairs	Chiefs and Traditional Affairs	351,760
Maramba Cultural Village	Culture Department	68,000
UNWTO - Funds for Met Dept	Meteorological Department	2,110,000
Construction of Prisons in Monze	Prisons Service	885,075
Provincial Constitution Convention	Provincial Administration	607,764
Hon. Minister's payment – Australia	Provincial Administration	43,921
Reimbursement from RDC	Provincial Administration - GDA	229,458
Maramba Stadium	Sports Department	500,000
Other Funds	Various	386,459
Youth development funds	Youth Department	90,000
Sensitisation on new currency	ZANIS	42,000
Sale of Tender Documents	Procurement	54,000
<b>TOTAL</b>		<b>5,393,437</b>

In addition, an amount of K2,154,699 was brought forward from the previous year bringing the total funds available to K7,548,136.

As at 31<sup>st</sup> December 2012, a total amount of K7,244,065 had been spent leaving a balance of K304,071.

### **Accounting and Other Irregularities**

A review of accounting and other records maintained at the Provincial Administration for the General Deposit Account carried out in October 2014 revealed the following:

#### **a. Misapplication of Funds**

Contrary to the Appropriation Act of 2012, amounts totalling K581,706 meant for General Deposit Account activities such as construction of prisons, rehabilitation of Maramba Stadium and procurement of meteorological equipment were spent on activities such as payment of advances, statutory allowances, purchase of pre-paid airtime and relocation costs, among others not related to the intended purposes without authority of the Secretary to the Treasury.

#### **b. Payment of Overtime Allowance without Maintaining a Register**

Contrary to Financial Regulation No. 81 which requires maintenance of an attendance register of employees who worked overtime, seven (7) payments in amounts totalling K70,028 were made to various officers as overtime allowance without a supporting attendance register.

#### **c. Engagement of Contractors without Clearance from the Attorney General**

During the period under review, the Provincial Administration Office awarded contracts to two (2) contractors in amounts totalling K1,911,456 to carry out various works in Southern Province. The payments were to be made from the General Deposit Account.

As of April 2014, amounts totalling K987,457 had been paid to the contractors leaving a balance of K923,999 as shown in the table below.

Project and Scope	Contractor	Contract Sum K	Duration	Contract Date	Amount Paid K	Balance K
Construction of a security wire fence at Monze State Prison	Tosh Building Contractors	525,000	24 weeks	19 <sup>th</sup> November 2012	474,376	50,624
construction of an ablution block and duty room at Monze State Prison	Tosh Building Contractors	666,916	24 weeks	26 <sup>th</sup> March 2013	464,201	202,715
Construction of a kitchen and dining room at Monze State Prison	Anitah Construction Enterprise	719,540	24 weeks	26 <sup>th</sup> March 2013	48,880	670,660
<b>Total</b>		<b>1,911,456</b>			<b>987,457</b>	<b>923,999</b>

Although the contractors were awarded contracts in amounts totalling K1,911,456 and had been paid amounts totalling K987,457 as of November 2014, there was no evidence of clearance of the contracts from the Attorney General, contrary to Article 54 (2) of the Constitution of Zambia. It was further observed that the liquidated damages provision which is meant to protect the client from undue delay of works, was missing from the contract.

#### **d. Infrastructure Projects**

##### **i. Construction of Security Wire Fence at Monze State Prison**

On 19<sup>th</sup> October 2012, the Provincial Administration awarded Tosh Building Contractors the contract for the construction of a security wire fence at Monze State Prison at a contract sum of K525,000. The contract duration was 24 weeks, commencing on 19<sup>th</sup> November 2012 and ending 5<sup>th</sup> April 2013. The scope of works included erecting metal pillars for an inner and outer wire fence with razor wire and a security gate.

As of April 2014, the contractor had been paid amounts totalling K474,376 representing 90.36% of the contract amount, leaving a balance of K50,624.

A visit to the site carried out in November 2014, revealed that the construction of the fence had not been completed nineteen (19) months after the expected completion date. Works such as mounting of a steel gate, concrete bedding to hold fence onto the earth, razor wire for the inner fence and 3.7 m of razor wire for the outer fence, had not been done. See pictures below.



*Inner fence without razor wire on top*



*Incomplete razor wire on top of outer fence*

Further, as of November 2014, the contractor had not submitted a revised work programme or requested for an extension to the contract to justify why the project had gone nineteen (19) months beyond the contract period. It was also observed that the Provincial Administration had taken no action against the Contractor in respect of the delayed completion of the works.

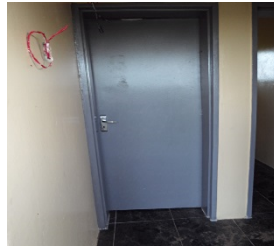
## **ii. Construction of Duty Room and Ablution Block at Monze State Prison**

On 26<sup>th</sup> February 2013, the Provincial Administration awarded a contract to Tosh Building Contractors for the construction of an ablution block and duty room at Monze State Prison at a contract sum of K666,916. The contract duration was twenty four (24) weeks commencing on 26<sup>th</sup> March 2013 and ending on 10<sup>th</sup> September 2013. The scope of works included construction of the duty room for prison officers and an ablution block for the inmates.

As of April 2014, the contractor had been paid amounts totalling K464,201 representing 70% of the contract amount, leaving a balance of K202,715.

A site inspection carried out in November 2014, revealed that the construction of the duty room and ablution block had not been completed, fourteen (14) months after the expected date of completion.

Works such as electrical fittings, panel doors and tissue holders for the duty room and flooring, wall tiles, floor tiles, interior painting, fitting of doors, glazing and electrical fittings for the ablution block had not been done. See pictures below.



*The duty room and the remaining works*



*The Ablution Block with the remaining works*

### **iii. Rehabilitation of Maramba Stadium**

The Provincial Administration received an amount of K500,000 from the Ministry of Youth and Sport Headquarters. The funds were meant for the rehabilitation of Maramba Stadium in Livingstone in readiness for the UNWTO General Assembly. The rehabilitation works were carried out and coordinated by the Provincial Sports Department in collaboration with other Government Departments and Livingstone City Council

The scope of works included the extension of power supply from ZESCO, sinking of a borehole, water tank installation, planting Kikuyu grass on the playing field, demolition of old stands and repair of the wall fence.

As at 31<sup>st</sup> December 2013, amounts totalling K455,619 had been spent on activities such as procuring and planting of Kikuyu grass, paying casual labour, fuel for operations, fumigation of the field and sinking of borehole among others, leaving a balance of K44,381.

A physical verification carried out in November 2014, revealed that works had stalled and the following works were still outstanding; Irrigation system, levelling, measurements, markings and fitting of goal posts. Further, the planted Kikuyu grass was dry due to lack of irrigation system.

It was not clear as to why management procured and planted the Kikuyu grass before the installation of the Irrigation system.

**iv. Rehabilitation of Harry Mwaanga Nkumbula Stadium**

During the period under review, amounts totalling K25,820 were issued as accountable imprest to an officer on 6<sup>th</sup> March 2013 to facilitate the rehabilitation of Harry Mwaanga Nkumbula Stadium playing field in Monze.

However, a visit to the stadium in Monze, in November 2014 revealed that the works had not been completed in that works such as application of black soil, connection of four (4) water pipes and planting of Kikuyu grass were still outstanding. See pictures below.



*No works were undertaken at Harry Mwaanga Nkumbula Stadium*

**HEAD: 98/01 Office of the President – Southern Province**

**PROGRAMME: Water Affairs**

**ACTIVITIES: Various**

**87.** During the period under review, amounts totalling K2,843,471 were received by the Department of Water Affairs from the Ministry of Mines, Energy and Water Development and from individual institutions for the drilling of boreholes and construction /maintenance of dams.

As of 31<sup>st</sup> December 2013, a total amount of K701,606 had been spent leaving a balance of K2,141,870.

## **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and Provincial Water Affairs Office and a physical inspection of selected projects carried out in November 2014 revealed the following:

### **a. Failure to Implement Funded Projects**

Although the Department was funded amounts totalling K2,000,000 in December 2012 for the construction of Ganikoongo Dam in Gwembe District, works had not commenced as of November 2014.

### **b. Questionable Payment of Allowances**

Contrary to Cabinet Circular No. 11 of 2013, amounts totalling K16,950 were paid to various officers as sitting allowances for tendering processes for the construction of the Ganikoongo Dam.

However, there were no minutes for the tender meetings availed for audit.

### **c. Delayed Completion of Project – Construction of Konkola Dam in Mazabuka**

In paragraph 16 (e) of the Auditor General's Report on the accounts for the financial year ended 31<sup>st</sup> December 2011, mention was made that Kalomo Contractors was engaged to construct Konkola Dam at a contract sum of K1,289,745 and the contractor was paid in full. However, although the contractor was paid in full, the works had not been completed as of September 2012. Further, it was observed that the Provincial Water Engineer issued a certificate of completion, resulting in the contractor being paid in full when works had not been completed causing loss to Government.

In their recommendation to the 2<sup>nd</sup> Session of the 11<sup>th</sup> National Assembly, the Public Accounts Committee urged the Controlling Officer to report progress on the completion of the outstanding works and provide evidence of the disciplinary action which was taken against the officer who caused the omission.



However, a physical inspection of the dam carried out in November 2014, revealed that works had not been completed and no action had been against the officers as was recommended by the PAC. See pictures below.



*Galleys on Konkola dam*



*Opening on the wall of Konkola dam*

**d. Rehabilitation of Chimowa Dam**

During the period from 1<sup>st</sup> January to 8<sup>th</sup> February 2013, the Department of Water Affairs spent amounts totalling K36,575 for the rehabilitation of a breached wall and a spillway at Chimowa Dam in Pemba District.

However, a physical inspection carried out in November 2014, revealed that although the breached embankment was repaired, a crack had developed on the walls of the new spillway as shown in the picture below.



*Crack on the wing wall of Chimowa dam*

**HEAD: 98/01 Office of the President - Southern Province**

**PROGRAMME: 6030 Tourism and Investment**

**ACTIVITIES: Various**

**88.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a provision of K900,000 was made to cater for the UNWTO-GA Preparation, Construction of Public Swimming Pool and Twinning Southern Province with Quangxi out of which K550,000 was released resulting in an underfunding of K250,000.

In addition, an amount K10,631,171 was released as supplementary provision for Local Organizing Sub Committees under UNWTO-GA, bringing the total funds available for expenditure to K11,181,171.

<b>Programme: 6030 Tourism and Investment Promotion</b>	<b>Budget</b>	<b>Released</b>	<b>Supplementary Funds Released</b>	<b>Total Available Funds for Expenditure</b>
	<b>K</b>	<b>K</b>	<b>K</b>	<b>K</b>
003-Twinning Southern Province with Quangxi	200,000	Nil	Nil	Nil
022- UN-WTO-GA Preparation	350,000	200,000	10,631,171	10,831,171
700-Construction of Public Swimming Pool	350,000	350,000		350,000
<b>Total</b>	<b>900,000</b>	<b>550,000</b>	<b>10,631,171</b>	<b>11,181,171</b>

Out of the total available funds of K11,181,171 amounts totalling K8,735,941 were spent on allowances, fuel, rehabilitation works, settling in allowances, goods and services leaving a balance of K2,445,230 as shown in the table below.

<b>Expenditure Details</b>	<b>Amount</b>
	<b>K</b>
Allowances	2,464,470
Purchase of Motor Vehicles	2,515,089
Purchase of Equipment, works, Goods and Services	3,256,382
Fuel	150,000
Settling in Allowances for Officers who relocated to Choma from Livingstone	350,000
<b>Total</b>	<b>8,735,941</b>

The balance of K2,445,230 was transferred back to the Ministry of Finance.

### **Accounting and Other Irregularities**

An examination of accounting and other related documents carried out at the Provincial Administration between January and March 2014, revealed the following:

**a. Unsupported Payments**

Contrary to Financial Regulation Nos. 45 and 53, thirteen (13) payments in amounts totalling K218,194 made during the period under review were not supported with relevant documents such as receipts and invoices among others.

