

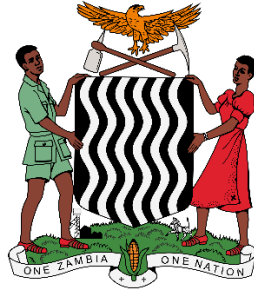


Republic of Zambia

**REPORT
OF THE
AUDITOR GENERAL
ON THE
ACCOUNTS OF THE
REPUBLIC**

**For the Year Ended
31st December, 2016**





REPUBLIC OF ZAMBIA

REPORT

of the

AUDITOR GENERAL

ON THE ACCOUNTS OF THE REPUBLIC

for the

Financial Year Ended 31st December 2016

OFFICE OF THE AUDITOR GENERAL

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

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

CORE VALUES: Integrity
Professionalism
Objectivity
Teamwork
Confidentiality
Excellence
Innovation
Respect

Office of the Auditor General
Stand No. 7951
Haile Selassie Avenue, Longacres
P.O. Box 50071
Lusaka, Zambia.
Email: auditorg@ago.gov.zm

30th September 2017.

His Excellency Mr. Edgar C. Lungu
President of the Republic of Zambia
State House
LUSAKA

Your Excellency,

**RE: SUBMISSION OF THE ANNUAL REPORT OF THE AUDITOR GENERAL
ON THE AUDIT OF THE ACCOUNTS OF THE REPUBLIC FOR THE
FINANCIAL YEAR
ENDED 31ST DECEMBER, 2016**

In accordance with Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, I have the honour to submit the Annual Report on the Audit of the Accounts of the Republic of Zambia for the financial year ended 31st December, 2016.

Sir, the Report has also been submitted to the Speaker of the National Assembly in accordance with Article 212 of the Constitution.

Your Excellency's Obedient Servant



Ron M. Mwambwa FCMA, FZICA, CGMA, MSc, CFE
ACTING AUDITOR GENERAL

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Preface

I am delighted that once again, I have been able to meet the constitutional mandate of submitting the Annual Audit Report on the accounts of the Republic of Zambia for the financial year ended 31st December 2016 as required by Article 212 of the Constitution. The Constitution gives the Auditor General the mandate to audit all public finances.

In this report, I have highlighted significant audit results bordering on failure to follow laid down Government regulations and instructions, weaknesses in internal controls resulting in failure to collect or bank revenues on time, failure to account for funds and delays in implementing projects among others. The audit covered areas that cut across all the five (5) Developmental Strategic Areas of the Seventh National Development Plan.

The issues mentioned in this report are those which could not be resolved during the audit process and those which were highlighted in the previous reports, but had not been rectified as of 31 December, 2016.

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

For the first time, my office has issued an opinion on the Consolidated Financial Statements of Government in line with Article 211 of the Constitution of Zambia (Amendment) No. 2 of 2016.

My work gives reasonable assurance to Parliament, the Executive and other Stakeholders that the Government is operating in accordance with established financial reporting standards.

Executive Summary

This Report has been produced in accordance with Article 250 of the Constitution (Amendment) Act No. 2 Of 2016 of the Republic of Zambia, Public Finance Act No. 15 of 2004 and Public Audit Act No. 13 of 1994.

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

The Report contains ninety (90) paragraphs consisting of seventy four (74) paragraphs on audit matters and sixteen (16) paragraphs on other matters. The seventy four (74) paragraphs on audit matters reflect issues that could not be resolved during the audit process and whose corrective actions were not undertaken as at 30th September 2017. In addition, the Report contains audit recommendations which are aimed at addressing the issues of concern observed during the audit process.

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

Details	2016 K	2015 K	2014 K
Unaccounted for Revenue	3,700,509	558,449	3,251,333
Unaccounted for Funds	386,834	193,910	506,354
Misapplication of Funds	162,095,699	28,153,997	73,637,561
Unretired Accountable Imprest	17,559,399	12,659,892	12,585,194
Unvouched Expenditure	170,554,478	349,306,160	389,905,333
Unaccounted for Stores	14,428,573	13,460,323	26,400,272
Irregular Payments	1,591,348	115,350,860	26,358,488
Non Recovery of Advances and Loans	1,689,982	2,352,451	2,877,442
Failure to Follow Procurement Procedures	509,535	35,701,492	2,720,434
Undelivered Materials	116,759,240	251,523,804	522,904
Non Submission of Expenditure Returns	40,705,270	6,308,762	1,232,749
Wasteful Expenditure	3,586,879	39,854,959	8,354,290
Overpayments	1,061,247	26,559,013	1,578,571
Misappropriation of Funds	3,618,127	-	4,767

As can be seen in the table above, the trend of irregularities shows that queries on unaccounted for revenue, unaccounted for funds, misapplication of funds, misappropriation of funds, unretired accountable imprest, unaccounted for stores and non-submission of expenditure returns have continued to increase. There have been improvements in queries such as unvouched expenditure, non-recovery of advances and loans, wasteful expenditure and undelivered materials.

However, despite these improvements queries such as misapplication of funds, misappropriation of funds, unretired accountable imprest, unvouched expenditure and undelivered materials remain areas of concern.

Introduction

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

Audit of Public Accounts

- i. According to Article 211 (2) of the Constitution, I am required to examine the financial report on the accounts of the Republic and express an opinion on the report.
- ii. Article 212 requires me to, not later than nine months after the end of a financial year, submit an audit report to the President and the National Assembly, on the accounts of the Republic audited in respect of the preceding financial year.
- iii. Article 250 (1) (a) to (d) mandates me to audit the following:
 - a. The accounts of State organs, State institutions, Provincial Administration, Local Authorities and institutions financed from public funds;
 - b. The accounts that relate to the stocks, shares and stores of the Government;
 - c. Financial and value for money audits, including forensic audits and any other type of audit, in respect of a project that involves the use of public funds; and
 - d. Ascertain that money appropriated by Parliament or raised by the Government and disbursed—
 - Has been applied for the purpose for which it was appropriated or raised;
 - Was expended in conformity with the authority that governs it; and
 - Was expended economically, efficiently and effectively.
- iv. The Public Finance Act No. 15 of 2004 under Section 44 requires me to audit the accounts of any statutory corporation. The Act confers to me authority to have access to all the books, records, returns, reports and other documents relating to the accounts of any statutory corporation, Government department or institution under audit examination or inspection. Further, the Act authorises me to have access at any reasonable time of the day to the premises of any statutory corporation, Government department or institution under audit examination or inspection. The Act also authorises me to call for any relevant information from persons

responsible for the financial administration of any statutory corporation, Government department or institution under audit examination or inspection.

- v. The Public Audit Act No. 13 of 1994 requires me to carry out audits, express an opinion and report on the accounts of the Republic of Zambia as stipulated in the Constitution of the Republic of Zambia and the Public Finance Act No. 15 of 2004 of the laws of Zambia.

Submission of Financial Statements by the Minister of Finance

2. The Financial Statements of Government are prepared by the respective Ministries, Provinces and Spending Agencies (MPSAs) in accordance with Part II, Section 7 (6) of the Public Finance Act No. 15 of 2004. The Minister of Finance is responsible for the consolidation of the Financial Statements and the preparation of the Financial Report.

Article 211 (1) of the Constitution requires the Minister of Finance to, within three months after the end of each financial year, prepare and submit to me the Financial Report of the Republic in respect of the preceding financial year.

Article 211 (2) requires me to, within two (2) months of receipt of the Financial Report, examine the financial report and express an opinion on the Report.

Article 211 (3) stipulates that the Minister responsible for finance shall, within one month after the receipt of the Auditor General's opinion, lay the Financial Report, with the Auditor General's opinion, before the National Assembly.

Article 211 (4) stipulates the information that should be included in the Financial Report as follows:

- a. Revenue received by the Republic during that financial year;
- b. The expenditure of the Republic during that financial year;
- c. Gifts, donations and aid-in-kind received on behalf of the Republic in that financial year, their value and how they were disposed of;
- d. Debt repayments;
- e. Payments made in that financial year for purposes other than expenditure;
- f. The financial position of the Republic at the end of that financial year; and
- g. Other information as prescribed.

The information is presented as follows in the financial report:

- Statement A - Statement of Cash Receipts and Payments

- Statement B - Statement of Budget Execution
- Statement C - Statement of Detailed Budget Execution
- Statement D - Statement of Revenue and Expenditure by Functional Classification
- Statement E - Statement of Public Debt
- Notes to the Financial Statements

Controlling Officers' Responsibility

3. According to Section 7 (1) of Part II of the Public Finance Act No. 15 of 2004, the Secretary to the Treasury designates Controlling Officers to be in charge of each head of expenditure and revenue programmes provided for in any financial year. Section 7 (6) of the Act requires Controlling Officers to, in respect of each financial year, prepare and submit financial statements for audit and certification before they are included in the Financial Report.

Scope of Audit

4. The audit scope included Government Ministries and Provinces as contained in the Financial Report of the Republic. The audit covered revenue and expenditure on the accounts for the Financial Year ended 31st December 2016 as well as physical inspections of projects.

The reports on the audit of Constituency Development Fund and the Grants to Local Authorities are not included in this report as they will be included in the report on the audit of Local Authorities.

5. Limitation of Scope

i. Budget and Funding

During the year 2017, the Office was allocated a budget of K41,156,785 for Recurrent Departmental Charges to audit the accounts for the financial year ended 31st December 2016 against which amounts totalling K23,996,145 (58%) were released as at 31st August 2017. The amounts appropriated were inadequate considering the expanded mandate that includes the audit of Local Authorities and the fact that all the audits were supposed to be finalised by 30th September 2017.

According to the Constitution, I am required to audit all the Ministries, Provinces, Spending Agencies, Parastatals, Other Statutory Bodies and Local Authorities annually. As a result of the budget constraint, it was not possible to comprehensively audit the clients.

ii. Staff Constraints

The staffing position in the Office has over the years been improving. However, staffing levels are still not commensurate with the number of Government programmes being undertaken throughout the Country. With the new legal requirements to audit all Local Authorities which currently are one hundred and nine (109), the Office will require additional staff to adequately carryout its mandate.

Although discussions have been held with the Ministry of Finance for treasury authority to recruit staff for the audit of the Local Authorities as well as to unfreeze the frozen positions, the Office is still awaiting the final decision.

Audit Methodology

6. 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 the expression of an appropriate audit opinion on the financial statements for the year. They were also intended to provide information that would assist the National Assembly in its oversight responsibility over the application of public resources and execution of programmes by the Executive.

During the course of preparing the Report, each Controlling Officer 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 DARPs were amended accordingly.

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

Reporting Procedures

7. The process of responding to audit reports involves three (3) stages. The first stage is where the Management Letter is sent to the Controlling Officer and is required to respond to the audit queries raised within fourteen (14) days. Where the Controlling Officer does not respond to the queries or where the responses are not satisfactory, the Management Letter is upgraded to an Audit Reference Sheet (ARS). At ARS stage (second stage), the Controlling Officer is then required to respond within fourteen (14) days.. If the queries in the ARS are not addressed, the ARS is upgraded to a Draft

Annual Report Paragraph (DARP). The DARP is the third and final stage and the Controlling Officer is given seven (7) days in which to confirm as to whether or not the contents are factually correct. Where the comments received are satisfactory, the DARP is amended accordingly.

Although there has been improvement in the time in which responses are received, some of the responses are not supported with sufficient documentary evidence. In this regard, some of the issues remain outstanding due to the failure by the Controlling Officers to provide documentary evidence.

Where the issues have not been resolved, the DARPs are consolidated in the Auditor General's annual report on the accounts of the Republic for the year then ended.

Audit Opinion on the Accounts

8. I have audited the financial statements of the Government of the Republic of Zambia, which comprise the statements; A-Statement of Cash Receipts and payments, B-Statement of Budget Execution, C-Statement of Detailed Budget Execution, D-Statement of Revenue and Expenditure by Functional Classification, E-Statement of Public Debt as at 31st December 2016 and notes to the Financial statements.

In my opinion, the financial statements of the Government of the Republic of Zambia present fairly, in all material respects its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles (GAAP) and Principles of International Public Sector Accounting Standards (IPSAs) Cash Basis Accounting.

Basis for Opinion

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

Key Audit Matters

10. Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context

of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key Audit Matter	How the Matter was Addressed in my Audit
<p>Personal emoluments constitute 28% of the total expenditure of K67,773,832,936. In view of the financial materiality of the component, personal emoluments were identified as a Key Audit Matter</p>	<ul style="list-style-type: none"> • Determining the eligibility of staff in Ministries, Provinces and Spending Agencies (MPSAs).
	<ul style="list-style-type: none"> • Checking the establishment registers for the existence of the vacancies against treasury authority.
	<ul style="list-style-type: none"> • Comparing the staff assignment register with the Human Resource records kept by MPSAs.
	<ul style="list-style-type: none"> • Comparing the Human Resource staff listing and the payroll.
	<ul style="list-style-type: none"> • Determining the existence of the duplicated employees on the Payroll.
	<ul style="list-style-type: none"> • Reviewing files of the people that have separated from the entity.
	<ul style="list-style-type: none"> • Establishing the amount indicated for emoluments in the yellow book to the amount spent.
	<ul style="list-style-type: none"> • Establishing the existence of employees with duplicate National Registration Card numbers and account numbers.
	<ul style="list-style-type: none"> • Checking for all employees without any payment methods and establish how they were paid.
	<ul style="list-style-type: none"> • Checking if all the employees were getting allowances that they are eligible to.
	<ul style="list-style-type: none"> • Determining consistence between the Electronic File Transfers (EFTs) from Payroll Management Establishment Control System (PMEC) and the successful transactions from Zambia National Commercial Bank (ZANACO).
	<ul style="list-style-type: none"> • Determining the consistence of funding and related payments to the third party agencies by analysing the funding instructions from Ministry of Finance to Bank of Zambia and the actual payment through ZANACO.
	<ul style="list-style-type: none"> • Determining if there are employees who are appearing on PMEC Direct Debit and Credit Clearance (DDACC) file but not on the MPSAs DDACC file.

Internal Control

11. There were weak internal controls observed in MPSAs which included:

- i. Failure and delays in the collection of Government revenue,
- ii. Failure by the commercial banks doing business with Government to adhere to the instructions issued by the Government on the opening, renewing and closing of all Government Accounts,
- iii. Making full payments to suppliers of equipment and other goods and services and contractors in advance,
- iv. Failure to follow up on all suppliers and contractors who were paid huge amounts of money in advance but have not met the contractual obligations,
- v. Delays in the integration of the infrastructure development projects into the Ministry of National Housing and Infrastructure Development,
- vi. Poor monitoring and supervision of infrastructure projects,
- vii. Non reconciliation of Government accounts held by MPSAs on a monthly basis,
- viii. Weaknesses in the management of the Government payroll,
- ix. Weaknesses in the adherence of commitment control system,
- x. Weaknesses in the controls on the use of the Integrated Financial Management Information System (IFMIS) and the Treasury Single Account (TSA), and
- xi. Weaknesses in the management of accountable imprest.

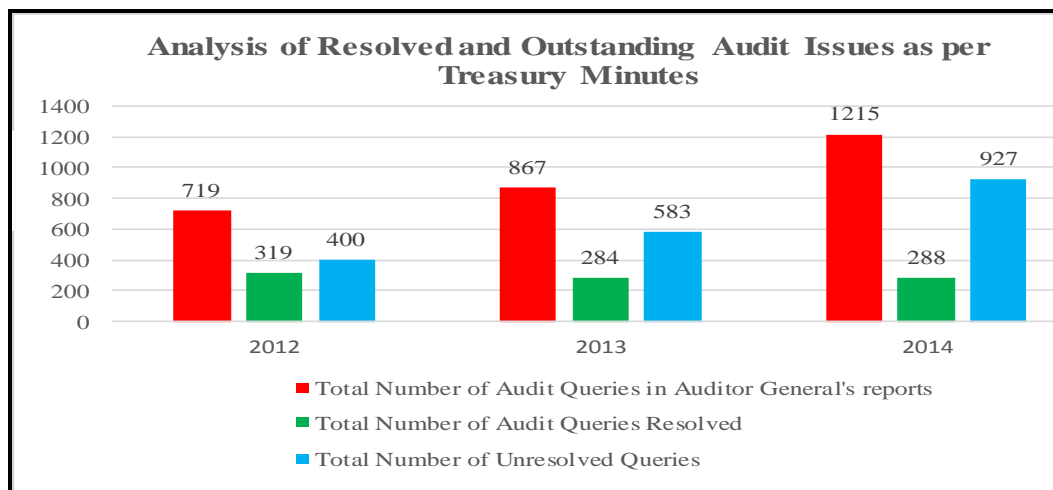
Trend Analysis of the Resolution of Audit Issues as per Treasury Minutes (2012 to 2014)

ISSAI 12 – Value and Benefits of Supreme Audit institutions – Making a Difference to the Lives of Citizens

“Supreme Audit Institutions (SAIs) strengthen accountability, transparency and integrity by independently auditing public sector operations and reporting on their findings. This enables those charged with public sector governance to discharge their responsibilities in responding to audit findings and recommendations and taking appropriate corrective action and thus complete the cycle of accountability”

12. The trend analysis of audit issues in the reports of the Auditor General on the accounts of the Republic for the financial years ended 2012, 2013 and 2014 show that the total number of audit queries have been increasing over the period. The queries increased from 719 in 2012 to 1,215 in 2014, representing an increase of 68%.

The analysis further shows that despite the Public Accounts Committee (PAC) making recommendations to resolve the issues, the number of issues resolved have not improved while the number of outstanding issues have continued to increase from 400 in 2012 to 927 in 2014, representing an increase of 131% as per Treasury Minutes on the report of the Public Accounts Committee (Action Taken Report). The 2015 Treasury Minutes are still being compiled by the Ministry of Finance. The increase in outstanding issues implies that a significant number of PAC recommendations are not being implemented. See chart below.



As can be seen from the trend analysis above, there is need for the Secretary to the Treasury to ensure that audit recommendations of the Auditor General and PAC are implemented in order to enhance public financial management.

Further, the failure to promptly implement the recommendations could lead to matters being statute barred.

Outturn of the Year

13. Article 211(4) of the Constitution states that a financial report shall include information on revenue received by the Republic during that financial year, the expenditure of the Republic during that financial year, gifts, donations and aid-in-kind received on behalf of the Republic in that financial year, their value and how they were disposed of, debt repayments, payments made in that financial year for the purposes other than expenditure, the financial position of the Republic at the end of the year and other information as prescribed.

The Outturn reflected in Statement B (Budget Execution) of the Financial Report for the year ended 31st December 2016 is analyzed below.

Statement of Revenue, Financing and Expenditure for the Year ended 31st December 2016

Expenditure	K	K
Original	53,273,188,772	
Supplementary	9,446,300,603	
	<u>62,719,489,375</u>	
Actual Expenditure	51,739,890,715	
Under Expenditure		<u>10,979,598,660</u>
The Net Under Expenditure of K10,979,598,660 is explained as follows:		
Savings made	10,979,598,660	
Less Excess Expenditure	<u>-</u>	
		<u>10,979,598,660</u>
Revenue		
Actual Revenue	39,521,497,633	
Revenue Estimate	<u>40,523,826,331</u>	
Deficit	<u>(1,002,328,698)</u>	
Actual Revenue	39,521,497,633	
Actual Expenditure	<u>51,739,890,715</u>	
Gross Deficit		<u>(12,218,393,082)</u>
Financed by		
Internal Borrowing	7,473,103,554	
External Borrowing	<u>4,682,135,643</u>	
Net Surplus(Deficit)		<u>12,155,239,197</u>
		<u>(63,153,885)</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 K1,002,328,698 as detailed below

Description	Approved Estimate K	Actual Revenue K	Shortfall K
Income Tax			
(Other than mineral tax)	17,711,088,372	18,037,063,821	325,975,449
Customs and Excise	4,334,454,494	4,373,703,408	39,248,914
Fuel Levy	1,100,106,821	815,526,062	(284,580,759)
Value Added Tax	8,670,301,199	8,016,897,419	(653,403,780)
Fines	50,654,541	50,272,349	(382,192)
Licences	822,921,380	1,007,225,483	184,304,103
Commissions	53,341,693	57,482,305	4,140,612
Fees of court or Office	735,878,043	591,655,019	(144,223,024)
Interest	2,114,385	34,210,458	32,096,073
Other Revenue	6,473,852,328	6,233,980,422	(239,871,906)
Bilateral grants	124,381,658	-	(124,381,658)
Multilateral grants	385,055,547	-	(385,055,547)
Sector Budget Support	59,675,870	303,480,887	243,805,017
Total	40,523,826,331	39,218,016,746	(1,002,328,698)
Deficit		(1,002,328,698)	

The Deficit of K1,002,328,698 was attributed to under collection in Value Added Tax, Fuel levy, Fees of Court or Office, other revenue and Bilateral and Multilateral grants.

REVENUE

Programmes: 1 Income Tax - Zambia Revenue Authority (ZRA)

2 Mineral Revenue

3 Customs and Excise

4 Value Added Tax

Activities: Various

14. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K31,816 million was made as revenue collection against which K31,243 million was collected resulting in an under collection of K573 million as shown in the table below.