**b. Irregular Payment of Allowances**

**i. Sitting Allowance**

Amounts totalling K435,000 were paid as sitting allowances to various Local Organising Committee members covering the period from 6<sup>th</sup> November 2012 to 31<sup>st</sup> August 2013, based on a Cabinet Circular No.3 of 2013, titled “Result based approach to payment of fees to the Commission of Enquiries, Tribunals and Committees in the Public Service”.

However, the following were observed:

- **Failure to Produce Minutes**

There were no minutes availed for audit to support the payment of allowances to the Local Organising Committee.

- **Irregular Payment**

Amounts totalling K245,000 were irregularly paid to sixty six (66) officers who were not appointed to serve on the Committee in that they had no appointment letters.

- **Overpayment of Allowances**

According to Cabinet Office Circular No.3 of 2013, titled “*Result based approach to payment of fees to Commission of Enquiries, Tribunals and Committees in Public Service*”, the members of the committees were supposed to be paid an appropriate daily rate for a maximum of four (4) days per month on satisfactory production of agreed deliverables. In this regard, the maximum number of days the Sub Committee members could accumulate on meetings and be eligible for allowances during the period from November 2012 to August 2013 (10 months), was forty (40) days.

It was however observed that seven (7) members who should have been paid amounts totalling K148,000 for forty days (40) were instead paid K222,000 for sixty (60) days resulting in an overpayment of K74,000

Further, an officer from the Ministry of Tourism who was entitled to be paid K4,000 for eight (8) days was instead paid K10,000 resulting in an overpayment of K6,000.

**ii. Overpayment of Allowances**

During the period under review, fifty one (51) officers who were entitled to be paid K93,965 as meal and subsistence allowances were instead paid a total amount of K113,865 resulting in an overpayment of K19,900. As of November 2014, the amount had not been recovered from the affected officers.

**c. Weaknesses in Management of Imprest**

**i. Failure to Retire Accountable Imprest**

Contrary to Financial Regulation No.96, accountable imprest in amounts totalling K101,652 issued to ten (10) officers during the period under review had not been retired as of November 2014.

**ii. 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. However, amounts totalling K231,129 were issued to six (6) officers as accountable for procurement of goods and services such as hire of tents, P.A system, venues, supply of chairs, emergency services, among others, instead of paying directly to the suppliers. Further, contrary to Public Procurement Act of 2008, no competitive quotations were obtained.

**iii. Questionable Accountable Imprest Retirements**

During the period under review, accountable imprest in amounts totalling K482,470 were paid to six (6) officers to carry out various UNWTO-GA activities. However, out of the total amount of K482,470, amounts totalling K97,866 had questionable retirement details such as dates on the bus tickets not agreeing with the number of nights appearing on the

retirements, receipt dates falling outside the period of the trips, acquittals without supporting documents among others

**iv. Irregular Payment of Subsistence Allowance**

A scrutiny of retirement documents (Accounts Form 44A) revealed that amounts totalling K320,585 were paid to twelve (12) officers as subsistence allowances to carry out various UNWTO-GA activities during the period from 19<sup>th</sup> June and 23<sup>rd</sup> September 2013. However, it was observed that the same officers had been paid additional subsistence allowance in amounts totalling K58,604 to carry out other activities during the same period from 19<sup>th</sup> June and 23<sup>rd</sup> September 2013. The payment of additional subsistence allowance of K58,604 was irregular and as November 2014 had not been recovered from the officers.

**d. Payment Made for an Activity not Related to UNWTO**

On 3<sup>rd</sup> July 2013, a sum of K8,189 was paid to the Provincial Sports Development Coordinator to attend a pressing assignment for UNWTO in Livingstone (K2,453) and to watch a football match for Zambia against Lesotho in Ndola (K5,736).

However, it was not clear why the Provincial Administration used the UNWTO funds to pay for the officer to watch the football match in Ndola.

**e. Procurement of Equipment, Goods and Services from Unregistered Companies and with Dormant Value Added Tax (VAT) Accounts**

During the period under review, amounts totalling K489,337 were paid to various suppliers for the procurement of laptops, computers, communication equipment, attires, among others. Included in the amount of K489,337 were amounts totalling K67,494 charged as VAT by eight (8) companies.

An inquiry with the Zambia Revenue Authority (ZRA) revealed that the eight (8) companies were either not registered for VAT or their VAT accounts had been dormant.

**f. Management of Motor Vehicles, Equipment and Goods Procured for UNWTO**

**i. Failure to Handover Equipment**

In June and July 2013, amounts totalling K97,950 were spent by the Provincial Administration Office to procure among others, five (5) iPads and five (5) laptops to be used by officers from various Government Institutions who were members of the Secretariat Local Organising Committee during the UNWTO-GA.

As of November 2014, the iPad and laptops had not been handed over by the respective officers despite the event having ended on the 29<sup>th</sup> of August 2013. Details of the allocations are in the table below.

Name of Officer	Rank	Department	Details
Bernard Namachila S.C	Retired Permanent Secretary	Provincial Administration Office	One IPAD and Toshiba Laptop
Linda Siwale	Chief Planner	Provincial Planning Unit	One IPAD and Toshiba Laptop
Harold C. Mweene	Regional Coordinator	Ministry of Tourism	One IPAD and Toshiba Laptop
Dorica Banda	Planner	Provincial Planning Unit	One IPAD and Toshiba Laptop
John Zulu	Site Manager	National Heritage conservation Commission	One IPAD and Toshiba Laptop

**ii. Unaccounted for Equipment, Goods and Services**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of laptops, scanners, computers, Ipads costing K429,394 procured during the period under review.

**g. Weaknesses in the Management of Fuel**

Fuel and lubricants costing K150,000 were procured from various filling stations for UNWTO preparations and the General Assembly (UNWTO-GA). A review of records revealed the following:

**i. Fuel Drawings by Non-Government Vehicles**

A scrutiny of fuel records revealed that fuel costing K37,928 involving seventy one (71) transactions was drawn during the UNWTO by motor vehicles which were not on the fleet owned by Government without approval from the Permanent Secretary. As of November 2014, no reimbursements had been made.

**ii. Questionable Drawings of Fuel**

Fuel and lubricants costing K7,673 drawn during the period under review from various accounts had no vehicle registration numbers indicated on the drawing slips making the drawings questionable.

**iii. Irregular Drawing of Fuel**

In June 2013, the Provincial Administration opened a TOM Card account with Total Zambia Limited main office in Lusaka for UNWTO provincial operations and an amount of K30,000 was deposited into the account. However, the then Permanent Secretary whose contract was terminated on 30<sup>th</sup> September 2013 continued to draw fuel from the account until 20<sup>th</sup> February 2014. In this regard, fuel costing K18,583 was irregularly drawn by the former Permanent Secretary.

**iv. Unaccounted for Fuel**

Contrary to Public Stores Regulation No.16, fuel costing K41,000 procured during the period under review for UNWTO-GA activities could not be accounted for in that there were no disposal details.

**h. Rehabilitation of the Former Provincial Administration Offices in Livingstone**

On 13<sup>th</sup> August 2013, the Provincial Administration Office awarded a contract to PEVID Enterprise company for the rehabilitation of the former Provincial Administration Offices in Livingstone at a contract sum of K118,922 in readiness for the UNWTO–GA which was held from 24<sup>th</sup> to 29<sup>th</sup> of August, 2013. The contract was for a period of two (2) weeks from 13<sup>th</sup> August 2013 to 27<sup>th</sup> August 2013. As of August 2014, the contractor had been paid amounts totalling K59,850.

The scope of works included among others supplying and fixing of four gates, scrapping of the old paint and painting the structure with new paint, hacking out the peeling off paint from the walls and flower beds, among others.

A review of the records relating to the rehabilitation revealed the following:

- i.** Contrary to the Public Procurement Act of 2008, the Contractor was single sourced without obtaining authority from ZPPA to use selective bidding.

ii. A physical inspection carried out in March 2014, seven (7) months after signing the contract revealed that the works had stalled and the contractor had since abandoned the site with the following works still outstanding:

- Removal of carpets,
- PVC tiles,
- Fixing of ceramic tiles in the male toilet and Permanent Secretary's toilet,
- Painting of the passage, hand rails on the stairs, fixing of the ceiling,
- Gutters and mirrors in the Permanent Secretary's toilet.

There was no evidence to show that the contract had been officially extended and no action had been taken against the contractor.

**HEAD: 98/01 Office of the President - Southern Province - Headquarters**

**PROGRAMME: Infrastructure Development – UNWTO and Provincial  
Administration Office**

**ACTIVITIES: Various**

89. During the period under review, the Provincial Administration was funded amounts totalling K61,210,391 for the construction of an international bus terminus and a modern market in Livingstone, the construction of a new office block and rehabilitation of an old office block in Choma, training of chiefs and relocating of staff to Choma. See table below.

Activity	Amount K
Construction of New Office Block	8,779,650
Construction of International Bus Terminus, Modern Market and Rehabilitation of Old Office Block	50,609,300
Training of Chiefs	78,048
Relocation of Staff to Choma	1,743,393
<b>Total</b>	<b>61,210,391</b>



As of March 2014, amounts totalling K57,071,5981 had been spent leaving a balance of K4,138,792.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in March 2014 revealed the following:

**a. Misapplication of funds**

Contrary to the Appropriation Act of 2013, amounts totalling K150,548 were applied on unrelated activities such as Vice President's visit, HIV/AIDS, assessment of land for orphans and vulnerable children and the Minister's travel to Sinazongwe.

**b. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K510,770 issued to eighty three (83) officers for construction site visitation, transportation of furniture and equipment had not been retired as of November 2014.

**c. Irregular Payment of Loading and Offloading Allowances**

According to Terms and Conditions of Service for Public Service No.155 (a), an officer on transfer between stations, 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 Terms and Conditions of Service for Public Service, eighty three (83) officers who were entitled to be paid K139,500 were instead paid amounts totalling K312,200 resulting in an overpayment of K172,700. As of November 2014, the amounts overpaid to the officers had not been recovered.

**d. Rehabilitation of an Interim Office Block for the Provincial Administration Office in Choma.**

On 17<sup>th</sup> December 2012, Livuka Enterprise Company was engaged to rehabilitate an old office for Provincial Administration in Choma at a contract sum of K893,538 with a contract period of sixteen (16) weeks.

The scope of works included among others painting, fitting of 1500 mm long urinal, red carpet, 1200 mm recessed ceiling lights, aluminium sliding glazed accessories and construction of a car park to accommodate eight (8) vehicles.

As of May 2014, amounts totalling K860,664 had been paid to the contractor.

The following were observed:

**i. Engagement of Contractor without Clearance from the Attorney General**

Contrary to Article 54(2) of the Constitution of Zambia, no clearance of the contract was obtained from the Attorney General.

**ii. Irregular charging of VAT by the Contractor.**

Although the contractor was paid amounts totalling K860,543 which included K118,712 in respect of VAT charge, an inquiry with the Zambia Revenue Authority (ZRA) revealed that Livuuka Enterprise was not registered for VAT.

**e. Construction of International Bus Terminus in Livingstone**

On 14<sup>th</sup> February 2013, Ndilila Associates and Architects were awarded a contract for the construction of an International Bus Terminus at a contract price of K41,500,000.

The contract was for a period of five (5) months from 14<sup>th</sup> February to 14<sup>th</sup> July 2013, based on an Integrated Construction Unit (ICU) method of works.

According to the contract, Ndilila Associates and Architects was supposed to design and carry out construction works under the Integrated Construction Unit (ICU) method of works for the Provincial Administration on behalf of Livingstone City Council which was the end user.

As of June 2014, amounts totalling K33,212,000 had been paid to Ndilila Associates, Architect leaving a balance of K8,288,000.

However, the following were observed:

**i. Engagement of Contractor without Clearance from the Attorney General**

Contrary to Article 54(2) of the Constitution of Zambia, no clearance of the contract was obtained from the Attorney General.

**ii. Lack of Bills of Quantities Equal to Contract Sum**

The contract sum of K41,500,000 was not supported by Bill of Quantities (BOQs) as only BOQs amounting to K23,001,209 were availed for audit.

In his response dated 6<sup>th</sup> June 2014, the Controlling Officer stated that the contract sum was not arrived at based on the BOQs but was an estimate by the Contractor. The Controlling Officer further stated that the type of contract was an ICU.

However, no documentary evidence of the estimate by the contractor amounting to K41,500,000 was availed for audit. In addition, it is not clear as to why the Provincial Administration would rely on the estimates prepared by the Contractor without consulting the Provincial Building Engineer.

**iii. Delayed Completion of Works**

A physical inspection of the project carried out in November 2014, revealed that the contractor was still on site and the project had not been completed thirteen (13) months after the agreed completion date and no variation on the extension of time had been granted.

In particular, works such as fitting of doors, iron mongery, ground floor tiling, fitting of 6mm thick plate glass silvered and sealed four (4) mirrors, painting of internal walls, construction of platform, plumbing and electrical fittings, tarring, covering of storm water drainage road pavement and tarring were still outstanding. See picture below.



*Bus Terminus*

Further, defects such as holes and cracks in the showers were observed as shown in the pictures below.



*A hole created on the wall and weak walls in the Showers at the Intercity Bus Terminus in Livingstone*

**f. Construction of an Ultra-Modern Market in Livingstone**

On 14<sup>th</sup> February 2013, GES Architects were engaged to construct an ultra-modern market using an Integrated Construction Unit (ICU) method at a total contract sum of K28,500,000 with a completion period of five (5) months commencing from the date of signing the contract. The scope of works was to design and construct the market.

As of March 2014, amounts totalling K19,967,650 had been paid to the contractor. However, although G.E.S was engaged to carry out the works, no clearance of the contract from the Attorney General was obtained.

A physical inspection of the project carried out in November 2014 revealed that works had not been completed thirteen (13) months after the expected completion date.

In particular, works such as construction of external manholes, boundary wall, gate, glazing, ceiling, fitting of balustrades to staircases, guard rails, elevated water tanks, electrical wiring and plumbing were outstanding.

In addition, cracks had developed on the second floor. See picture below.



*Modern Market in Livingstone*



*A Crack on Second Floor*

**HEAD: 98/03 Office of the President - Southern Province**

**PROGRAMME: Rural Roads Unit**

**ACTIVITIES: Various**

**90.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December, 2013, a total provision of K13,555,821 was made to cater for the rehabilitation, construction and monitoring of rural roads in thirteen (13) districts and the whole amount was released.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in June 2014 revealed the following:

**a. Failure to Implement Projects**

During the period under review, Rural Roads Unit received amounts totalling K1,937,218 for rehabilitation and construction of roads in five (5) districts as shown in the table below.

<b>District</b>	<b>Releases K</b>
Monze	260,677
Namwala	245,648
Zimba	469,197
Pemba	484,739
Chikankata	476,957
<b>Total</b>	<b>1,937,218</b>

However, as of November 2014, the rehabilitation and construction of roads had not commenced despite the availability of funds.

**b. Fuel Drawn and Used on Activities Other than RRU Activities**

Fuel drawings in amounts totalling K73,943 meant for construction and rehabilitation of roads in four (4) districts namely Livingstone, Kalomo, Mazabuka and Namwala was applied on unrelated activities such as servicing of motor vehicles, collecting accountable documents from Lusaka, Provincial Administration works and borrowings by other departments among others.

As of November 2014, the fuel used on unrelated activities had not been reimbursed.

**c. Construction of Roads - Incomplete Works and Poor Workmanship on Roads**

Physical inspections on selected roads and culverts in Mazabuka, Gwembe, Kalomo and Kazungula districts, revealed that most of the works were not completed and there was an element of poor workmanship as detailed below.

District	Road	Work Planned	Amount Released K	Observations
Mazabuka	Chivuna-Konkola	Light grading Heavy grading Grubbing Spot Regravelling Rehabilitate stretch of 30km	804,804	K304,665 was spent leaving a balance of K500,139.  A physical inspection carried out on June 2014 revealed that only 21 km had been done.
Gwembe	Gwembe - Munyumbwe	Construction of a 2km- Light grading 10km-Heavy grading 20km-Grubbing and clearing Spot regravelling 32 and a 27m x7m culvert on Gwembe Munyumbwe road	45,437	K527,867 was spent leaving a balance of K317,570  A physical inspection carried on June 2014 revealed that the whole stretch had been done. Although a 27m x 7m culvert was constructed on Munyumbwe road, the deck and head wall on the sides of the culvert had separated from the concrete slab of the culvert. Further, a crack had developed on the head wall.
Kalomo	Kalomo-Chikanta	30km Regravelling Heavy grading of Kalomo Chikanta road	1,126,741	K609,894 was spent leaving a balance of K516,846.  A physical inspection carried out on June 2014 revealed

		and construction of two (2) culverts along Kolomo –Kauwe road.		that a stretch of 34km of road had been graded. However, construction of culverts at Kauwe had not been completed.
Kazungula	Mandiya	Construction of a culvert at Mandiya	182,662	K182,662 was spent. A physical inspection revealed that the culvert had not been completed in that the casting of concrete on the upper deck and joining of the side wings of the culvert with the concrete slab were not done. See picture below.



**HEAD: 99 Constitutional and Statutory Expenditure**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**91.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2013, a total provision of K3,236,869,506 was made to cater for various debt repayments against which amounts totalling K2,750,136,395 were released resulting in an under funding of K486,733,111. According to the Financial Statement (Statement C), amounts totalling K2,720,818,844 were spent during the financial year ended 31<sup>st</sup> December 2013.

## Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry of Finance Headquarter carried out in September 2014 revealed the following:

### a. Position of Public Debt

The position of domestic and external debt as at 31<sup>st</sup> December 2013 was as shown in the table below.

Type	Opening Balance as at 1 <sup>st</sup> January 2013 K	Amount Borrowed During the Year 2013 K	Amount Repaid During the Year 2013 K	Closing Balance as at 31 <sup>st</sup> December 2013 K
Domestic Debt	15,357,066,177	18,073,096,913	12,944,446,404	20,485,716,686
External Debt	15,431,666,592	911,954,336	592,133,469	15,751,487,459
<b>Total</b>	<b>30,788,732,769</b>	<b>18,985,051,249</b>	<b>13,536,579,873</b>	<b>36,237,204,145</b>

As can be seen from the table above, total public debt increased from K30,788,732,769 as at 31<sup>st</sup> December 2012 to K36,237,204,145 as at 31<sup>st</sup> December 2013 representing an increase of 18%. The increase in the debt levels was attributed to new borrowings made in 2013.

### b. Delays in Loan Repayments.

A scrutiny of the loan repayment schedules indicated that some outstanding loans were repaid beyond the due dates. The delay ranged from 4 to 41 days. See table below.

Month	Creditor	Principal K	Interest K	Total K	Due date	Payment Authorisation Received at BOZ	Value date	Number of days Delayed
13-Feb	World Bank IDA	933,131	1,594,051	2,527,181	15/02/2013	20/02/2013	25/02/2013	9 days
13-Mar	China Exim Bank	50,376,126	-	50,376,126	15/03/2013	22/03/2013	25/03/2013	9 days
13-Apr	Development Bank of SA	34,337,609	35,924,101	70,261,710	1/4/2013	2/4/2013	5/4/2013	4 days
13-May	World Bank IDA	3,126,224	937,963	4,064,187	1/5/2013	6/5/2013	10/5/2013	9 days
13-Jun	ADF	-	3,758,628	3,758,628	1/5/2013	6/6/2013	11/6/2013	41 days
13-Jul	OFID	1,340,254	152,863	1,493,117	1/7/2013	8/7/2013	11/7/2013	10 days
13-Aug	World Bank IDA	4,708,640	3,042,205	7,750,845	1/8/2013	20/08/2013	23/08/2013	22 days
13-Sep	Kuwait Fund	2,704,086	514,250	3,218,336	1/9/2013	17/09/2013	23/09/2013	23 days
13-Oct	Development Bank of SA	33,877,166	32,943,850	66,821,016	1/10/2013	18/10/2013	25/10/2013	24 days
13-Nov	Indian Exim Bank	405,485	368,762	774,247	8/10/2013	13/11/2013	15/11/2013	35 days
13-Dec	JICA	-	624	624	20/11/2013	28/11/2013	4/12/2013	13 days
<b>Total</b>		<b>267,004,373</b>	<b>79,237,297</b>	<b>346,241,670</b>				

The delay in making loan repayment would ultimately result in attracting penalty charges in addition to the already existing cost of borrowing in terms of interest charges.



However, as of 31<sup>st</sup> December 2014, the Ministry was unable to provide both the penalties charged on the borrowing.

**c. Failure to Carry out Monthly Reconciliations**

It was observed that the Ministry's control environment was weak in that reconciliations were not prepared on a monthly basis and there was no evidence that management demanded for reconciliations from accounting staff for review and approval. As a result of the Internal Control Weaknesses the following were observed:

**i. Differences Between Expenditure Details on Statement "C" and Cashbook**

Whilst actual expenditure details on the financial statement "C" in respect of Head 99 was reflected as K2,720,818,843, the cashbook showed expenditure of K2,676,385,080 resulting in a difference of K39,754,554 which could not be explained by management.

The above situation may result in misstatement of figures contained under Head 99 of the financial statement "C" for the Ministry.

**ii. Unreconciled Differences**

It was observed that although the entries in the cashbook and abstract ought to be the same, the two records had differences in amounts totalling K12,421,480 for the entries shown in the table below which had not been reconciled as of October 2014.

	EXPENDITURE PER CASHBOOK K	EXPENDITURE PER ABSTRACT K	VARIANCE K
<b>990101-MULTILATERAL</b>			
<b>Programme 3088-Multilateral</b>			
<b>Activities</b>			
002 OPEC Funds	10,546,782	16,094,430	5,547,648
003 World Bank (IBRD/IDA)	41,913,717	48,819,839	6,906,121
005 Arab Bank for Economic Development in Africa (BADEA)	8,989,799	2,083,677	(6,906,121)
009 Nordic Development Fund	3,639,864	3,630,864	(9,000)
014 Euro Bond	214,819,266	212,249,196	(2,570,070)
<b>Programme Total</b>	<b>279,909,427</b>	<b>282,878,006</b>	<b>2,968,579</b>
<b>990102 BILATERAL</b>			
<b>Programme 3093- Debt Management - Non Paris Club</b>			
<b>Activities</b>			
002 China Cactic	89,681,200	104,995,926	15,314,725
005 Kuwait- Fund for Arab Economic Development	6,523,030	6,359,348	(163,682)
009 China	4,679,209	-	(4,679,209)
<b>Programme Total</b>	<b>100,883,439</b>	<b>111,355,273</b>	<b>10,471,835</b>
<b>Programme 3094-Debt Management - Paris Club</b>			
<b>Activities</b>			
002 Russia	200,440,780	197,247,582	(3,193,197)
009 France	1,506,262	3,680,526	2,174,264
<b>Programme Total</b>	<b>201,947,041</b>	<b>200,928,108</b>	<b>(1,018,933)</b>
<b>Departmental Total</b>	<b>582,739,907</b>	<b>595,161,387</b>	<b>12,421,480</b>

The above differences could result in the misstatement of the financial statement “C” and therefore not reflect a true and correct position of the transactions.

### iii. Failure to Recover On – Lent loans

On – lent loans are loans that Government obtains from bilateral and multilateral lenders for onward lending to other Government institutions. According to the list obtained from the Domestic Debt Unit, the Ministry had six (6) On – Lent loans to various Government institutions denominated in several currencies as shown in the table below.