Tax Types	Approved Provision K	Actual Collection K	Surplus/ (deficit) K
Income Tax			
Company Tax	3,908,516,993	4,053,689,083	145,172,090
Insurance Premium Levy	51,050,472	51,307,927	257,455
Individuals (Self - employed)	44,629,219	55,569,269	10,940,050
Advance Income Tax	25,101,768	25,228,146	126,378
Pay As You Earn	8,056,217,308	8,060,754,503	4,537,195
Withholding Tax (Rent, Interest and Royalties)	2,054,483,734	2,141,969,302	87,485,568
Withholding Tax (Dividends)	94,068,191	125,860,227	31,792,036
Withholding Tax (Lump Sum Payment)	45,495,557	13,450,068	(32,045,489)
Withholding Tax (Contractors)	43,546,792	96,603,944	53,057,152
Property Transfer Tax	282,107,925	335,209,915	53,101,990
Mineral Royalty Tax	3,105,870,413	3,077,421,437	(28,448,976)
Subtotal	17,711,088,372	18,037,063,821	325,975,449
Custom and Excise			
Customs Duty	1,995,899,765	1,877,293,651	(118,606,114)
Excise Duty - Motor Vehicles	283,607,176	258,002,864	(25,604,312)
Excise Duty - Cigarettes	157,617,733	188,645,631	31,027,898
Excise Duty - Carbon	24,378,017	22,502,529	(1,875,488)
Excise Duty - Clear Beer	392,408,573	430,939,755	38,531,182
Excise Duty - Hydro-Carbon Oils	552,518,189	594,158,527	41,640,338
Excise Duty - Spirits	5,273,651	18,705,171	13,431,520
Excise Duty - Wine	25,961,384	16,012,817	(9,948,567)
Excise Duty - Cosmetics	25,466,406	25,671,403	204,997
Excise Duty - Opeque beer	32,845,342	34,383,777	1,538,435
Excise Duty - Air time	528,484,638	566,693,344	38,208,706
Export Duty - Timber	18,907,124	18,993,121	85,997
Rummage Sales	1,421,546	2,304,555	883,009
Export Duty on Copper Concentrate	23,507,160	16,774,712	(6,732,448)
Fines	27,581,955	24,840,517	(2,741,438)
Excise Duty - Plastics	1,557,203	817,386	(739,817)
Excise Duty - Gases	1,447,592	1,359,049	(88,543)
Sack and Bags	-	682,849	682,849
Warehouse Rent	755,347	638,873	(116,474)
Accounting Fees	856,916	778,224	(78,692)
Licence Fees	5,420,134	4,010,956	(1,409,178)
Excise Duty ZESCO	165,470,881	209,307,006	43,836,125
Fuel Levy	1,100,106,821	815,526,062	(284,580,759)
Licence Motor Vehicles	21,066,577	19,358,284	(1,708,293)
Motor Vehicle Surtax	40,727,329	39,924,000	(803,329)
Other Revenue	1,273,856	904,407	(369,449)
Subtotal	5,434,561,315	5,189,229,470	(245,331,845)
Value Added Tax			
Domestic VAT	343,090,867	6,801,566	(336,289,301)
Import VAT	8,327,210,332	8,010,095,853	(317,114,479)
Subtotal	8,670,301,199	8,016,897,419	(653,403,780)
Total	31,815,950,886	31,243,190,710	(572,760,176)

During the period under review, amounts totalling K39,618,000 were collected as Motor Vehicle Surtax. It was however noted that the amount was not included in the 2016 financial report.

Accounting and Other Irregularities

An examination of accounting and other records maintained at ZRA Headquarters and a visit to selected stations carried out in May 2017 revealed the following:

a. Treasury Unit

i. Failure to Renew Banking Service Level Agreement (SLA)

Contrary to the Banking Service Level Agreements (SLA) which stipulate that every after one (1) year, the Authority shall renew the Banking Service Level Agreement which it signed with the Commercial Bank, the Authority did not renew the Banking Service Level Agreements with two (2) commercial banks namely Finance Bank (Z) Ltd and National Savings and Credit Bank while it did not sign any SLA with Investrust Bank as of July 2017.

ii. Failure to Sign E-Payment Services Level Agreements

During the period under review, ZRA engaged six (6) commercial banks to provide E-Payment Services in order to enhance tax revenue collection as indicated in the table below.

No.	Name of Bank
1	Indo Bank
2	Barclays Bank
3	First Capital Bank
4	Investrust Bank
5	Zanaco Bank
6	Finance Bank

It was however observed that no Service Level Agreements were signed between the Authority and the banks.

iii. Domestic Tax Arrears

In the report of the Auditor General for the financial year ended 31st December 2015, mention was made of the inefficiencies in collecting taxes which resulted in tax arrears increasing from K6,417,054,273 in 2014 to K24,430,802,916 in 2015.

A review of the position showed that domestic tax arrears as of December 2016 had risen from K24,430,802,916 in 2015 to K28,225,582,971 in 2016 representing 15.5% increase as shown in the table below.

TAX TYPE	2014		2015		2016	
	No. of Taxpayers	Amount K	No. of Taxpayers	Amount K	No. of Taxpayers	Amount K
Domestic Excise			34	58,361,231	98	306,084,622
Pay as You Earn	4,260	473,343,849	8,973	2,200,112,209	11,948	5,465,896,402
Income Tax	3,560	1,845,142,273	6,531	3,633,854,938	10,235	4,260,547,657
Insurance Premium Levy	-	-	-	-	45	2,484,608
Medical Levy Tax	-	-	-	-	5	67,283
Mineral Royalty Tax	-	-	152	1,288,672,950	225	1,655,174,205
Property Transfer Tax	-	-	20	20,443	85	235,625
Turnover Tax	20,632	60,512,990	38,509	496,201,583	50,877	1,068,087,394
Value Added Tax	4,577	3,343,810,002	7,341	15,620,340,165	8,602	14,679,132,909
Withholding Tax	1,710	694,245,159	4,259	1,133,233,797	5,647	787,872,267
Totals	36,753	6,417,056,287	67,834	24,430,799,332	89,783	28,225,582,971

iv. Failure to Honour Time to Pay Agreement (TPAs)

The Income Tax Act provides for taxpayers with arrears to settle their tax liabilities through Time to Pay Agreements (TPAs) with ZRA stating the dates on which payments are to be made. In addition, ZRA guidelines require that any outstanding domestic tax liabilities should be recovered in full using recovery instruments such as Warrant of Distress, Garnishee or Appointment of Agent, Charge on Land and Recovery through Courts in any order.

During the period under review, the Authority entered into TPAs with two hundred and fifteen (215) tax payers for domestic tax arrears amounting to K898,562,016. As of May 2017, amounts totalling K93,370,609 had been recovered leaving a balance of K805,191,407 outstanding and the Authority had not invoked any of the other debt recovery instruments available to it.

b. Domestic Taxes

i. Failure to update the Taxpayer Register

The Authority maintains a taxpayers' register which contains Tax Payer Identification Number (TPIN) and contact details. As of February 2017, the register showed that there were 397,000 active tax payers. A review of the register revealed that 24,658 tax payers had missing vital information such as phone numbers and email addresses making it difficult for ZRA to actively follow up the taxpayers.

ii. Non-Filing of Tax Returns

The Income Tax Act requires that taxpayers file in tax returns online or manually within the prescribed due dates and make payments based on returns submitted.

During the period under review, amounts totalling K762,529,852 were received from 1,743 tax payers using the tax online system without accompanying tax returns. It was therefore not possible to ascertain the correctness of taxes paid in the absence of the tax returns.

iii. Returns Pending Acknowledgement or Validation

Taxpayers submit returns through a portal on the Tax Online System. The system is a web based application which has features to validate returns for errors and prompts the Taxpayer whenever errors are encountered. This validation is important as it creates a tax liability against which payments are made.

A review of the tax returns revealed that 163 tax returns with value for tax purposes amounting to K42,785,445 were submitted to ZRA. However, as of May 2017 they were still pending validation or acknowledgment as such no tax liabilities had been created and no payments had been made.

iv. Delays in Resolving Disputed Tax Assessments

The Income Tax Act, Cap 323 empowers the Commissioner-General to assess every transaction under the Act and any dissatisfied person may object or appeal by setting out the grounds of objection. The Commissioner-General shall give that person written notice of his decision concerning that objection. If a person assessed is dissatisfied with the Commissioner-General's decision concerning his objection to the assessment, that person may appeal to the Revenue Appeals Tribunal or the court.

A review of records relating to taxes under objection revealed that amounts totalling K13,931,211 involving two (2) tax payers remained unresolved for more than one (1) year.

c. Customs Taxes

i. Uncollected Duties On Transits

According to the Customs procedures, goods transiting through the country known as Removals in Transit (R.I.Ts) by road should exit the country within five (5) days from the date of entry and be cleared at the exit port. The transporter of the goods is required to submit a transit bond guarantee or cash deposit which ZRA is supposed to recall if the goods do not exit the country within five (5) days of entering the country.

During the period under review, there were one hundred and seventy nine (179) RITs issued with guaranteed amounts totalling K12,224,642 that did not exit the country and the bonds had not been called within the guaranteed period which had since expired.

Destination Office Name	Number of Outstanding Transits	Outstanding Transit Guaranteed Amount K
Chirundu	2	72,171
Kariba	9	190,524
Kashiba	4	310,028
Kasumbalesa	40	4,690,935
Katima Mulilo	14	508,238
Kazungula	2	451,555
Kipushi	5	478,246
Mokambo	31	839,891
Mwami Border Post	7	356,406
Nakonde	15	1,984,182
Ndola Port Office	21	1,539,609
Sakanya	29	802,857
Grand Total	179	12,224,642

ii. Failure to Collect Customs Taxes

During the period under review, the Zambia Revenue Authority failed to collect from 7,605 clients customs debt in amounts totalling K487,803,271.

iii. Unaccounted for Revenue on Ex-Bonded Warehouse Goods

The Zambia Revenue Authority issues licenses to various private warehouses to keep goods for a period of one year on which taxes have not been paid. Goods are only released from the warehouses (Ex-bonded) upon payment of appropriate taxes.

A physical inspection of three (3) bonded warehouses in Lusaka namely Global Logistics, Guardian Motors and MM Integrated Steel Mill Limited revealed that the warehouses failed to account for ex-bonded goods with Value for Duty Purposes totalling K1,792,877 as indicated in the table below.

Name of Warehouse	Status of Warehouse License	Value of ex-Bonded Goods K
Global Logistics	Valid	147,007
Guardian Motors	Not Valid	35,118
MM Integrated Steel Mill Ltd	Not Valid	1,610,752
Total		1,792,877

Further, it was observed that two companies namely Guardian Motors and MM Integrated Steel Mill Limited operated without valid bonded warehouse licences.

iv. Unaccounted for Revenue on Report Orders – Livingstone

A Report Order (RO) is an instrument used by the Authority to request an importer to move their goods from the entry port to an inland port due to limited facilities where tax formalities

can be finalised. During the period under review, nineteen (19) Report Orders with customs taxes in amounts totalling K243,633 were issued at Victoria Falls and Kazungula border posts for final clearance at Livingstone Port Office. However, there was no evidence that importers reported to the Port Office and that payment of duty was made.

d. Motor Vehicles Brought in the Country on Customs Import Permit (CIP) and Later on Introduced on the Asycuda World as Ex-GRZ Vehicles

ZRA Act provides for entry of visitors motor vehicles by issuance of Customs Import Permit (CIPs) for visitors' vehicles for a period of stay permitted by immigration. The visitor is allowed to sell the vehicle during his stay upon seeking authority from the Commissioner General of which appropriate duties are paid.