Beneficiary	Creditor Name	Loan Name	Mother Loan Signature Date	Subsidiary Loan Agreement Signature Date	Amount On Lent '000	Loan Currency	Kwacha Equivalent '000	Date of First Principal Repayment
Nkana Water and Sewerage Company	ADF	Water Reticulation System	27-May-97	August 14, 1998	17,780	UA	112,014	1-Oct-05
	IDA		27-Jul-00	October 2, 2000	2,850	SDR	26,087	1-Oct-06
ZESCO	GOVT OF BELGIUM	Mapepe Sub Station	12-Oct-05	March 7, 2006	820	EURO	6,478	1-Jan-09
Zambia Revenue Authority	Exim Bank China	Non-Intrusive Container Scanning Equipment	23-Dec-09	March 21, 2013	350,000	CYN	356,104	1-Mar-13
Food Reserve Agency	Mixed Credit	Maize and Fertilizer	NIL	April 1, 2003	52,996	USD	333,875	3-May
TAZAMA Pipelines				August 27, 2007	2,200	USD	13,860	15-Jan-10
Coffee Board of Zambia				November 22, 2001	1,600	USD	10,080	1-Jan-06

However, it was observed that the on-lent loans were not being serviced by the Institutions contrary to the subsidiary loan agreements signed with Government. This meant that the Government was being left with the debt burden, as the interest and principal payments meant to cover for subsequent repayments to the lenders was not being recovered from the institutions.

It was further observed that the on-lent loans were not captured in the DMFAS system despite the system having a module to handle on-lent loans. In addition, the Investment and Debt Management Department did not maintain ledgers for on-lent loans and as such, the specific amounts owed by the institutions in terms of interest and principal could not be ascertained.

The above situation may result in loss of government revenue through non-repayments of interest and principal by the institutions.

In his response dated 20<sup>th</sup> October 2014, the Controlling Officer stated that the Ministry had engaged in discussion with a number of State Owned Enterprises (SOEs) regarding the status of on-lent loans and that most of these SOEs were financially distressed and had been requesting Government to assist in restructuring their balance sheets by converting the on-lent loans into equity, to write off the on-lent loans on which Zambia got debt relief under HIPC and Multilateral Debt Relief Initiative (MDRI). He also stated that the Ministry was conducting a restructuring of SOEs balance sheet in order to resolve the issue of on-lent loans and strengthen the balance sheets.

However as of 31<sup>st</sup> December 2014, the Ministry had not provided documentation as to which debt had been written off under the HIPC and the MDRI.

**iv. Treasury Bills and Bonds**

A scrutiny of accounting documents obtained from the Bank of Zambia and the Ministry with regards to interest payments revealed that the Ministry underfunded the servicing of interest on Treasury Bills by K114,875,464 and Government Bonds by K242,643,980 during the period under review as can be seen from the table below.

<b>Treasury bills interest payments 2013</b>	<b>Amount K</b>
Funding (Releases)	609,942,636
Actual Commitments	724,818,100
Under funding	<b>114,875,464</b>
Funding (Releases)	609,942,636
Statement C Expenditure	647,873,299
Over statement	<b>37,930,664</b>
<b>Government Bonds Interest Payment 2013</b>	
Funding (Releases)	902,837,875
Actual Commitments	1,145,481,855
Under funding	<b>242,643,980</b>

Consequently, the Ministry will be required to pay the interest twice as the due amounts have to be rolled over thus increasing the cost on the borrowings.

**v. Unreconciled Treasury Bills and Government Bonds Sale Proceeds**

There was no consistency in information held by the Bank of Zambia and the Ministry of Finance with regards to funds raised from Treasury Bills and Government Bonds.

A scrutiny of records at the Bank of Zambia indicated that Treasury Bills and Bonds raised in 2013 were K10,781,428,549 and K2,966,143,226, whilst records at the Investment and Debt Management Department at the Ministry showed that Treasury Bills and Bonds were K10,519,210,190 and K2,605,153,270 respectively. As of November 2014, the differences had not been reconciled.

In his response dated 20<sup>th</sup> October 2014, the Controlling Officer stated that the Ministry's figures were based on the tender sales figures generated by the Bank of Zambia (BOZ). He added that the difference in figures between the Ministry and BOZ was as a result of the BOZ having adjusted their figures by the amount of off tender sales for Government securities after a submission to the Ministry had been made. He concluded by stating that the problem had been addressed by introducing the new

system for management of government securities, the Central Securities Depository (CSD) which allowed them to conduct the competitive and off-tender sales at the same time adding that previously, the Government securities off-tender sales would be conducted after the competitive tender had been done and sales figures adjusted accordingly.

However, as at 31<sup>st</sup> December, 2014, documentation relating to the off tender sales had not been provided for audit and reconciliation.

## **RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE WHICH HAVE EITHER NOT BEEN IMPLEMENTED OR HAVE BEEN PARTIALLY IMPLEMENTED**

**92.** In 1992, the Public Accounts Committee (PAC) resolved to appoint a Committee of officials from the Ministry of Finance, National Assembly and Office of the Auditor General to deal exclusively with the outstanding issues on a continuous basis. Since then, the Committee has been meeting to ensure that outstanding issues are cleared.

Appendix 1 to this Report summarises the status of the unresolved issues as at 31<sup>st</sup> December 2014 for which necessary remedial action is required. This forms part of my Report for the financial year ended 31<sup>st</sup> December 2013 whereas Appendix 2 is the glossary of terms. The glossary of terms has been included in order to make the report clearer and to assist the users of the report to fully understand the issues raised.

**AUDIT HOUSE  
HAILE SELASSIE  
AVENUE  
LUSAKA  
31<sup>st</sup> December 2014**

**Dr. ANNA O. CHIFUNGULA FCCA, FZICA  
AUDITOR GENERAL  
REPUBLIC OF ZAMBIA**

## **Appendix 1**

### ***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIFTH SESSION OF THE NINTH NATIONAL ASSEMBLY***

#### ***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup>***

***December, 2004***

*Para 16 (14) Revenue Collections – Lusaka Port Office – AS regards progress in the matter raised (a) i, ii, (d), (e) i, ii.*

*Para 17 (15) Other ports and stations – whether the matters raised in (iv) and (vi) have been resolved.*

*Para 19 (17) Weakness and irregularities in Accounting for Revenue - On the latest position on the matters raised.*

*Para 19 (20) Local Bank Accounts – Regarding the recovery of funds from the Union Bank*

*Para 20 (18) Provincial and District Offices – Latest position on the matter raised in b, d, e.*

*Para 22 (20) Weakness and Irregularities in Accounting for Revenue – Whether the issues raised have since been addressed..*

*Para 25 (23) Weaknesses in Internal controls and poor Record Keeping – Progress on the matter raised.*

*Para 26 (24) Weaknesses in Procurement of Goods and Services and other Irregularities – Progress on the matter raised.*

*Para 30 (28) Accounting and other irregularities – progress made in resolving the matter raised in (a), (b), (c)*

- Para 32 (30) Unsupported expenditure – on progress made in resolving the matters raised.*
- Para 33 (31) Non-adherence to Tender Procedures – the current position on the matter raised.*
- Para 35 (33) Sector Plan Implementation – As regards the current position on the Unretired imprest.*
- Para 41 (39) Outstanding Loans (K184,253,333.00) – Regarding the latest position on the matter.*
- Para 43 (41) Consideration on Issue Arising from the inspection Tour of Missions Abroad – As regards progress to address the issues raised.*
- Para 45 (45) Rehabilitation of feeder roads Road Rehabilitation – current position on the matter raised.*

***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE  
FOR THE FIRST SESSION OF TENTH NATIONAL ASSEMBLY***

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup> December 2005***

- Para 9 (9) Revenue Collections – ZRA – As regards progress on matters raised.*
- Para 10 (10) Accounting irregularities - current position as the matter raised*
- Para 13 (13) Weaknesses and irregularities in Accounting for revenue*
- Para 14 (14) Weakness and irregularities in Accounting for Revenue  
– Progress made in resolving the outstanding matters*

*raised*

- Para 15 (15) Irregularities in Accounting for Rental Collection – Progress made on the matter raised*
- Para 20 (20) Irregularities in Accounting for weigh Bridge Charges- Kafulafuta – As to whether the amount of K446,187,000.00 has since been reimbursed.*
- Para 22 (22) Weaknesses in the administration of Personal emoluments and other irregularities – As to whether the Controlling Officer has reported progress in matters raised in (a) and (j)*
- Para 24 (24) Accounting and other irregularities – Regarding progress made on the matters raised.*
- Para 28 (28) Weaknesses in Accounting for Special Imprest and other irregularities – Regarding the latest position on the matters raised*
- Para 33 (33) Accounting and other irregularities- Regarding the current position on the matters raised.*
- Para 34 (34) Accounting and other irregularities – As to whether the matters raised in (b) have been addressed..*
- Para 36 (36) Accounting and other irregularities – As regards progress on the cases reported to Zambia Police and other matters.*
- Para 37 (37) Government Communication Flights-As regards progress made on the matters raised.*
- Para 38 (38) Delays in the completion of the Zambia Transport Information system (ZAMTIS) project – As regards progress on the matter*
- Para 40 (40) Weakness in Accounting for Sector Plan Support Funds – As*



*regards progress on the construction works and the current position on the other matters raised.*

*Para 41 (41) Provincial Offices – Current position on the matters raised*

*Para 44 (44) Weakness in Control Over Bank Accounts- As regards the latest position on the matters raised.*

*Para 45 (45) Rehabilitation of feeder roads – As regards the latest position on the matters raised.*

*Para 46 (46) Failure to implement Poverty Reduction and other Irregularities- On the progress made in order to address the matters raised in (a) and (b)*

*Para 47 (47) Wasteful expenditure and other irregularities – As regards the Current position on the matters raised.*

*Para 51 (51) Misappropriation of Personal Emoluments and other irregularities regarding the current position on the matters raised in (e)*

*Para 52 (52) Accounting and other irregularities – As to whether verification has since been done (b) –(f)*

*Para 41 (45) Provincial Office – Grants to the Provinces – on the outcome of Police investigations in (b) and (c) and the latest position on the other matters*

***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE  
FOR THE SECOND SESSION OF TENTH NATIONAL ASSEMBLY***

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup> December 2006***

*Para 23 (21) Weaknesses and Irregularities in the management of Lands*

*Management Information System (LIMS) and Accounting for Revenue – Progress made in addressing the matters raised.*

- Para 24 (22) Weakness in Accounting for revenue – As regards efforts made to trace the documents in respect of the vehicles under query and other progress on the queries raised.*
- Para 49 (47) Irregularities in Accounting for Grants – Progress made on the matters raised (a) – (d).*
- Para 65 (63) Accounting and other irregularities – As regards the latest position on the matters raised (f)*
- Para 66 (64) Weaknesses in Accounting for funds and other irregularities whether the matters raised have since been addressed*
- Para 56 (54) Accounting irregularities - On progress made in resolving the issues raised.*
- Para 57 (55) Irregular Transfer of funds – Progress made to resolve the matters raised.*
- Para 58 (56) Accounting and other irregularities – Progress made to resolve the issues raised*
- Para 49 (47) Irregularities in Accounting for Grants – Progress made on the matters raised (a) – (d).*
- Para 62 (60) Accounting in irregularities – Government funded Programs and activities - As regards the current position on the matters raised in (a) – (g)*
- Para 63 (61) Weaknesses in Accounting for Sector Plan Implementation Funds – on the progress made to address the issues raised*

- Para 64 (62) Accounting irregularities - On the measures taken to address the issues raised.*
- Para 76 (74) Irregularities in Accounting for Personal Emoluments – As to whether the matters raised have since been addressed.*
- Para 78 (76) Accounting weaknesses – PRP Funds - Progress made to resolve the matters raised (a) – (d).*
- Para 79 (77) Road Rehabilitation Irregularities on Contract Management - Progress made on the matters.*
- Para 80 (78) Accounting irregularities On the current position of Police investigation.*
- Para 81 (75) Misapplication of funds -As regards the latest position on the matter.*
- Para 89 (87) Irregularities in the Procurement of Cattle – Progress made on items (a) and (b)*
- Para 90 (88) Rehabilitation and Construction of Dams-As regards progress made on the issues raised in (a) and (b)*
- Para 72 (70) Irregularities in the Management of Personal and other emoluments –As regards progress made on the matters raised (b) and (c).*
- Para 73 (71) Construction of Health Posts/Rehabilitation of Health Facilities - progress made on the matter.*
- Para 75 (74) Weaknesses in Administration of Funds – As regards measures put in place to resolve the issues raised (a) and (b).*
- Para 84 (82) Accounting irregularities -As regards progress made on the matter.*

*Para 83 (81) Accounting and other Irregularities - regarding the current position on the matter.*

*Para 88 (86) Accounting irregularities – regarding the current position on the matters (b) – (c)*

***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE  
FOR THE FOURTH SESSION OF THE TENTH NATIONAL ASSEMBLY.***

***Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2007.***

*Para 7(8) Revenue Collections-Current position on the matters raised in (c)-(f).*

*Para 8(9) Accounting and other irregularities-Whether the queries raised in (a)-(c) have since been addressed.*

*Para 9(10) Irregularities in Accounting for Revenue-Current position on matters raised in (a) and (c).*

*Para 10(11) Weaknesses in Accounting for Revenue-Latest position on issues raised.*

*Para 11(12) Irregularities in Accounting for Revenue Collections-As regards the current position on the matters raised.*

*Para 12(13) Irregularities in Accounting for Revenue Collections- As regards the current position on the matters raised.*

*Para 14(15) Irregularities in Accounting for Revenue-Current position the issue raised.*

*Para 15(16) Weakness and Irregularities in the Zambia Transport and Information System (ZAMTIS)-Progress made in addressing the issues raised.*

*Para 16(17) Weakness in Accounting for Revenue-As to whether the recorded loss of K63, 288,400 has been recovered.*

*Para 17(18) Irregularities in Accounting for Revenue-The current position on the matters raised in (a) to (d).*

- Para 18(19) Weakness in Accounting for Personal Emoluments, Loans and other irregularities- Latest position on the outstanding matters.*
- Para 19(20) Weakness in Accounting for Personal Emoluments, Loans and other irregularities- Latest position on the outstanding matters.*
- Para 20(21) Accounting and other Irregularities-Latest position on the outstanding matters.*
- Para 21(22) Poor Contract Management-Construction of AMCO house, Kitwe- Progress made in addressing the issues raised.*
- Para 22(24) Accounting and other Irregularities- Current position the issues raised.*
- Para 24(28) Accounting Irregularities- Current position the issues raised.*
- Para 25(29) Accounting and other Irregularities- Latest position on the outstanding matters.*
- Para 26(30) Accounting and other Irregularities- Progress made in addressing the issues raised.*
- Para 27(31) Irregularities in Accounting for DHMT funds-As to whether the issues raised have been addressed.*
- Para 28(32) Weaknesses in Accounting for Funds-the current position on the matters raised.*
- Para 30(34) Delays in the construction of the District hospital- the current position on the matters raised.*
- Para 32(36) Weaknesses in Accounting for PRP funds-- Latest position on the outstanding matters.*
- Para 34(38) Weaknesses in Accounting for Bursary Scheme- Progress made in addressing the issues raised.*
- Para 35(39) Accounting and other irregularities-current position on issues raised in c-h.*
- Para 36(40) Accounting and Other irregularities in Sector Plan implementation- Progress made in addressing the issues raised.*
- Para 37(41) Weaknesses in Accounting for funds and stores- current position on issues raised.*
- Para 38(42) Irregular Purchase of a house and other irregularities-Whether the issues have since been addressed.*

- Para 39(43) Weaknesses in Accounting and other Irregularities-Current position on (a) to (d)*
- Para 40(44) Weaknesses in Accounting for funds and other irregularities-whether the queries have been addressed.*
- Para 41(45) Weakness in Accounting for Irrigation and Land Husbandry Programmes (RIF)-RPP-The current position on issues raised in (d).*
- Para 43(47) Accounting and other irregularities-Whether the issues raised in (b) to (d) have since been addressed.*
- Para 44(48) Accounting and other Irregularities-Latest position on the matters raised.*
- Para 45(49) Weaknesses in Accounting for PRP funds-whether the issues raised in (b)-(d) have been addressed.*
- Para 46(50) Monitoring and Evaluation, Construction of staff house for provincial staff-whether the queries have been addressed.*
- Para 47(51) Irregularities in Accounting for High School requisites -latest position on the court case.*
- Para 48(52) Accounting and Other irregularities-Current position on item (a)*
- Para 49(53) Weaknesses in Accounting for PRP funds-Progress made on the matter*
- Para 50(54) Failure to complete projects-Progress made to complete all the outstanding projects*
- Para 51(58) Accounting and other irregularities-Whether the issues raised in (a)-(c) have been addressed.*
- Para 52(59) Failure to Execute Rehabilitation works-Whether the works at Chisale Day School have been completed.*
- Para 53(60) Weaknesses in Accounting for Recurrent Departmental charges-The current position on items (c) and (h).*
- Para 55(62) Irregularities in Accounting for Building materials –whether the issues raised in (c) have been addressed.*
- Para 56(63) Weaknesses in Accounting for PRP funds- The current position on issues raised.*

*Para 57(64) Weaknesses in Accounting for Building Materials and Failure to complete projects (Teachers houses)-whether the issues raised in (a) I, ii, iii c and d have been addressed.*

*Para 58(65) Weaknesses in Accounting for Building Materials and Failure to complete projects- Progress made in addressing issues raised in (b) to (i).*

*Para 61(68) Accounting and other irregularities-current position on the matters raised.*

***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE  
FOR FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY***

***Report of the Auditor General on the Accounts for the financial year ended 31st December 2008.***

*Paragraph 7(7) Outturn and Appropriation Accounts – As to the whether unreconciled balance of K53, 670,924,188 has been resolved.*

*Paragraph 8(8) General Revenue – Progress made in addressing issues raised (a) i-ix (b)*

*Paragraph 9(9) Weaknesses in accounting for revenue – progress made in addressing (a) and (c)*

*Paragraph 10(10) Accounting Irregularities in revenue collections – As regards the latest position on items (a) and (b)*

*Paragraph 12 (12) Irregularities in Accounting for Revenue collections - whether the issues raised in (i) and (iv) have since been addressed.*

*Paragraph 13 (13) Accounting irregularities in Revenue collections – Progress made in resolving the outstanding issues in (a) and (c)*

*Paragraph 14 (14) Weaknesses in Accounting for Revenue and other irregularities – Progress made in addressing issues raised (a) (b) (c) (d)*

*Paragraph 15 (15) Accounting irregularities in Revenue collection – Progress made in resolving the outstanding issues*

*Paragraph 16 (16) Accounting Irregularities in Revenue collections – Progress made in resolving the issues raised in (a) – (b)*

<i>Paragraph 17 (17)</i>	<i>Irregularities in accounting for Revenue – As to whether the issues raised in (a) (b) and (c) have been addressed</i>
<i>Paragraph 18 (18)</i>	<i>Weaknesses and Irregularities in Accounting for Revenue – Measures taken to address the issues raised</i>
<i>Paragraph 20 (19)</i>	<i>Weaknesses in Accounting for Revenue – As to whether the issues raised in (i) and (ii) have been resolved</i>
<i>Paragraph 21 (20)</i>	<i>Accounting and other Irregularities – Progress made in addressing issues raised</i>
<i>Paragraph 22 (21)</i>	<i>Accounting and Other Irregularities- Progress made in addressing issues raised.</i>
<i>Paragraph 23 (22)</i>	<i>Accounting and other Irregularities – Progress made in addressing issues raised in (b) (f) (g) (h) (j) (l) and (m)</i>
<i>Paragraph 24 (23)</i>	<i>Weaknesses in Accounting for PRP funds – As to whether the work s have since been completed</i>
<i>Paragraph 25 (24)</i>	<i>Accounting and Irregularities – Progress made in resolving the issues outstanding in (b) (c) (e) (f) and (g)</i>
<i>Paragraph 26(25)</i>	<i>Accounting Irregularities – Progress made in resolving the outstanding issues</i>
<i>Paragraph 27 (26)</i>	<i>Accounting and other irregularities – Progress made in addressing issues raised (a) – (h)</i>
<i>Paragraph 28(27)</i>	<i>Accounting and Other Irregularities - Current position on the matters raised (b)</i>
<i>Paragraph 30(29)</i>	<i>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.</i>
<i>Paragraph32(31)</i>	<i>Accounting and other irregularities - As to whether the controlling officer has come up with a formula for apportioning bills.</i>



- 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)*
- Paragraph 47 (46) Accounting and other irregularities - As to whether the claim for insurance has been processed and police report availed.*
- Paragraph 48(47) Compensation and Awards- As to whether the investigations into the final reconciliation have been concluded.*
- Paragraph 49(48) Accounting and Other Irregularities – As to whether the building has been completed and commissioned.*
- Paragraph 50 (49) Accounting and other irregularities- As to whether the outstanding issues have since been resolved.*

- Paragraph 51 (50) Accounting and other Irregularities – Progress made in addressing issues raised in (b)ii*
- Paragraph 52 (51) Accounting Irregularities – As to whether the necessary retirements have been availed and construction works completed.*
- Paragraph 53 (52) Accounting and Other Irregularities – Whether the issues raised have been resolved*
- Paragraph 54 (53) Accounting Irregularities – Administration of the RDC account- As to whether the issues raised in (a) and (c) have been addressed*
- Paragraph 55 (54) Accounting and Other Irregularities – As to whether the issues raised in (a) (c) (d) (e) (g)i,iii*
- Paragraph 56 (55) Accounting and other Irregularities in the execution of the projects- current position on items (a) (b) and (c)*
- Paragraph 57 (56) Accounting and other Irregularities – Current status on items (a) – (d)*
- Paragraph 58 (57) Accounting and other Irregularities – As to whether the issues raised (a) i, ii have been addressed*
- Paragraph 60 (59) Irregularities in Accounting for forestry Development Credit Funds- Whether all queries raised have since been addressed*
- Paragraph 61 (60) Accounting and other Irregularities – As to whether all the outstanding bills amounting to K406, 351,146.74 have been cleared*
- Paragraph 62 (61) Accounting and other Irregularities – As to whether the amount of K274, 746.500, K51, 794,044 and K226, 250.000 have been recovered.*
- Paragraph 63 (62) Weaknesses in Accounting and failure to follow tender procedures – As to whether the issues raised in (a) and (b) have been addressed.*
- Paragraph 64 (63) Accounting and other irregularities – Progress made in resolving the outstanding issues.*
- Paragraph 65 (64) Accounting and other irregularities – As to whether all the issues raised have been resolved.*

<i>Paragraph 66 (65)</i>	<i>Weaknesses in Accounting for sector/ National Implementation</i>
	<i>Frame work funds – Progress made in resolving the issues raised</i>
<i>Paragraph 67 (66)</i>	<i>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</i>
<i>Paragraph 68 (67)</i>	<i>Accounting Irregularities – Progress made in addressing issues raised.</i>
<i>Paragraph 69 (68)</i>	<i>Accounting other irregularities - latest position on the matter raised.</i>
<i>Paragraph 70 (69)</i>	<i>Accounting irregularities – latest position on the matter raised.</i>
<i>Paragraph 71 (70)</i>	<i>Accounting irregularities – Progress in addressing issues raised in (b) ii</i>
<i>Paragraph 72 (71)</i>	<i>Accounting irregularities – Progress made in resolving the issues.</i>
<i>Paragraph 73 (72)</i>	<i>Weakness in Accounting and other irregularities – Progress made in resolving all outstanding issues.</i>
<i>Paragraph 74 (73)</i>	<i>Weaknesses in Accounting and other irregularities – Progress made in addressing the issues raised (a) - (d)</i>
<i>Paragraph 75 (74)</i>	<i>Weakness in Accounting for PRP funds – As the works on the laboratory block and other works have been done.</i>
<i>Paragraph 76 (75)</i>	<i>Accounting and other irregularities – Progress made in addressing the issues raised in (a) – (g).</i>
<i>Paragraph 77 (76)</i>	<i>Construction of Youth Skills Centre – Progress made to resolve the Outstanding issues.</i>