Contrary to the procedure, eight (8) motor vehicles that came into the country as CIPs in 2016 were reintroduced on Asycuda World as Ex-Red Log Books or Ex-GRZ motor vehicles and have since been registered with RTSA. In this regard, tax in amounts totalling K149,811 was not paid on the converted CIPs. See table below.

Vehicle Chasis No.	Vehicle Make (Model)	CIP Date of Issue	SAD_DAT (Date Converted)	CIP Conversion to /Type of Declaration	Registrati on No	Invoice Value K	Estimated Revenue Loss K	Taxes Collected
AFAPXXMJ2PGA60399	FORD RANGER (2005)	05/09/2016	22/11/2016	Ex-Red Book	BCA7302	86,423	43,272	Nil
AFAPXXMJ2PGG63370	FORD RANGER (2009)	03/06/2016	22/08/2016	Ex-GRZ	BCA7239	25,000	14,513	Nil
AFATXXMJ2T7L01993	FORD RANGER (2007)	16/07/2016	04/08/2016	Ex-GRZ	BAD8833	15,000	9,839	Nil
JTELB71J007102750	TOYOTA LANDCRUISER (2009)	09/03/2016	16/09/2016	Ex-Red Book	BAD8622	41,414	22,185	Nil
KMHDH41CLCU331727	HYUNDAI ELENTRA (2010)	03/06/2016	05/09/2016	Ex-Red Book	BAD8615	19,945	20,479	Nil
SALLAAD3AA550397	LANDROVER (2008)	01/03/2016	10/06/2016	Ex-Red Book	BAD3055	78,406	39,525	Nil
						Total	149,811	

Programme: 122 Licences - Ministry of Energy

122010 ERB Licence Fees

15. In the Estimates of Revenue and Expenditure for the Financial Year ended 31st December, 2016, a provision of K123,552,365 was made for the collection of revenue against which amounts totalling K143,589,372 were collected resulting in an over collection of K20,037,007.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Energy Regulation Board and selected stations carried out in August 2017 revealed the following:

a. Failure to Collect Outstanding ERB Fees

In Paragraph 11 of the Auditor General's report on the accounts for the financial year ended 31st December 2015, mention was made of outstanding ERB Licence fees in amounts totalling K71,751,256 owed by Oil Marketing and other Companies.

In their Report for the First Session of the Twelfth National Assembly, the Public Accounts Committee urged the Controlling Officer to ensure that the developed payment plan be adhered to without fail and progress be made.

A review of the situation in August 2017 revealed that the outstanding amounts in licence fees owed by six (6) licence holders had increased to K109,654,366. Further, it was observed that ZESCO Limited owed 98 percent of the debt.

b. Non-Payment of ERB Licence Fees on Unleaded Fuel Sales Volumes

A scrutiny of monthly petroleum products returns submitted by Dana Oil revealed that the Oil Marketing Company (OMC) did not include quantities for petrol sales volumes valued at K10,743,075. This resulted in underpayment of ERB Licence fees amounting to K75,202.

c. Under Declaration of Sales Volumes

A comparison of ERB statistical data and fuel sales returns submitted by five (5) OMC's revealed that the volume of sales for gasoil, low sulphur gas oil and unleaded fuel with sales value of K5,266,831 was under declared in some months submitted in the monthly revenue returns resulting in underpayment of ERB Licence fees amounting to K36,868.

d. Unreliable Procedures on Capturing ERB Licence Fees on Lubricants

A review of procedures used in capturing sales of lubricants revealed weaknesses in controls in that retailers of lubricants such as auto spares shops that are independent of OMCs did not submit returns and as such did not pay ERB licence fees.

Further, there was no evidence such as monitoring reports to show that ERB monitors the dealers of lubricants for the purposes of confirming the remittance of ERB licence fees on lubricants. In this regard, it was not possible to ascertain the correct quantities imported and fees paid by the dealers.

e. Failure to Reconcile the OMCs Sales and ERB Licence Fee Remittances

According to the information provided at ERB in respect of OMCs sales and ERB Licence fee remittances submitted during the period under review, payments of ERB Licence fees were based on information provided by OMCs and not verified figures by ERB.

Programme: 2021 Non Tax Revenue - Department of Immigration - Ministry of Home Affairs

Activity: 123018 Immigration Fees and Charges

16. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K260,000,000 was made in respect of collection of Immigration Fees and Charges against which amounts totalling K214,032,832 were collected resulting in an under collection of K45,967,168.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Immigration Headquarters and visits to fifteen (15) stations namely the Kenneth Kaunda, Harry Mwaanga Nkumbula, the Simon Mwansa Kapwepwe International Airports; Mongu, Solwezi, Chipata, Ndola, Livingstone, Lusaka Regional Offices; Chirundu, Kasumbalesa, Nakonde, Mwami, Katima Mulilo and Kazungula Border Posts carried out during the period from May to August 2017 revealed the following:

a. Headquarters

i. Missing Permits not Aailed for Audit

Contrary to Financial Regulation No. 10 (n), seventy five (75) employment permits in amounts totalling K225,000 were not aailed for audit.

ii. Reversals of Credited Cheques

A scrutiny of bank records relating to Revenue Transit Accounts at Finance Bank (FBZ) revealed that there were thirty one (31) cheques in amounts totalling K104,000 in respect of thirty one (31) permits that were credited to the accounts but were later reversed by the Bank. As of August 2017, the anomalies had not been rectified.

iii. Unaccounted for Revenue

Contrary to Financial Regulations No. 129, amounts totalling K103,550 were unaccounted for in that collections could not be traced to the bank statements and there was no cash on hand.

b. Kenneth Kaunda International Airport (KKIA)

i. Failure to record Permits in the Register of Accountable Documents

Contrary to Financial Regulation No. 103, Temporal Permits with serial numbers 033676 to 033825 and Temporal Employment Permit with serial numbers 018651 to 018700 were not entered in the Register of Accountable Documents.

ii. Unaccounted for Revenue –Permits and VISAs

Contrary to Financial Regulations No 129, revenue in amounts totalling K24,000 and US\$9,620 were not accounted for in that transactions were not supported by banking details such as point of sale receipts, bank deposit slips and no cash was found on hand.

iii. Delays in Banking Revenue – Solwezi - Regional Immigration Office

Contrary to Financial Regulation No.121 (1), there were delays of periods ranging from three (3) to fourteen (14) days in banking revenue in amounts totalling K250,500.

iv. Unaccounted for Revenue - Mongu Regional Immigration Office

Revenue in amounts totalling K85,000 was collected during the period under review at Mongu Immigration Office. However, although revenue in amounts totalling K61,000 was deposited, amounts totalling K24,000 were unaccounted for in that the deposit slips supporting the banking transactions were either missing and cash was not found on hand.

c. Information Technology Matters

i. Applicants Sharing Case Number on the System

Case numbers are system generated numbers which are used to identify an application. Case numbers are unique for each case that presents itself to the Department. As such, an applicant cannot have several case numbers on the system.

An analysis of case numbers generated during the period under review, revealed that two (2) travellers, one (1) from Hong Kong and another one from United Kingdom, shared one case number C-1807506 -11-16 on the system as shown in the table below.

DATE	PERMIT	PERMIT NUMBER	COUNTRY OF ORIGIN	AMOUNT	CASENUMBER	STATUS
1/11/2016	Employment Permit	37171	Hong Kong	3000	C-1807506-11-16	Approved
25/11/2016	Residence Permit	17809	United Kingdom	4000	C-1807506-11-16	Approved

ii. Lack of Awareness of Information Security Policy

ISO/IEC 27001 Information Security Awareness, Education and Training: All employees of the organization and, where relevant, contractors shall receive appropriate awareness education and training and regular updates in organizational policies and procedures, as relevant for their job functions.

The Department used the Ministry of Home Affairs Information Security Policy. However, during the period under review, users were not sensitized on the policy resulting in some users interviewed, such as data entry clerks and cashiers, not being aware of the Information Security Policy.

Programmes: 2021 Non Tax Revenues (Fees and Fines) - Judiciary

Activities: Various

17. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a revenue provision of K20,609,042 was made in respect of collection of fees and fines against which amounts totalling K16,049,175 were collected resulting in an under collection of K4,559,867. See table below.

Activity	Budget K	Actual K	Over / (Under) collection K
Fines of Court	6,959,381	5,759,122	(1,200,259)
Court Fees	13,536,669	10,139,198	(3,397,471)
Library Services	112,992	150,856	37,864
Total	20,609,042	16,049,175	(4,559,867)

Accounting and Other Irregularities

An examination of the accounting and other records maintained at the Ministry headquarters and selected provincial offices carried out in April 2017 revealed the following:

a. Failure to Reconcile Accounts

During the period January to December 2016, the Judiciary deposited collections from fees into the Supreme Court Revenue Account (K136,744) and the Council of Law Reporting Account (K392,250). It was however observed that contrary to Financial Regulation No. 138 (1), there were no reconciliations done on the two (2) accounts for the period under review.

b. Delays in the Banking of Revenue

Contrary to Financial Regulation No.121(1), there were delays in banking revenue in amounts totalling K1,258,692 for periods ranging from 5 to 292 days at the Judiciary headquarters and various courts.

c. Variances Between Revenue Returns Figures and Received Revenue

During the period under review, amounts totalling K8,919,526 collected by selected courts and registries in respect of court fees and fines were received.

A comparison of revenue returns to the Ministry of Finance against received amounts revealed that only K8,906,120 had been reported in the returns resulting in under reporting of revenue of K13,405. Details are in the table below:

Name of Court/Registry	Actual Revenue Collections K	Amounts as per Revenue Return K	Over/ (Under) Reporting K
Headquarters			
High Court:			-
Commercial List Registry	753,844	755,147	1,303
Principal Registry	1,285,215	1,267,650	(17,565)
Sherriffs of Zambia	6,761,099	6,767,094	5,995
Ndola:			-
Subordinate Court	72,236	70,097	(2,139)
Kapiri-Mposhi:			
Subordinate Court - Fines	47,132	46,132	(1,000)
Total	8,919,526	8,906,120	(13,406)

d. Unaccounted for Revenue

Contrary to Financial Regulation No. 129, amounts totalling K368,307 in respect of court fees and fines were not accounted for in that they were neither banked nor was the money found on hand. See table below.

Station	Amount Collected K	Amount Banked K	Unaccounted For Revenue K
High Court Commercial List Registry - fees	753,844	696,647	57,197
High Court Commercial List - Client Account	1,640,362	1,533,846	106,516
Principal Registry Court Fees	1,285,215	1,093,021	192,194
Kalomo Urban Court - Fines	21,230	8,830	12,400
Total	3,700,651	3,332,344	368,307

e. Use of Revenue without Treasury Authority

During the period under review, amounts totalling K8,404 collected as Fines of court at Kalomo Subordinate Court were used at source. No authority was obtained from the Secretary to the Treasury contrary to Financial Regulation No. 121 (1). As at 31st July 2017, the money had not been reimbursed.

f. Long Outstanding Uncredited Lodgements / Dishonoured Cheques

Financial Regulation No.143 (1) stipulates that if a cheque is dishonoured, immediate action should be taken to secure prompt reimbursement of the amount owed.