<i>Paragraph 78 (77) (a) – (h)</i>	<i>Accounting and other irregularities – Whether the issues raised in</i>
<i>Paragraph 79 (78)</i>	<i>Accounting and other irregularities – Progress made in addressing the issues raised.</i>
<i>Paragraph 80 (79)</i>	<i>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.</i>
<i>Paragraph 81(80)</i>	<i>Management of Poverty Reduction Programme (PRP) – As to whether the Imprest has been retired.</i>
<i>Paragraph 82 (81)</i>	<i>Construction of Provincial Minister’s House and fencing of VIP House-Progress made in resolving the outstanding issues.</i>
<i>Paragraph 83 (82)</i>	<i>Irregularities in contract management – As to whether the works have since been completed.</i>
<i>Paragraph 84 (83)</i>	<i>Irregularities in Project Management – Kalumwange Clinic – Progress made in addressing the issues raised.</i>
<i>Paragraph 85 (84)</i>	<i>Irregularities in Accounting for PRP funds – Regarding progress made in on issues raised.</i>
<i>Paragraph 86 (85)</i>	<i>Accounting irregularities – As to whether the overpaid salaries have been recovered.</i>
<i>Paragraph 87 (86)</i>	<i>Accounting and other irregularities – As to whether the amount of K19,403,257</i>
<i>Paragraph 89 (88)</i>	<i>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.</i>
<i>Paragraph 90 (89)</i>	<i>Weaknesses in Accounting for Canal funds – As to whether the issues raised in (d) have been addressed.</i>

- 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 31<sup>st</sup> 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.*

<i>Paragraph 15 (13)</i>	<i>Accounting and Other Irregularities – Progress made on the issues raised in a, c, d (ii), e, g and h.</i>
<i>Paragraph 16 (14)</i>	<i>Accounting and Other Irregularities – Progress made on the issue raised in d.</i>
<i>Paragraph 17 (15)</i>	<i>Irregularities in Accounting and Contract Management – Progress on the matters in a, b, c(ii),f, and h(ii).</i>
<i>Paragraph 18 (16)</i>	<i>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.</i>
<i>Paragraph 19 (17)</i>	<i>Accounting Irregularities – Latest position on the matter raised in e.</i>
<i>Paragraph 20 (18)</i>	<i>Accounting and Other Irregularities- As to whether the issues raised in b and c (i- ii) have been addressed.</i>
<i>Paragraph 21 (19)</i>	<i>Accounting and Other Irregularities - Latest position on the matters raised in a and c.</i>
<i>Paragraph 22 (20)</i>	<i>Accounting and Other Irregularities - Progress made on issues raised in a, b(ii) and c.</i>
<i>Paragraph 23 (21)</i>	<i>Accounting and Other Irregularities- Progress made on issues raised in a to c.</i>
<i>Paragraph 24 (22)</i>	<i>Accounting and Other Irregularities -Latest position on the matters raised in a and b ( misapplication).</i>
<i>Paragraph 26 (24)</i>	<i>Accounting and Other Irregularities – Current status on items a, c(ii), d, and e.</i>
<i>Paragraph 27 (25)</i>	<i>Accounting and Other Irregularities – As to whether the issues raised in a and c have been addressed.</i>
<i>Paragraph 28 (26)</i>	<i>Accounting and Other Irregularities – Progress made in addressing the issues raised in a, b (ii) and c.</i>
<i>Paragraph 29 (27)</i>	<i>Accounting and Other Irregularities – As to whether the issues raised in b – e have been addressed.</i>
<i>Paragraph 30 (28)</i>	<i>Accounting and Other Irregularities – Progress made in addressing the issues raised in a (i) and b.</i>
<i>Paragraph 31 (29)</i>	<i>Accounting and Other Irregularities - As to whether the issues raised in a, b, c, e, f, g and h have been addressed.</i>

<i>Paragraph 32 (30)</i>	<i>Accounting and Other Irregularities - Current status on items a-c.</i>
<i>Paragraph 33 (31)</i>	<i>Accounting and Other Irregularities - As to whether the issues raised in a, b, c, d, g, h and j have been addressed.</i>
<i>Paragraph 34 (32)</i>	<i>Accounting and Other Irregularities - Current status on items c and e.</i>
<i>Paragraph 36 (34)</i>	<i>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.</i>
<i>Paragraph 37 (35)</i>	<i>Accounting and Other Irregularities - As to whether the issues raised in a, e(ii),(iv), i and j have been addressed.</i>
<i>Paragraph 38 (36)</i>	<i>Accounting and Other Irregularities – Progress made in addressing the issues raised in a ,c (ii) , and d .</i>
<i>Paragraph 39 (37)</i>	<i>Weaknesses in the Implementation of IFMIS – Progress made in addressing issues raised in a , b, c, d (iii),e ,f, h and i.</i>
<i>Paragraph 40 (38)</i>	<i>Accounting and Other Irregularities – Progress in addressing issues raised in a-d.</i>
<i>Paragraph 41 (39)</i>	<i>Accounting and Other Irregularities – As to whether the issues raised in f(i),(ii),(iii) g and K.</i>
<i>Paragraph 42 (40)</i>	<i>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.</i>
<i>Paragraph 43 (41)</i>	<i>Accounting and Other Irregularities – Latest position on the matter raised in c.</i>
<i>Paragraph 44 (42)</i>	<i>Accounting and Other Irregularities – Progress made in resolving the issues raised in a, d, h, I and j.</i>
<i>Paragraph 45 (43)</i>	<i>Accounting and Other Irregularities – Latest position on the matter raised in d.</i>
<i>Paragraph 46 (44)</i>	<i>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.</i>
<i>Paragraph 47 (45)</i>	<i>Accounting and Other Irregularities – Progress made in addressing the issues raised in a, b, c, d, e and g .</i>

<i>Paragraph 48 (46)</i>	<i>Accounting and Other Irregularities – Progress made in resolving issues raised in a, c, d and e.</i>
<i>Paragraph 49 (47)</i>	<i>Accounting and Other irregularities - Progress made in addressing the issues raised in a, b, c, and f.</i>
<i>Paragraph 50 (48)</i>	<i>Accounting and Other Irregularities – Progress made in resolving issues raised in a, b, c, d, f, g, h, i, j, K, l and m.</i>
<i>Paragraph 51 (49)</i>	<i>Accounting and Other Irregularities – Latest position regarding the matters raised in a and b.</i>
<i>Paragraph 52 (50)</i>	<i>Accounting and Other Irregularities – Progress made in resolving all outstanding issues raised in a, b, c, d, e and f.</i>
<i>Paragraph 54 (52)</i>	<i>Accounting Irregularities - Progress made in resolving issues raised in a, b, and d.</i>
<i>Paragraph 55 (53)</i>	<i>Accounting Irregularities – Progress made regarding issues raised in a (i),(iii), (iv), b (ii),(iv), d , e, f and g.</i>
<i>Paragraph 56 (54)</i>	<i>Accounting and Other Irregularities - Latest position regarding the matters raised in a to d.</i>
<i>Paragraph 57 (55)</i>	<i>Accounting and Other Irregularities - Latest position regarding the matters raised in a to f.</i>
<i>Paragraph 58 (56)</i>	<i>Accounting Irregularities – Progress made in addressing issues raised in a - e.</i>
<i>Paragraph 59 (57)</i>	<i>Accounting and Other irregularities – Progress made in addressing issues raised in a – f.</i>
<i>Paragraph 60 (58)</i>	<i>Accounting Irregularities – The Current position regarding the issues raised in a – h.</i>
<i>Paragraph 61 (59)</i>	<i>Accounting and Other Irregularities – The current position on items a (ii, iii and iv), b (i-iv) and c (i-ii).</i>
<i>Paragraph 62 (60)</i>	<i>Accounting Irregularities – Progress made in addressing issues raised in a, b, c(i, iii, iv,) ,d, e, f, g and h</i>
<i>Paragraph 63 (61)</i>	<i>Irregularities in the Administration of the General Deposit Account – The current position regarding the issues raised in a- c.</i>



<i>Paragraph 65 (63)</i>	<i>Irregularities in the Payment and Recoveries of Loans and Advances – Progress made in addressing the issues raised in a-c.</i>
<i>Paragraph 66 (64)</i>	<i>Non Operational Health Posts and Misapplication of Funds – Current position of items a and b.</i>
<i>Paragraph 67 (65)</i>	<i>Irregularities in Accounting for PRP Funds – The current position regarding issues raised in a, b, c, d, e and f.</i>
<i>Paragraph 68 (=)</i>	<i>Irregularities in Accounting for PRP Funds – Current position on items a – f.</i>
<i>Paragraph 70 (67)</i>	<i>Accounting and Other Irregularities - As regards progress made in addressing issues raised in a, b, c, d(i) and e.</i>
<i>Paragraph 71 (68)</i>	<i>Accounting and Other Irregularities – Progress made in addressing issues raised in a – c.</i>
<i>Paragraph 72 (69)</i>	<i>Weaknesses in the Implementation of Rural Roads Projects – Current position on issues raised in a and b.</i>
<i>Paragraph 73 (70)</i>	<i>Accounting and Other Irregularities – whether the issues raised in a, b and c (iii).</i>
<i>Paragraph 74 (71)</i>	<i>Weaknesses in Accounting for Personal Emoluments – Latest position on the matters raised in a – e.</i>
<i>Paragraph 75 (72)</i>	<i>Accounting Irregularities – Current position on issues raised in a – c.</i>
<i>Paragraph 76 (73)</i>	<i>Accounting Irregularities on the General Deposit Account (GDA) – The current position on issues raised in b-d</i>

***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 31<sup>st</sup> December 2010.***

***Zambia Revenue Authority***

<i>Paragraph 8 (7)</i>	<i>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).</i>
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***Ministry Of Lands***

*Paragraph 8 (8) Accounting and Other Irregularities - Latest position on a (regarding Mongu and Chipata – unaccounted for revenue), d and e.*

***Ministry Of Home Affairs-Zambia Police***

*Paragraph 9 (9) Accounting and Other Irregularities – whether the issues raised in a –e and g have been addressed.*

***Road Traffic and Safety Agency***

*Paragraph 10 (10) Weaknesses in Accounting for Revenue – Latest position on a, b (Kitwe and Livingstone regarding missing accountable documents), c ,d and e.*

***Judiciary***

*Paragraph 11 (11) Accounting and Other Irregularities – Whether the issues raised in a and c have been addressed.*

***Ministry of Home Affairs – Passport and Citizenship***

*Paragraph 12 (12) Irregularities in Accounting for Revenue Collections - Latest position on f – unsupported deposits.*

***Ministry of Mines and Minerals Development***

*Paragraph 13 (13) Accounting and Other Irregularities - As regards progress made in addressing issues raised in b, e and g*

***Ministry of Home Affairs***

*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.*

***Ministry of Home Affairs***

*Paragraph 16 (16) Weaknesses in Accounting for Prisons Industries Revolving Fund - Latest position on Provincial Offices (Northern Region ) item c (i).*

***Ministry of Foreign Affairs***

*Paragraph 17 (17) Accounting and Other Irregularities – Progress on the matters raised in a, b(ii) and c.*

***Mission Abroad-Washington Dc***

*Paragraph 18 (18)      Accounting and Other Irregularities – As to whether the issues raised in b and d have been addressed.*

***Mission Abroad - New York***

*Paragraph 19 (19)      Accounting and Other Irregularities – The current position on the issues raised in c.*

***Mission Abroad - Moscow***

*Paragraph 20 (20)      Accounting and Other Irregularities - the current position on the issues raised in b (i- iii and vi).*

***Mission Abroad-Addis Ababa***

*Paragraph 21 (21)      Accounting and Other Irregularities – whether the issues raised in b (ii) and c have been addressed.*

***Mission Abroad-Beijing***

*Paragraph 22 (22)      Accounting and Other Irregularities – Whether the queries raised in a to f have been addressed.*

***Mission Abroad – Abuja***

*Paragraph 23 (23)      Accounting and Other Irregularities - Progress made in addressing issues raised in b (ii and iv).*

***Mission Abroad - New Delhi***

*Paragraph 24 (24)      Accounting and Other Irregularities – Whether the queries raised in (a) have been addressed.*

***Mission Abroad Luanda***

*Paragraph 25 (25)      Accounting and Other Irregularities – Whether the queries raised in (b) and (c) have been addressed.*

***Mission Abroad-Ottawa***

*Paragraph 26 (26)      Accounting and Other Irregularities – Progress made in addressing the issues raised in b (iii and iv).*

***Ministry of Finance and National Planning***

*Paragraph 28 (28) Accounting and Other Irregularities - whether the issues raised in d (i ,ii- regarding unretired imprest and unacquitted payments).*

***Ministry of Information and Broadcasting Services***

*Paragraph 29 (29) Accounting and Other Irregularities – Progress made in addressing issues raised in a, b, c and d.*

***Public Service Management Division***

*Paragraph 30 (30) Weaknesses in the Administration of the Scheme – Current position on the matters raised in b and d.*

***Ministry of Local Government and Housing***

*Paragraph 31 (31) Weaknesses in Accounting for Government Grants – Latest position on the matters raised in a, b, c, d, e, f, g and i*

***Ministry of Commerce, Trade and Industry***

*Paragraph 32 (32) Accounting and Other Irregularities – Latest position on the matters raised in a – c.*

***Ministry of Finance and National Planning***

*Paragraph 33 (33) Accounting and Other Irregularities – Current position on issues raised in a , b, c and f (i-iii).*

***Ministry Of Finance And National Planning (Central Statistical Offices)***

*Paragraph 34 (34) 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.*

***Ministry of Community Development and Social Services***

*Paragraph 35 (35) Accounting and Other Irregularities – whether the issues raised in b , c, d, f, h(ii) and j (vi).*

***Ministry of Health***

*Paragraph 36 (36) 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.*

***Ministry of Communications and Transport***

*Paragraph 37 (37) Accounting and Other Irregularities – Latest position on the issues raised in b – f.*

***Ministry of Works and Supply***

*Paragraph 38 (38) Accounting and Other Irregularities – Progress made in addressing the issues raised in a(i), d, e and g.*

***Ministry of Science, Technology and Vocational Training***

*Paragraph 39 (39) Accounting and Other Irregularities- Current position on the issues raised in d (ii & iv) and e (iii-iv).*

***Ministry of Youth, Sport and Child Development***

*Paragraph 41 (42) Accounting and Other Irregularities – As to whether the issues raised in c, d and e have been addressed.*

***Ministry of Defence-Headquarters***

*Paragraph 42 (43) Accounting and Other Irregularities - The current position on the issues raised in a and b(ii ).*

***Ministry of Defence - Zambia Army***

*Paragraph 43 (44) Accounting and Other Irregularities - As regards the latest position on the issues raised in a, c, d(i & iii), e, f and g.*

***Ministry of Defence - Zambia Air Force***

*Paragraph 44 (45) Accounting and Other Irregularities - The current position on the issues raised in e.*

***Ministry of Defence - Zambia National Service***

*Paragraph 45 (46) Accounting and Other Irregularities - As to whether the issues raised in e (i ,iv) f and h.*

***Ministry of Education***

*Paragraph 46 (47) Accounting and Other Irregularities – The current position on the matters raised in a-g, i-p.*

***Ministry of Education Headquarters***

*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.*

***Ministry of Lands***

*Paragraph 48 (49) Accounting and Other Irregularities – Current position on the issues raised in a to c and d (i).*

***Ministry of Agriculture and Cooperatives***

*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).*

***Ministry of Agriculture and Cooperatives***

*Paragraph 50 (51) Accounting and Other Irregularities –Regarding the current position on matters raised in d and e.*

***Ministry of Agriculture and Livestock***

*Paragraph 51 (52) Accounting and Other Irregularities – Progress made on items b, d, f(ii), g and m.*

***Ministry of Agriculture and Cooperatives***

*Paragraph 52 (53) Weaknesses in Accounting for Personal Emoluments and Other Irregularities – As regards the latest position on the matters raised in a – e.*

***Office of the President - Lusaka Province***

*Paragraph 53 (54) Irregularities in Accounting for Rural Roads Funds – Progress made on the matters raised in b, c and d (ii,iii,v).*

***Office of the President - Lusaka Province***

*Paragraph 54 (55) Accounting and Other Irregularities – Progress made to resolve the matters raised in b, c, d and f.*

***Office of the President - Copperbelt Province***

*Paragraph 55 (56) Accounting and Other Irregularities - As regards the Latest Position on the matters raised in a and b.*

***Office of the President - Copperbelt Province***

*Paragraph 56 (57)      Accounting and Other Irregularities – Whether the issues raised in a to c have since been addressed.*

***Office of the President - Copperbelt Province***

*Paragraph 57 (58)      Accounting and Other Irregularities – As to whether the matters raised in a(ii-iii), b to i.*

***Office of the President – Central Province***

*Paragraph 58 (59)      Irregularities in Accounting for Rural Roads Funds - whether the matters raised in a to c have been resolved.*

***Office of the President - Central Province***

*Paragraph 59 (60)      Irregularities in the Management of Funds -      Regarding the latest position on a ,b and c.*

***Office of the President - Northern Province***

*Paragraph 61 (62)      Accounting and Other Irregularities – Progress made in addressing the issues raised in a, b, c(i, ii and iv) and d.*

***Office of the President - Northern Province***

*Paragraph 62 (63)      Accounting and Other Irregularities – The current position on the matters raised in a - e.*

***Office of the President - Western Province***

*Paragraph 63 (64)      Irregularities in Accounting for PRP funds – Latest position on the item raised in a.*

***Office of the President - Western Province***

*Paragraph 64 (65)      Accounting and Other Irregularities - Whether the issues raised in a,b, c(i) and f (ii&iii).*

***Office of the President - Western Province***

*Paragraph 65 (66)      Accounting and Other Irregularities - Latest position on the issues raised in b.*

***Office of the President - Western Province***

*Paragraph 66 (67)      Accounting Irregularities - Whether the issues raised in a – b have been resolved.*

***Office of the President - Western Province***

*Paragraph 67 (68) Accounting and Other Irregularities - The current position on the matters raised in a – c, e (ii), and f.*

***Office of the President - Western Province***

*Paragraph 68 (69) Accounting and Other Irregularities – Latest position on issues raised in b and c.*

***Office of the President - Luapula Province***

*Paragraph 70 (71) Accounting and Other Irregularities - The current position on the matters raised in a, b and d.*

***Office of the President - Luapula Province***

*Paragraph 71 (72) Accounting and Other Irregularities – Latest position on the issue raised in a (ii).*

***Office of the President – North-Western Province***

*Paragraph 72 (73) Accounting and Other Irregularities – The current position on issues raised in a – d.*

***Office of the President – North-Western Province***

*Paragraph 73 (74) Accounting and Other Irregularities – Whether the issues raised in c and d have been addressed.*

***Office of the President – Southern Province***

*Paragraph 74 (75) Accounting and Other Irregularities - Latest position on the issues raised in a, b, c, d, e and f.*

***Office of the President – Southern Province***

*Paragraph 75 (76) Accounting and Other Irregularities – The current position on the matters raised in a and b.*

***Office of the President – Southern Province***

*Paragraph 76 (77) Accounting and Other Irregularities – Latest position on the issues raised in a and b.*

***Office of the President – Southern Province***



*Paragraph 77 (78) Irregularities in Accounting for Funds- Whether the issues raised in b, c, d and e(ii) have been addressed.*

***Secretary to the Treasury - Constitutional and Statutory Expenditure***

*Paragraph 78 (79) Accounting and Other Irregularities – Latest position on c (lack of Reconciliation).*

***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE SECOND SESSION OF THE ELEVENTH NATIONAL ASSEMBLY.***

***Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2011.***

***Zambia Revenue Authority***

*Paragraph 7 (6) Accounting and Other Irregularities – Latest position on the issues raised in c, and f (iii, iv).*

***Ministry of Energy & Water Development***

*Paragraph 8(7) Accounting and Other Irregularities – Progress made in addressing the issues raised in b.*

***Ministry of Finance***

*Paragraph 9(8) Accounting and Other Irregularities – Latest position on the issues raised in a and b(i, ii).*

***Ministry of Mines and Minerals Development***

*Paragraph 10(9) Accounting and Other Irregularities – Progress made in addressing issues raised in a to c.*

***Judiciary***

*Paragraph 11(10) Accounting and Other Irregularities – Latest position on the issues raised in a to c.*

***Ministry of Lands***

*Paragraph 13(12) Accounting and Other Irregularities – whether the issues raised in a to c have been addressed.*

***Ministry of Agriculture and Cooperatives***

*Paragraph 14(13)      Accounting and Other Irregularities – Progress made in addressing issues raised in a and c (ii).*

***Ministry of Gender & Child Development***

*Paragraph 15(14)      Accounting and Other Irregularities – Latest position on the issues raised in a.*

***Ministry of Home Affairs – Zambia Police***

*Paragraph 16(15)      Accounting and Other Irregularities – Progress made in addressing issues raised in a (ii,iv) and b (iii,v).*

***Ministry of Energy & Water Development***

*Paragraph 17(16)      Accounting and Other Irregularities – whether the issues raised in a to j have been addressed.*

***Ministry of Home Affairs***

*Paragraph 18(17)      Accounting and Other Irregularities – Latest position on the issues raised in b and c.*

***Ministry of Home Affairs***

*Paragraph 19(18)      Accounting and Other Irregularities – Latest position on the issues raised in a and b.*

***Ministry of Home Affairs***

*Paragraph 20(19)      Accounting and Other Irregularities – Progress made in addressing issues raised in a ,to c.*

***Ministry of Foreign Affairs - Headquarters***

*Paragraph 21(20)      Accounting and Other Irregularities – whether the issues raised in a , c, d and f have been addressed.*

***Ministry of Foreign Affairs - Lubumbashi***

*Paragraph 22(21)      Accounting and Other Irregularities – Latest position on the issues raised in a, b to c (i).*

***Ministry of Foreign Affairs - Washington***

*Paragraph 23(22)      Accounting and Other Irregularities – Progress made in addressing issues raised in a to c.*

***Ministry of Foreign Affairs - Lilongwe***

*Paragraph 24(23)      Accounting and Other Irregularities – Latest position on the issues raised in a , b and d.*

***Ministry of Foreign Affairs - London***

*Paragraph 25(24)      Accounting and Other Irregularities – whether the issues raised in a to h, have been addressed.*

***Ministry of Foreign Affairs – Dar-es-salaam***

*Paragraph 26(25)      Accounting and Other Irregularities – Latest position on the issues raised in a to c.*

***Ministry of Foreign Affairs - Gaborone***

*Paragraph 27(26)      Accounting and Other Irregularities – Progress made in addressing issues raised in a and b.*

***Ministry of Foreign Affairs - Maputo***

*Paragraph 28(27)      Accounting and Other Irregularities – Progress made in addressing issues raised in a and c.*

***Ministry of Foreign Affairs - Windhoek***

*Paragraph 29 (28)      Accounting and Other Irregularities – Latest position on the issues raised in a to c.*

***Ministry of Foreign Affairs - Brussels***

*Paragraph 30 (29)      Accounting and Other Irregularities – Latest position on the issues raised in c,e and h.*

***Ministry of Foreign Affairs - Harare***

*Paragraph 31(30)      Accounting and Other Irregularities – Latest position on the issues raised in a(i,iii),c and d.*

***Ministry of Foreign Affairs - Berlin***

*Paragraph 32(31) Accounting and Other Irregularities – Latest position on the issues raised in a.*

***Ministry of Foreign Affairs - Pretoria***

*Paragraph 33(32) Accounting and Other Irregularities –whether the issues raised in b and c have been addressed.*

***Ministry of Foreign Affairs - Paris***

*Paragraph 34(33) Accounting and Other Irregularities – As regards progress made to resolve the issues raised in a and b(i,iii).*

***Ministry of Foreign Affairs - Rome***

*Paragraph 35(34) Accounting and Other Irregularities – Latest position on the issues raised in a to f.*