A scrutiny of bank reconciliation statements for various courts revealed that there were uncredited lodgements in amounting totalling K141,945 dating as far as back as 2010 that had neither been replaced nor resolved and have continued to appear in the current reconciliations. See table below.

Station	Period	Amount K
Principal Registry - Client account	09.04.2014-23.06.2014	12,400
Ndola High Court - Client A/C	02.02.2010 - 01.09.2010	119,990
Kabwe High Court - Client A/C	27.09.2012	9,555
Total		141,945

g. Delayed Banking

Contrary to Financial Regulation No. 121, there were delays in banking of revenue in amounts totalling K263,608 for periods ranging from 1 day to 270 days. See table below.

Province	District	Station	Amount Banked K	Delay in days
Central	Serenje	Magistrate Court	112,961	1 to 56
	Chibombo	Liteta Local Court	4,792	31 to 121
Copperbelt	Ndola	Ndola Main Local Court	10,793	3 to 38
		Chipulukusu Local Court	4,138	3 to 17
		Chifubu Local Court	1,173	3 to 6
Muchinga	Chinsali	Chinsali Magistrate Court	29,271	1 to 27
		Chinsali Local Court	13,152	1 to 12
		Chitulika Local Court	14,007	2 to 42
		Tazara Local Court	5,279	1 to 22
		Kafwimbi Local Court	769	16 to 38
		Kasoka local Court	10,231	20 to 137
North Western	Solwezi	Industrial Relation Court	1,930	1 to 6
		Solwezi Local Court	3,829	1 to 8
		Kyawama Local Court	837	1 to 3
Southern	Monze	Monze Magistrate Court	31,140	2 to 44
	Namwala	Namwala Magistrate Court	1,555	2 to 26
		Namwala Local Court	8,800	2 to 240
		Mungaila Local Court	5,233	20 to 270
		Mukobela Local Court	770	17 to 24
Luapula	Samfya	Kasoma Bangweulu Local	2,949	20 to 60
Total			263,608	

h. Unbanked Revenue

Contrary to Financial Regulation No. 130 (3) (a), revenue collected on various receipts in amounts totalling K12,972 were not supported by corresponding bank deposit details. See table below.

Province	District	Station	Amount K
Luapula	Kawambwa	Local Court	10,731
Muchinga	Mpika	Kasoka local Court	2,241
Total			12,972

i. Unaccounted for Revenue

Contrary to Financial Regulation No. 129, amounts totalling K2,546 were unaccounted for in that the cash was neither banked nor at hand. See table below.

Province	District	Station	Amount Reciepted K	Amount Deposited/ Cash at hand K	Variance K
	Mpika	Kasoka Local Court	16,436	14,918	1,518
		Kafwimbi Local Court	2,444	2,144	300
Southern Province	Monze	Magistrate Court	800	72	728
Total			19,680	17,134	2,546

j. Failure to Maintain a Register of Accountable Documents

Contrary to Financial Regulation No. 103 (1) which states that every officer who is required to hold receipt forms shall maintain a Register of Accountable Documents in which the receipt and issue of all receipt forms shall be promptly entered, various courts did not maintain Registers of Accountable Documents thereby making it difficult to ascertain the number of receipt books in their custody. See table below.

Province	District	Station
Muchinga	Mpika	Tazara Local Court
		Kafwimbi Local Court
		Kasoka local Court
Southern	Namwala	Magistrate Court

k. Lack of Safe Facilities

Financial Regulation No. 155 defines a safe as a secure container issued by Government in which public moneys, articles and accountable documents are to be kept. It was observed that various courts operated without safes thereby rendering public funds, articles and accountable documents that needed to be secured, vulnerable. See table below.

Province	District	Station	Comment
Central	Serenje	Magistrate Court	No Safe Maintained on site
	Chibombo	Liteta Local Court	No Safe Maintained on site
Copperbelt	Ndola	Kabushi Local Court	No Safe Maintained on site
		Chipulukusu Local Court	No Safe Maintained on site
		Chifubu Local Court	Not in use due to damage and no action taken.
Muchinga	Chinsali	Chinsali Magistrate Court	No Safe Maintained on site
		Chinsali Local Court	No Safe Maintained on site
	Mpika	Chikwanda Local Court	No Safe Maintained on site
		Chitulika Local Court	No Safe Maintained on site
		Tazara Local Court	No Safe Maintained on site
		Kafwimbi Local Court	No Safe Maintained on site
		Kasoka local Court	No Safe Maintained on site
North Western	Solwezi	Solwezi Local Court	No Safe Maintained on site
Southern	Namwala	Magistrate Court	Not in use since 2010 due to missing key and no action taken.
		Mungaila Local Court	No Safe
		Mukobela Local Court	No Safe
Luapula	Nchelenge	Local Court	No Safe

l. Missing Accountable Documents - Luapula Province

Contrary to Financial Regulation No. 10 (n) which states that the accounting officer shall produce all books and records or accounting documents in the accounting officer's charge when required, general receipt books issued to a Local Court in Kawambwa and receipts used at Kasoma Bangweulu Local Court in Samfya were not availed during the audit. Consequently, it was not possible to ascertain the amounts collected on the missing accountable documents. See table below.

District	Station	Receipt Range
Samfya	Kasoma Bangweulu Local Court	6684538
		6684540
		6684552
		6684566
		6684620
		6684641
Kawambwa	Local Court	6688601 to 6688650

m. Failure to Maintain a Record of Cause Lists – Ndola Main and Nchelenge Local Court

A Cause List is a schedule of court cases maintained by a court and presented to Presiding Officers for hearing. It contains information such as case details, number and petitioner. Cause Lists should only include cases that have been paid for before they can be heard in court. It was however observed that there were no record of Cause Lists maintained for the period under review thereby making it difficult to ascertain whether all cases heard were paid for.

n. Discrepancy Between Revenue Returns and Receipted Revenue – Monze

An examination of accounting records such as receipt books and revenue returns maintained at Monze Magistrate and Local courts revealed that amounts totalling K108,648 were collected, whereas amounts totalling K105,802 were reported in the revenue returns resulting in under reporting of revenues totalling K2,845. See table below.

Station	Court Fees K	Court Fines K	Sheriff Fees K	Total K
Magistrate Court	27,920	35,450	5,158	68,528
Monze Urban Local Court	30,206	7,069	0	37,275
Total	58,126	42,519	5,158	105,802
Actual Collections Audited	60,408	43,172	5,068	108,648
Variance	(2,282)	(653)	90	(2,845)

Programmes: 8 Fees and Fines - Ministry of Lands and Natural Resources

Activities: Various

18. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K215,839,491 was made as revenue collection against which amounts totalling K123,162,758 were collected resulting in an under collection of K92,676,733 as shown in the table below.

Revenue Type	Budget K	Actual K	(Under) / Over Collection K
ZEMA Collections	29,144,260	16,803,411	(12,340,849)
Forestry Revenue	14,165,354	18,136,374	3,971,020
Document Fees & Registration Fees	20,962,676	20,104,427	(858,249)
Survey Fees	7,923,853	7,433,630	(490,223)
Consent Fees	2,269,676	2,321,275	51,599
Consideration fees	108,582,484	30,803,304	(77,779,180)
Preparation Fees	1,057,296	1,073,794	16,498
Interest on Late Payments	2,114,385	-	(2,114,385)
Other Interests	-	2,181,577	2,181,577
Ground Rent	29,619,507	24,304,966	(5,314,541)
Rent on Government Properties	-	-	-
Total	215,839,491	123,162,758	(92,676,733)

Accounting and Other Irregularities

An examination of the accounting and other records maintained at the Ministry headquarters and selected provincial offices carried out in April 2017 revealed the following:

a. Delays in Banking of Revenue

Contrary to Financial Regulation No.121 (1), there were delays in banking of revenue in amounts totalling K1,516,893 for periods ranging from five (5) to eighty one (81) days. See table below.

Station	Amount K	No. of Days Delayed
Mansa - Lands	30,636	11 - 54 Days
Mansa - Survey	9,836	10 - 66 Days
Kasama - Lands	1,594	15 - 37 Days
Mkushi District Forestry	242,309	5 - 45 Days
Sioma District Forestry	1,157,573	5 - 40 Days
Msipazi Forestry Office	3,033	5- 81 Days
Chipata - Masupe Forestry	8,142	5 - 15 Days
Nyimba District Forestry	12,135	5 - 13 Days
Katete District Forestry	1,167	5 - 14 Days
Sinda (Chimutengo) Forestry	22,749	5 - 33 Days
Petauke Forestry	15,770	5 - 15 Days
Mongu - Nalwei Check Point	11,950	5 - 47 Days
Total	1,516,893	

b. Failure to Collect Ground Rent

In the Auditor General's report for the financial year ended 31st December 2015, mention was made of the failure to collect ground rent in amounts totalling K331,137,696 in respect of 149,065 properties.

In their report for the First Session of the Twelfth National Assembly, the Public Accounts Committee urged the Controlling Officer to ensure that all outstanding arrears were collected without further delay.

A review of the situation in August 2017 revealed that the outstanding ground rent had increased to K513,895,457 in respect of 204,093 properties.

c. Undercharges on Timber Export Permits

Contrary to Statutory Instrument No. 94 of 2015 (The Forests Act No 4 of 2015) and Statutory Instrument No. 41 of 2015 (The Fees and Fines Act), the Ministry charged old fees instead of the revised fees on timber exports resulting in a loss of K76,659 during the period under review.

d. Lack of Support and Maintenance Agreements for ZILMIS

CoBIT DS2 on Manage of Third-Party Services requires the need to assure that services provided by third parties (suppliers, vendors and partners) meet business requirements for an effective third party management process. This process is accomplished by clearly defining the roles, responsibilities and expectations in third-party agreements as well as reviewing and monitoring such agreements for effectiveness and compliance.

As of August 2017, the Ministry had not entered into any support and maintenance contract for the ZILMIS, four (4) years after the contract came into effect. This implied that in case of any system failure, the Ministry may not be in a position to continue utilising the system.

Programme: 122 Licences - Ministry of Mines and Minerals Development

- **122050 Mining Licence**
- **129015 Fees and Surface Rental Charges**
- **129099 Miscellaneous**

19. In the Estimates of Revenue and Expenditure for the Financial Year ended 31st December 2016, a provision of K37,128,214 was made as revenue collection against which amounts totalling K33,794,384 were collected resulting in an under collection of K3,333,830 as shown below.

DESCRIPTION	Budget as per Estimates of Revenue K	Actual Revenue as per Returns K	Over/(Under) Collection K
Mining Licence	35,445,395	31,485,410	(3,959,985)
Fees and Surface Rental Charges	927,550	1,620,367	692,817
Miscellaneous	755,269	688,607	(66,662)
Total	37,128,214	33,794,384	(3,333,830)

Accounting and Other Irregularities

An examination of the accounting and other records maintained at headquarters and selected provincial offices carried out in June 2017 revealed the following:

a. Expired Mining Licenses

According to Section 76 and 77 of the Mines and Minerals Development Act of 2015, a holder of a mining or non-mining right may apply for the renewal of the mining or non-mining right in the prescribed manner and form upon payment of the prescribed fees; and a holder of a mining right or mineral processing licence shall pay to the Republic an annual area charge of such amounts as may be prescribed.

A review of the Flexi Cadastre database maintained by the Ministry revealed that there were five hundred and seventy seven (577) small scale mines, out of which seventy (70) licences had expired and yet the status in the database showed that they were still active. This resulted in loss of revenue in amounts totalling K315,000 in respect of licence renewal fees.

b. Non Submission of Production Returns

According to Section 35 (1 (h, i, j, k and l) and 2) of the Mines and Minerals Development Act of 2015, holders of a mining licence are required to submit monthly / yearly productions returns, mine plans and sections, primary and secondary development among others.

Contrary to the above provisions, twenty (20) mines did not submit production returns during the period under review resulting in understatement of mineral production figures (summary reports).

c. Failure to Collect Outstanding Area Charges for Mineral Right Holders

According to Section 77 (1 and 2) of the Mines and Minerals Development Act 2015, a holder of a mining right or mineral processing licence shall pay to the Republic an annual area charge of such amount as may be prescribed, or as may be calculated in the manner prescribed by the Minister, by Statutory Instrument and the annual area charge referred to in subsection (1) shall be payable on the grant of the mining or mineral processing licence, and thereafter annually on the anniversary thereof until the termination of the mining right or mineral processing licence.

Contrary to the provisions of the Act, as at 31st July 2017, seven hundred and one (701) mining right holders owed amounts totalling K11,102,566 in respect of annual area charges incurred during the period from January to December 2016.

Programmes: 2021 - Non Tax Revenues (MPSAs)

Ministry of Home Affairs – Passports and Citizenship Office

20. In the Estimates of Revenue and Expenditure for the Financial Year ended 31st December, 2016, a revenue provision of K30,000,000 was made against which actual collections were K24,212,861 resulting in an under collection of revenue of K5,787,140.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry headquarters and selected stations carried out in August 2017 revealed the following:

a. Use of Unsupported Servers – Windows Server 2003

Microsoft Corporation announced that the support services for the Windows Server 2003 expired on 14th July, 2015 and would therefore no longer continue supporting the software.

During the period under review, the Department had six (6) active windows 2003 servers.

b. Use of Unsupported Operating System – Windows XP

Microsoft Corporation stopped supporting Windows XP operating system in 2014. It was however observed that all the twenty five (25) active computers in the production centres were running on the unsupported operating system.

c. Irregularities in Passport Administration

A review of the Personalized Passport System (PPS) and a physical verification of the personal records maintained at various stations revealed the following:

i. Duplicate Transaction

According to National Registration Passports and Citizenship (NRPC) guidelines, each passport should be processed using one receipt. A review of the PPS database revealed that the guidelines were not configured onto the system. As a result, it accepted multiple transactions to be processed using one receipt number.

In addition, in the case of minors, one NRC could be used to produce passports for many minors. However, each minor has to make a payment separately.

ii. Under Collection of Revenue

During the period under review, six hundred and forty eight (648) passports were processed at five (5) stations from which the expected revenue of K228,520 was to be realised. However, only an amount of K75,770 was received resulting in an under collection of K152,750. See the table below.

Location	Expected Amount from Passports Issued K	Receipted Amount K	Under payment K
Lusaka	39,040	20,020	19,020
Ndola	9,380	3,560	5,820
Livingstone	133,580	42,490	91,090
Kabwe	8,960	2,140	6,820
Chipata	37,560	7,560	30,000
Total	228,520	75,770	152,750

iii. Passports Issued without Payments

A comparison of the passport file for all ordinary passports produced against the payments received at Indo Zambia Bank carried out in August 2017, revealed that 2,795 passports that were produced did not have corresponding records on the bank file. There was a risk that Government could have lost K912,880 in revenue. See table below.

Station	No of Records	Total Revenue Loss K
Lusaka	1098	361,960
Ndola	1506	487,920
Livingstone	191	63,000
Total	2795	912,880

d. Failure to Maintain a General Cashbook – Head office

Contrary to Financial Regulation Number 128 (1) which states that collectors of revenue shall maintain a General Revenue cashbook (Accounts Form 47) which shall be written up daily.

The Department did not maintain any cashbooks during the period under review.

**Programme: 2021 Non Tax Revenue – Road Transport and Safety Agency
Ministry of Transport and Communication**

Activity: 122070 Road Traffic Collections

21. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K339,927806 was made in respect of revenue collection at the Agency against which amounts totalling K396,905,512 were collected resulting in an over collection of K56,977,706.

Accounting and Other Irregularities

An examination of accounting and other related records maintained at RTSA Headquarters Premium House, Dedan Kimathi, Ridgway, Kabwe, Chirundu, Choma, Mongu, Chipata, Livingstone, Ndola, Kitwe, Luanshya, Chingola, Solwezi and Mansa carried out in June 2017, revealed the following:

a. Road Traffic Collections

i. Under Banking of Revenue – Zampost

A comparison between the Agency's revenue return of K380,314,565 against the Statement 'B' figure of K396,905,512 revealed an unreconciled amount of K16,290,947.

Despite management having attributed the unreconciled amount of K16,290,947 to unbanked revenue by Zampost in 2016 and that the funds would be recovered in 2017, the outstanding amount of K16,290,947 had not been recovered as at 31st August 2017.

ii. Unexplained Withdrawals on the Revenue Transit Account – Finance Bank

A scrutiny of bank statements for the RTSA US Dollar Transit Account maintained at Finance Bank Zambia Limited revealed that there were unusual debits on the statements.

In this regard, amounts totalling K645,535 (US\$64,553.46) were debited as either bank charges, cash withdraws, reversals and VAT charges. See table below

Description	Amount US\$
Across Counter Charges	452.00
Cash Withdraw	420.00
Recovery of Ledger Fees	20.00
Value Added Tax	72.36
Reversals	63,588.90
Total	64,553.26

It was observed that although RTSA has a revenue monitoring unit which monitors the account on a daily basis, it is not clear as to why no corrective action had been taken as at 31st August 2017.

iii. Discrepancy between Daily Summary Report and Revenue Returns - ZamTIS

A comparison of daily summary reports with the revenue returns from three (3) stations showed a total of K293,874 between the ZamTIS (Daily Summary Report) and Revenue Returns. See table below.

Station	ZamTIS (Daily Summary Report) K	Revenue Returns K	Variance K
Choma	3,976,069	3,707,493	268,576
Ndola	4,562,711	4,544,904	17,807
Kitwe	8,378,891	8,371,401	7,490
Total	16,917,671	16,623,798	293,874

b. Irregularities in the administration of e-ZAMTIS Contract

On 25th March 2014, the Road Transport and Safety Agency (RTSA) engaged On Track Innovation (OTI) Ltd of Israel to design, develop, implement, commission and maintain the electronic Zambia Transport Information System (e-ZamTIS) at a total contract sum of US\$23,768,478 comprising of Phase I (US\$17,701,465) and Phase II (US\$6,067,013). The contract was for twenty four (24) months commencing 9th April 2014 and provided for five (5) years post commissioning support as a minimum.

The scope of works were as follows:

Phase I:

- i. Investigation of the manual and current ZamTIS systems,
- ii. Identification of the manual and current ZamTIS systems shortcomings,
- iii. Suggestions regarding best practice,
- iv. Design e-ZamTIS,
- v. Develop e-ZamTIS,
- vi. Undertake system implementation,
- vii. Integration of the stakeholder systems such as ASYCUDA, Interpol and Insurance,
- viii. Commissioning of e-ZamTIS, and
- ix. Maintain e-ZamTIS.

Phase II:

Provide e-ZamTIS maintenance for a period of five (5) calendar years from commissioning. Under this phase, the consultant was expected to propose the team to carry out e-ZamTIS maintenance, provide technical support for e-ZamTIS and prepare monthly maintenance progress report.

As at 14th July 2017, the vendor had been paid a total amount of US\$17,557,035 leaving a balance of US\$144,430 for Phase I whilst Phase II had not yet commenced.

The following were observed:

i. Lack of a Warranty or Defects Liability Clause in Contract

According to Section 55(1) of the Public Procurement Act No. 12 of 2008, a standard contract should have a warranty or defect liability period clause included.

However, the contract between RTSA and OTI did not include a defect liability period to cover defects that would arise, in a specified period, after the contract was executed.

ii. Incomplete Works on e-ZamTIS (Phase I)

Despite the vendor having been paid an amount of US\$17,557,035 representing 99% of the contract amount for Phase I, certain modules had not been done as at 31st August 2017. See table below.

Scope of Works	Modules	Status
System Implementation	LAW TRAFFIC ENFORCEMENT ADMINISTRATION	Partially Done
	Handheld devices	Not Supplied
	FINANCE MODULE	Partially Done
	REVENUE MANAGEMENT	Partially Done
	Website interface to e-ZamTIS for Online Service	Not Done
	AUDIT MODULE	Not Done
	Management Reports	Not Done
Commissioning	Training of ICT staff	Not Done
Integration with Other Systems	STAKEHOLDERS (3RD PARTY INTERFACES)	Not Done

As a result, the system was not fully functional in that it was not generating management reports and electronic transfer and mobile payments services were not available.

It was also observed that the system had not been handed over to the Agency and the contractor was not on site.

Further, the contractor was not responding to various correspondences from the Agency to attend to outstanding issues for the first Phase.

iii. Weaknesses in Environmental Controls and ICT Governance

A review of the RTSA Communication Technology (ICT) environment carried out using the Information Systems Audit and Control Association's Control Objectives for the Information and related Technology (CoBIT) framework which is an internationally accepted and applicable framework and industry best practice revealed the following:

- **Lack of Second Level Authentication for e-ZamTIS Users**

Best practices on Single Sign On requires an organisation to have strong passwords and security mechanisms that would prevent the system including customer data from being compromised.

A review of the user access on the e-ZamTIS revealed that all users who were accessing the system were being authenticated through windows without requiring them to put in a second password.

Considering the weaknesses on the first level authentication such as passwords not being complex, not expiring and being shared, the application was therefore prone to unauthorised access.

- **Lack of Audit Trail Reports on e-ZamTIS**

CoBIT BAI03.05 Application Control and Auditability requires that business controls are implemented into automated application controls such that processing is accurate, complete, timely, authorised and auditable.

An audit trail allows for the tracking, analysis and determination of any changes that may have been done on the system and should be regularly reviewed by management.

It was however observed that E-ZamTIS had no audit trail report configured on the system and therefore it was not possible to track activities of different users on the system.