***Ministry of Foreign Affairs - Luena***

*Paragraph 36(35) Accounting and Other Irregularities – As regards the latest position on the issues raised in a and b.*

***Office of the Vice President***

*Paragraph 37(36) Accounting and Other Irregularities – Latest position on the issues raised in a and b.*

***Ministry of Local Government & Housing***

*Paragraph 38(37) Management of Compensation and Awards – Latest position on the issues raised in a, c-j.*

***Ministry of Justice***

*Paragraph 39(38) Accounting and Other Irregularities – Latest position on the issues raised in b and c.*

***Ministry of Commerce, Trade & Commerce***

*Paragraph 40(39) Accounting and Other Irregularities – Progress made on the matters raised in b, c, d, e,i and l(i).*

***Ministry of Finance***

*Paragraph 41(40) Accounting and Other Irregularities – Progress made to resolving the matters raised in f.*

***Ministry of Finance – Central Statistical Office***

*Paragraph 42(41) Irregularities in Accounting for Funds – Latest position on the issues raised in a, c, d and e).*

***Ministry of Community Development, Mother & Child Health***

*Paragraph 43(42) Accounting and Other Irregularities – Progress made on the matters raised in a (ii, iv) and f.*

***Ministry of Health***

*Paragraph 44(43) Accounting and Other Irregularities – Regarding the current position on the matters raised in b (i,iii,iv,vi,viii,ix),c & f .*

***Ministry of Health – Ronald Ross General Hosipital***

*Paragraph 45(44) Accounting and Other Irregularities – Latest position on the issues raised in b, c, d, e, f, g and h.*

***Ministry of Transport, Works, Supply & Communication***

*Paragraph 46(45) Accounting and Other Irregularities – As regards the progress made to the issues raised in a, c, d& e.*

***Ministry of Science , Technology & Vocational Training – Kabwe Trades***

*Paragraph 47(46) Accounting and Other Irregularities – As to whether the matters raised in b and g have been addressed.*

***Ministry of Defence – Headquarters (Medical Services)***

*Paragraph 48(47) Accounting and Other Irregularities – Latest position on the issues raised in a to d.*

***Ministry of Defence – Zambia Army (Administration, Operations, Training)***

*Paragraph 49(48) Accounting and Other Irregularities – Progress made on the issues raised in c & g.*

***Ministry of Defence – Zambia National Service***

*Paragraph 50(49) Accounting and Other Irregularities – Latest position on the issues raised in a , b, c, & e.*

***Ministry of Education***

*Paragraph 51(50) Accounting and Other Irregularities – On the progress made on issues raised in a c, d, f, g &h.*

***Ministry of Education – Regional Headquarters***

*Paragraph 52(51) Accounting and Other Irregularities – As to whether the issues raised in a, b ,d to r have been addressed.*

***Ministry of Livestock & Fisheries Development***

*Paragraph 53(52) Accounting and Other Irregularities – Latest position on the issues raised in b to f.*

***Ministry of Livestock & Fisheries Development (Copperbelt Province)***

*Paragraph 54(53) Accounting and Other Irregularities – Latest position on the issues raised in c & d.*

***Ministry of Livestock & Fisheries Development (Southern Province)***

*Paragraph 55(54) Accounting and Other Irregularities – Latest position on the issues raised in a, b, d, e, f &g.*

***Ministry of Livestock & Fisheries Development (Northern Province)***

*Paragraph 56(55) Accounting and Other Irregularities – The current position on the issues raised in a, c, d &f.*

***Ministry of Livestock & Fisheries Development (Western Province Provincial Office)***

*Paragraph 57(56) Accounting and Other Irregularities – As regards the latest position on issues raised in a to c.*

***Ministry of Livestock & Fisheries Development (Western Province)***

*Paragraph 58(57) Accounting and Other Irregularities – Latest position on the issues raised in c, d (i) & e.*

***Ministry of Livestock & Fisheries Development (Eastern Province)***

- Paragraph 59(58)*      *Accounting and Other Irregularities – The current position on the issues raised in a, c, d & e (i,ii).*
- Ministry of Livestock & Fisheries Development (North - Western Province)***
- Paragraph 60(59)*      *Accounting and Other Irregularities – As regards the latest position on issues raised in b & c.*
- Ministry of Agriculture & Cooperatives***
- Paragraph 61(60)*      *Accounting and Other Irregularities – The current position on the issues raised in b to e.*
- Ministry of Agriculture & Cooperatives (Agribusiness & Marketing Department)***
- Paragraph 62(61)*      *Accounting and Other Irregularities – Latest position on the issues raised in a, b (i,iv,), c,d,e,f, h & j(ii,iii).*
- Ministry of Agriculture & Cooperatives (Copperbelt Province)***
- Paragraph 63(64)*      *Accounting and Other Irregularities – As regards the latest position on issues raised in a to f.*
- Ministry of Agriculture & Cooperatives (Southern Province)***
- Paragraph 64(63)*      *Accounting and Other Irregularities – The current position on the issues raised in a, b, d to g*
- Ministry of Agriculture & Cooperatives (Northern Province)***
- Paragraph 65(64)*      *Accounting and Other Irregularities – Latest position on the issues raised in b to e.*
- Ministry of Agriculture & Cooperatives (Southern Province)***
- Paragraph 66(65)*      *Accounting and Other Irregularities – The current position on the issues raised in a to e.*
- Ministry of Agriculture & Cooperatives (Eastern Province)***
- Paragraph 67(66)*      *Accounting and Other Irregularities – Latest position on the issues raised in a, b, c & e.*
- Ministry of Agriculture & Cooperatives (North Western Province)***

- Paragraph 68(67)*      *Accounting and Other Irregularities – The current position on the issues raised in a to c.*
- Ministry of Agriculture & Cooperatives (Lusaka Province)***
- Paragraph 69(68)*      *Accounting and Other Irregularities – On the progress made on issues raised in c (ii).*
- Office of the President – Lusaka Province***
- Paragraph 70(69)*      *Accounting and Other Irregularities – Latest position on the issues raised in a to e.*
- Office of the President – Lusaka Province (PRP)***
- Paragraph 71(70)*      *Accounting and Other Irregularities – The current position on the issues raised in a, b, c, d, e(i,ii) & g .*
- Office of the President – Lusaka Province***
- Paragraph 72(71)*      *Accounting and Other Irregularities – Latest position on the issues raised in a, b, c, d(i,ii,iii,iv,v,vi) , & e.*
- Office of the President – Copperbelt Province***
- Paragraph 73(72)*      *Accounting and Other Irregularities – The current position on the issues raised in b & d.*
- Office of the President – Copperbelt Province***
- Paragraph 74(73)*      *Accounting and Other Irregularities – Progress made on the issues raised in a to j.*
- Office of the President – Copperbelt Province (PRP)***
- Paragraph 75(74)*      *Accounting and Other Irregularities – Progress made on the issues raised in a, b, c, e, g (i) & h.*
- Office of the President – Copperbelt Province***
- Paragraph 76(75)*      *Accounting and Other Irregularities – The current position on the issue raised in a, b, e & f.*
- Office of the President – Central Province***
- Paragraph 77(76)*      *Accounting and Other Irregularities – Progress made on the issues raised in a.*



***Office of the President – Western Province***

Paragraph 78(77) *Accounting and Other Irregularities – The current position on the issues raised in b, c, d, e, f & g (i, ii, iv).*

***Office of the President – Western Province***

Paragraph 79(78) *Accounting– Progress made on the issues raised in b, c, f, & g.*

***Office of the President – Western Province***

Paragraph 80(79) *Irregularities in Accounting for Funds – Progress made on the issues raised in a to c (i).*

***Office of the President – Western Province***

Paragraph 81(80) *Accounting and Other Irregularities – current position on the issues raised in b & c.*

***Office of the President – Eastern Province***

Paragraph 82(81) *Accounting and Other Irregularities – Progress made on the issues raised in a & e.*

***Office of the President – Eastern Province***

Paragraph 83(82) *Accounting and Other Irregularities – The current position on the issues raised in a (ii), c & d(i).*

***Office of the President – Eastern Province***

Paragraph 84(83) *Accounting and Other Irregularities – Latest position on the issues raised in a.*

***Office of the President – North Western Province***

Paragraph 85(84) *Accounting and Other Irregularities – The current position on the issues raised in a, b, d & e .*

***Office of the President – Southern Province***

Paragraph 86(85) *Accounting and Other Irregularities – Whether the issues raised in a, b, c, d, f, g h, & I (ii) have been addressed .*

***Office of the President – Southern Province***

Paragraph 87(86) *Accounting and Other Irregularities – The current position on the issues raised in a to c & e to h.*

***Office of the President – Southern Province***

*Paragraph 88(87) Accounting and Other Irregularities – Progress made on the issues raised in a to d .*

***Office of the President – Southern Province***

*Paragraph 89(88) Accounting and Other Irregularities – Progress made on the issues raised in a, b, c, d & f(ii).*

***Office of the President – Southern Province***

*Paragraph 90(89) Accounting and Other Irregularities – Progress made on the issues raised in a to d.*

## **Appendix 2**

### **GLOSSARY OF TERMS**

<b>Accountable Documents</b>	Documents such as receipts, licences, certificates, discs or tokens and others used in the collection of Revenues.
<b>Controlling Officer</b>	An officer designated as such by the Secretary to the Treasury to maintain accounts of a Ministry, Province or Spending Agency.
<b>Delayed Banking</b>	Failure to bank moneys received not later than the next business day or at least twice every month where banking facilities do not exist.
<b>Excess expenditure</b>	Expenditure incurred without the authorisation of National Assembly normally above the authorised budget amounts.
<b>Failure to Follow Procurement Procedures</b>	Non-Compliance with the ZPPA Act and Procurement guidelines in the purchase of goods and services.
<b>Irregular payments</b>	Payments made outside the normal practice or acceptable regulations or norms.
<b>Irregularity</b>	Breach of rules, regulations or laws.
<b>Imprest</b>	Funds or monies issued out to facilitate payments of a minor nature, meet expenses when the officer is travelling on duty or to facilitate the purchase of goods and services whose value cannot be ascertained at the time.
<b>Misapplication</b>	Use of funds budgeted for a programme on an unrelated programme without authority from the Secretary to the Treasury.

<b>Misappropriation</b>	Use of public funds for personal purposes or crediting public funds to a private bank account.
<b>Non-Recovery of Salary advances and Loans</b>	Failure to effect recovery of loans or advances.
<b>Overpayments</b>	Payments made above the normal price charged.
<b>Parliament</b>	Legislative organ of Government
<b>Public Accounts Committee (PAC)</b>	A sessional committee of the National Assembly established in terms of the standing orders. PAC examines the Auditor General's Report, as part of their mandate of examining the accounts showing the appropriation of the sums approved by the National Assembly.
<b>Unaccounted For Revenue</b>	Revenue collected but neither banked nor on hand.
<b>Statement B</b>	Statement of budget execution. This highlights the budget performance of the Government during the period under review.
<b>Statement C</b>	Statement of detailed budget execution (Comparative statement of authorized provision and actual expenditure)
<b>Unvouched Expenditure</b>	Payment vouchers not availed for audit because they are either missing or inadequately supported. This may be a means of concealing a wrong doing
<b>Unretired Imprest</b>	Imprest not retired.
<b>Unauthorised expenditure</b>	Funds spent for the purpose not intended for or in excess of the allocated amount.

<b>Unacquitted payments</b>	Payments made without evidence of having been received by the intended beneficiaries.
<b>Unapproved payments</b>	Payments made without the necessary approval from the Controlling Officer.
<b>Unaccounted-For Stores</b>	Lack of receipt and disposal details for goods procured.
<b>Undelivered Materials</b>	Goods paid for but not received.
<b>Non-Submission of Expenditure Returns</b>	Failure to provide details of how funds disbursed were utilised.
<b>Unaccounted for Funds</b>	Failure to properly account for the funds.
<b>Wasteful expenditure</b>	Expenditure incurred where there is no benefit derived.
<b>Reconciliation</b>	The process of ensuring that two (2) sets of records are in agreement.