- **Poor User Account Management – OTI(developer) Access to the e-ZamTIS Live Environment**

OTI had access to the live transactions and had rights to carry out all the business process on the system contrary to best practices which requires that developers should not have access to the live environment. This exposed the system to unauthorised transactions being carried out by the vendor which could not be traced by the audit trail.

- **Lack of Updated Antivirus on Computers**

A physical verification on a sample of the E-ZamTIS computers and administrative computers revealed that there was no antivirus installed while on the administrative computer, the antivirus was not up-to-date.

Although management indicated that the ESET End Point Antivirus License agreement had expired and e-ZAMTIS developer (OTI) was in the process of renewing it, the antivirus license had not been renewed as of September 2017.

- **Inappropriate Allocation of User Access Right**

According to E-ZamTIS role description, different users have been allocated different access rights in accordance with their roles to enhance the security of the system.

However, the following were observed in unauthorised access and system abuse:

- One hundred and forty nine (149) separated employees were still active and had rights to transact on the E-ZamTIS.
 - Two (2) general workers had rights to perform cashiering, payments administration and chief cashiering, contrary to their job descriptions.
 - One hundred and forty eight (148) employees were configured with roles to perform cashiering, DL admin, reprint, payment admin, cashier –chief, DL authorisation, ENF – Suspension Supervisor and Cashiering which were not according to their job descriptions.
- **Lack of Internal Service Level Agreement**

According to CoBIT DS1.3 Service Level Agreements (SLAs), SLAs should be defined and agreed to ensure that there is commitment between the end users and IT staff in the utilization of IT resources.

It was however observed that RTSA had no internal SLAs in place between its ICT department and end users regarding the use of the management information systems. As a result, there were unclear roles and responsibilities on the use of ICT resources.

Programmes:	122	Licences - Ministry of Tourism and Arts
	123	Fees
	124	Levies
	129	Other Revenue

22. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K93,427,144 was made in respect of revenue collections against which amounts totalling K117,076,488 were collected. See table below.

Revenue Type	Budgeted Collection K	Actual Collection K	Over/(Under) Collection K
Hotel Licence Fees	71,657	47,771	(23,886)
Casino Fees	3,753,570	4,809,248	1,055,678
Tourism Enterprise	-	569,471	569,471
Hunting and Park Fees	89,601,917	111,627,565	22,025,648
Other Revenue - Miscellaneous		22,433	22,433
Total	93,427,144	117,076,488	23,649,344

Accounting and Other Irregularities

An examination of accounting and other records at the Ministry Headquarters and physical inspections in four (4) provinces revealed the following:

a. Unaccounted for Revenue

Contrary to Financial Regulation No. 129, amounts totalling K30,044 collected during the period under review by two (2) stations were not accounted for in that the funds were neither banked nor cash found on hand. See table below.

Station	Amount K
Chilanga-Dept of National Parks	20,447
Livingstone - Dept of National Parks	9,597
Total	30,044

b. Delays in Banking Revenue Collections – Ministry Headquarters

Contrary to Financial Regulation No.121 (1), there were delays in banking revenue in amounts totalling K1,246,888 for periods ranging from 2 to 24 days. See table below.

Station	Amount K	No. of Days
Tourism -Casino Fees	236,821	2 to 9
Tourism -Enterprise Fees	64,419	2 to 10
Tourism -Hotel Fees	16,212	3 to 9
TDCF	15,000	3 to 8
Tourism -Ndola	8,673	3 to 11
National Parks-Chilanga	154,142	3 to 4
National Parks -Chilanga	691,680	2 to 18
National Parks-Chipata	59,941	4 to 24
Total	1,246,888	

c. Receipt Books Not Availed for Audit

Contrary to Financial Regulation No. 10(n), there were five (5) General Receipt Books (Accounts Form 40) that were not availed for audit. See table below.

No.	Station	Serial No.
1	Dept. of Wildlife- Livingstone	7013751-7013800
2	Dept. of Wildlife- Livingstone	7013801-7013850
3	Dept. of Wildlife- Livingstone	7013851-7013900
4	Dept. of Wildlife- Livingstone	7013901-7013950
5	Dept. of Wildlife- Livingstone	7013951-7014000

d. Outstanding Lease Fees - South Luangwa National Park

The South Luangwa Area Management Unit (SLAMU) has various institutions within the national parks that pay variable, fixed lease and escort fees to the Department of National Parks and Wildlife.

It was however observed that, amounts totalling K105,959 were owed by four (4) institutions in respect of fixed lease rental.

Programmes: 2021 Non Tax Revenues (MPSAs) - Zambia Information and Communication Technology Authority

Activities: 101 Licences

122015 ZICTA License Fees

23. In the estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K217,477,677 was made as revenue collection by ZICTA against which amounts totalling K268,983,273 were collected.

Accounting and Other Irregularities

An examination of the accounting and other records maintained at headquarters carried out in May 2017 revealed the following:

a. Expired Radio Licenses

Contrary to the Information Communication and Technologies Act No.15 of 2009, during the period under review, there were one hundred and forty five (145) radio station operators who were operating with expired licenses resulting in uncollected revenue amounting to K2,241,730.

b. Non-compliant Postal and Courier Firms

According to the provisions of the Postal Services General Regulations and the Statutory Instrument No. 31 of 2006, all operators of postal and courier services are supposed to obtain a licence from the Authority to enable them operate.

Contrary to the provisions above, during the period under review, sixteen (16) postal and courier firms operated without licences from the Authority resulting in uncollected revenue in amounts totalling K1,000,000 in respect of unpaid licence fees.

c. Outstanding Fees – Zamtel Limited

During the period under review, Zamtel Limited owed the Authority amounts totalling K106,272,855 and K8,965,060 in respect of licences and annual operating fees and international traffic minutes fees respectively.

As of August 2017, ZAMTEL had paid K10,200,000 and K765,235 in respect of license fee and international traffic minutes fees respectively leaving a balance of K105,029,725 (K96,072,855 - licences and annual operating fees and K8,956,870 - international traffic minutes fees).

d. Unlicensed International Operators

According to Section 9 of the Information and Communications Technologies (ICT) Act No. 15 of 2009, a person shall not operate an Electronic Communications Network or provide an Electronic Communications Service without a license issued under the Act.

Contrary to the Act, during the period under review, there were three (3) companies namely PCCW Global, Telecom Namibia and West Indian Ocean Cable Company which were providing electronic communication services using Zesco Limited's optic fibre without obtaining a licence from the Authority. Consequently, there was an estimated revenue loss of K5,544,819 (US\$554, 482) of excise duty and K633,699 (US\$3,369.90) in respect of annual operating fees.

In their response, management stated that the Authority had penalised ZESCO Limited by surcharging the company a sum of K225,000 for permitting the operators to use their optic fibre without obtaining licences. ZESCO Limited was further instructed by the Authority to disconnect the operators. However, as of August 2017, ZESCO Limited had not disconnected the operators.

e. Failure to Type Approved Imported Electronic Communication Equipment

Type Approval is the process by which Electronic Communication Equipment is authorized by ZICTA to be used in Zambia, and involves verification of the equipment's compliance with the applicable standards and requirements as provided for under the ICT Act no. 15 of 2009.

A sample check of 85,175 out of 744,171 electronic communication equipment that were imported in the country during the period under review revealed that the equipment was not subjected to type approval.

f. Failure to Set up the Universal Access Fund

The Information and Communication Technologies (ICT) Act No.15 of 2009 and the Information and Communication Technologies (universal Access) Regulations of 2012 provides guidelines for the setting up of the universal access fund, in order to enable government through ZICTA, finance and facilitate universal services (making electronic communications services available to any persons at domestic level regardless of their geographical or physical location).

The regulations further, requires that for purposes of administering and managing the revenues retained for universal access fund, the Authority shall enter into an agreement with a Fund Manager to administer all fund allocation.

Contrary to the regulation, the Authority had not appointed a Fund Manager as of July 2017 despite revenue in amounts totalling K603,935,361 having been allocated to the fund since its inception in 2012.

EXPENDITURE

Head: 11 Zambia Police Service

Programmes: Various

Activities: Various

24. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K1,304,574,386 was made to cater for various activities against which amounts totalling K1,283,216,359 were released resulting in an under funding of K21,358,027.

As at 31st December 2016, amounts totalling K1,278,877,684 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Zambia Police headquarters and selected divisions carried out during the period from May to July 2017 revealed the following:

a. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, various stores items costing K546,187 procured during the year under review were not accounted for in that there were no receipt and disposal details.

b. Supply and Delivery of an Automated Fingerprint Identification System Machine (AFIS)

On 6th October, 2015, Morpho of South Africa was engaged to supply and deliver an automated fingerprint identification system machine at a contract sum of K29,141,688 (€3,717,957).

According to the General Conditions of the Contract 16.1(a-d), the procuring entity would pay 15% of the contract sum thirty (30) days after signing of the contract against a bank guarantee of the down payment. The second instalment of 25% would be paid upon the signature of the specifications of the system and the third instalment of 30% would be paid upon delivery of the system and the final instalment of 30% would be paid upon system acceptance at the installation site.

Further, the General Conditions of the Contract 16.4 states that any invoice not paid within forty five (45) days of the dates specified on the invoices shall incur interest charge at the prevailing Bank of Zambia lending rates per month on any outstanding overdue balance.

As at 31st July 2017, the supplier had been paid a total sum of K1,600,000 representing 5.4% of the contract sum nineteen (19) months after signing the contract. However, the machine had not been delivered due to non-payment as per the terms of the contract.

Head: 14 Ministry of Mines and Minerals Development

Programmes: Various

Activities: Various

25. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K37,200,368 was made to cater for various activities against which amounts totalling K33,382,491 were released resulting in an underfunding of K3,817,877.

In addition, the Ministry received recoveries in amounts totalling K1,250,960 in the Loan Revolving Fund Account bringing total available funds to K34,633,451.

As at 31st December 2016, amounts totalling K33,348,318 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry carried out in May and June 2017 revealed the following:

a. Misapplication of Funds

Contrary to the Appropriation Act of 2015, amounts totalling K153,725 meant for payment of loans and salary advances, inspections, Geological Mapping and maintenance of the Ministry's Information Communication Technology (ICT) infrastructure were applied on activities such as tuition fees, commutation of leave days, attire for Africa Public Service Day, conference facilities, purchase of air tickets and printing among others, activities not related to the purpose for which the funds were appropriated.

b. Unaccounted for Fuel

Contrary to Public Stores Regulation No. 16, stores items costing K28,000 procured during the period under review were unaccounted for in that there were no receipts and disposal details.

c. Failure to Recover Advances

Contrary to the Terms and Conditions of Service for the Public Service No. 91 and 92, recoveries in respect of salary and tuition advances in amounts totalling K47,663 paid to various officers during the period under review had not been effected as at 31st August 2017.

Head: 15 Ministry of Home Affairs

Departments: Various

Units: Various

Programmes: Various

Activities: Various

26. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K212,796,232 was made to cater for various programmes under the Ministry Headquarters, National Registration, Immigration and Passport and Citizenship Departments. In this regard, the Treasury released amounts totalling K170,754,362 resulting in an underfunding of K42,041,870.

As at 31st December 2016, the Ministry had spent amounts totalling K165,523,044.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters, other departments, selected districts and inspections of projects carried out from January to April 2017 revealed the following:

a. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, stores items costing K155,358 procured during the period under review were not accounted for in that there were no receipt and disposal.

b. Failure to Update an Asset Register

Public Stores Regulation No. 99 states that “Controlling Officers shall be responsible for all office machinery on charge to their Ministries or Departments and shall maintain at each Ministry and Departmental headquarters, a register of such items showing government and manufacturer’s serial number, make, type and location of all machines on their charge”.

However, contrary to the regulation, the Ministry did not update the asset register. As a result, various assets costing K571,892 procured during the year under review had not been recorded in the asset register.

c. Rehabilitation of the Commissioner for Refugees Houses in Makeni

On 23rd September, 2014, the Ministry engaged Stecheal Contractors Ltd to rehabilitate three (3) houses for the Commissioner of Refugees houses in Makeni at a contract sum of K224,121. The contract period was three (3) weeks from 24th September to 14th November 2014. Among other works to be done were plumbing, electrical, painting and excavation.

As of February 2017, the contractor had been paid a total sum of K58,123 representing 25.9% of the contract sum.

A physical inspection of Houses revealed that although house No. 1 had been handed over and had since been occupied, works costing K30,130 were still outstanding. See table and pictures below.

S/No.	Description	Qty	Unit Price K	Amount K
1	Mukwa doors	1	1,500	1,500
2	Rubber door stop	4	20	80
3	600x600 porcelin tiles fixed	40	350	14,000
4	Skirting porcelin tiles	50	20	1,000
5	Spoon drain 750mm x 250mm	28	350	9,800
6	Apron 600 x 600 (double payment)	24	145	3,480
7	Side of Apron slab	9	30	270
Total				30,130



House No. 1 floor without tiles



Part of the apron done for House No.1

Head: 15/02 Ministry of Home Affairs – Zambia Correctional Service

Unit: 01 Prisons And Reformatories

Programme: General Administrations, Other Personal Emoluments and Procurement Management (Food Rations)

Activity: Various

27. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a total provision of K225,718,186 was made to cater for the implementation of various programmes and activities under the Zambia Correctional Service. In this regard, the Treasury released amounts totalling K203,032,703 resulting in an underfunding of K22,685,483.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Zambia Correctional Service Headquarters and Regional Offices for the financial year ended 31st December 2016, carried out during the period June to August 2017 revealed the following:

a. Failure to Insure Motor Vehicles and Farm Equipment

Contrary to the Roads and Road Traffic Act Cap 464 of the Laws of Zambia, Section 133, which requires that all motor vehicles using public roads must have a minimum of third party insurance cover, seventeen (17) motor vehicles and one (1) tractor belonging to the Zambia Correctional Service were not insured by various Regional Offices as at 31st August 2017. See table below.

Region	No. of Motor Vehicles
Western	1
Luapula	3
Northern	3
Southern	11
Total	18

It was further observed that one motor vehicle registration No. PS 3206 of unknown value belonging to Southern Region which was involved in a road traffic accident on 18th September 2016 had not been repaired as at 31st August 2017 due to lack of insurance cover.

b. Failure to Deduct and Remit PAYE to ZRA

Contrary to the Income Tax Act Cap 323, settling in allowances in amounts totalling K14,583 were paid to four (4) officers without deducting Pay As You Earn (PAYE) as of August 2017.

Further, amounts totalling K25,484 deducted as Pay As You Earn (PAYE) from officers' settling in allowances during the period under review, had not been remitted to the Zambia Revenue Authority (ZRA) as at 31st August 2017.

c. Weaknesses in the Management of Infrastructure Projects

A scrutiny of records and physical verification of various projects carried out in August 2017 revealed weaknesses in the management of projects in that there were delays in completing the projects. See table below.

Project Name/ Scope of Works	Contractor	Contract Period	Start Date	Expected Completion Date	Period of Delay as of August 2017	Contract Amount K	Amount Paid K	Project Status
Construction of Storage Shed – Kalonga Milling Plant	Glands Industries	27 weeks	5 th August 2014	3 rd February 2015	30 months	4,998,430	2,113,006	The total amount paid to the contractor represented 42.27%. However, as at 31 st August 2017, portal frames of the structure had been erected, pillar base plastered and part of the back filling done with the rest of the works still outstanding. It was also observed that the contractor was not on site.
Construction of Multipurpose Hall at Bothwell Imakando Staff Training College	Lima Agro Supplies	20 weeks	4 th December 2013	3 rd May 2014	39 months	3,605,940	323,745	The total amount paid to the contractor represented 8.98%. However, as at 31 st August 2017, the structure had been built up to roof level and seven (7) door frames had been fitted to the holding rooms and the entrance and three quarters of the structure had been roofed. The following works were outstanding: fitting of fourteen (14) window frames and air vents and plumbing works. The contractor was not on site.

Head: 17 Ministry of Foreign Affairs

Departments: Various

Programmes: Various

Activities: Various

28. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K135,607,187 was made to cater for various activities against which amounts totalling K75,360,606 were released resulting in an under funding of K60,246,582.

As at 31st December 2016, amounts totalling K55,166,199 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry headquarters carried out during the period from January to April 2017 revealed the following:

a. Irregular Payment of Overtime Allowances

Cabinet Circular No. 11 of 2013 states that when an officer is required to work over the weekend or beyond normal working hours, eligible officers should be paid overtime allowance. Payment of this allowance is through the payroll and claims have to be made through the supervising officer and approved by the Controlling Officer and this allowance will not be paid to officers in management. Further, Financial Regulation No. 81 requires that attendance registers of employees working overtime are maintained.

However, amounts totalling K30,557 were paid to twenty nine (29) officers as overtime allowance outside the payroll without evidence of attendance rendering the payments irregular.

b. Questionable Salary Arrears

The Ministry made payments of salary arrears to three (3) officers in amounts totalling K62,205. However, the payments were questionable in that the basis on which the salary arrears were paid was not availed for audit.

c. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K152,619 issued to eight (8) officers had not been retired as at 31st July 2017.

d. Undelivered Goods - Donations from South Korea

In September 2016, the Government of the Republic of South Korea through its embassy based in Harare Zimbabwe donated various items to the Ministry costing K998,000 (US\$99,800) which included twenty (20) Lenovo Idea Pad Notebook Laptops, thirty (30) Samsung 24 Inch Monitors, five (5) Parrot Screen Pull-down, five (5) Epson Projectors, thirty (30) Mono Laser Wifi Printer among others.

However, as at 31st July 2017, twenty (20) Lenovo Idea Pad Notebook (laptops) had not been delivered to the Ministry.

Further, thirty (30) Samsung SL-M2020 Mono Laser Wifi printers were unaccounted for in that the disposal details were not availed for audit.

e. Failure to Complete Log Books

The Use, Care and Maintenance of Government vehicles, Plant and Equipment manual issued by the Ministry of Works and Supply requires that log books showing the destination, the purpose of the journey, start and finish mileage and accurate record of fuel/oil added to the vehicle be maintained and completed for all Government vehicles.

However, contrary to the requirement, the Ministry did not have completed log books. Consequently, it was not possible to ascertain how fuel and oil costing K327,629 were used.

f. Failure to Effect Recoveries of Tuition Advances

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of tuition advances in amounts totalling K50,700 paid to five (5) officers during the period under review had not been effected as at 31st August 2017.

g. Uncompleted Works on the Contract for the Upgrade of the Access Control System and Installation of CCTV

On 7th October 2016, the Ministry engaged Chrystal Solutions Technology to upgrade the access control system and installation of a Closed Circuit Television (CCTV) at the Ministry headquarters at a contract sum of K261,149 with a delivery and completion period of two (2) to three (3) weeks.

The specifications of items required for installation were as shown in the table below.

No.	Description	Specification	Quantity
1	Out door Cameras	2 megapixel	5
2	Indoor Cameras	1.3 megapixel	21
3	PTZ cameras	2. mega pixel	2
4	NVR (Chief Security Officer)	32 channels	1
5	NVR (Main Gate)	8 channels	1
6	Monitor (Chief Security Officer)	42 inch	1
7	Monitor (Main gate)	32 inch	1
8	Memory	6TRB	1

According to the contract, under Clause No. 16.1 of the Special Conditions of Contract, the payment terms were that the purchaser shall pay for the goods upon completion of works and full delivery by the supplier or upon issuance of performance security bond in form of bank guarantee or insurance.

The contractor was paid in full as at 31st December 2016 without producing a performance security bond.

Although the completion period was of two (2) to three (3) weeks, as at 31st August 2017, forty (40) weeks after the estimated date of completion, the system and the CCTV had not been fully upgraded and installed despite the contractor having been paid in full.

Head: 17/ 07 Ministry of Foreign Affairs - Mission Abroad – Cairo

Units: 02 Human Resource & Administration

Programmes: Various

Activities: Various

29. In the Estimates of Revenue and Expenditure for the Financial Years ended 31st December 2015 and 2016, a total provision of K24,663,125 was made to cater for operations of the Mission against which amounts totalling K21,647,485 were released resulting in an under funding of K3,015,640. See table below.

Year	Budget K	Releases K	Under funding K
2015	10,651,500	9,214,293	(1,437,207)
2016	14,011,625	12,433,192	(1,578,433)
Total	24,663,125	21,647,485	(3,015,640)

The Mission spent K9,912,134 and K11,656,144 in 2015 and 2016 respectively.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry headquarters and a visit to Cairo Mission carried out in July 2017 revealed the following:

a. Approval of Procurements Above Threshold

The Public Procurement Act No. 12 of 2008 provides that the Head of Mission and Procurement Sub-committees shall approve procurements up to a maximum of K10,000 and between K10,000 and K50,000 respectively. Contrary to the Act, the Ambassador approved a payment of K15,133 (US\$1,385) for insurance premium which was above his threshold and did not refer the payments to the Procurement Sub-committee for approval.

b. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, various stores items costing K179,614 (US\$21,902) procured during the period under review were unaccounted for as there were no receipt and disposal details. See table below.

Details	Amount K	Amount US\$
General Stores	137,091	17,371
Fuel	42,523	4,531
Total	179,614	21,902

c. Failure to Maintain Asset Register

Public Stores Regulation No. 99 states that Controlling Officers shall be responsible for all office machinery on charge to their Ministries or Departments and shall maintain at each Ministry and Departmental headquarters, a register of such items showing government and manufacturer's serial number, make, type and location of all machines on their charge.

Contrary to the regulation, the Mission did not maintain an Asset Register. As a result, various assets costing K102,732 (US\$13,605) procured during the period under review were not recorded.

d. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K4,012 (US\$400) issued to an officer during the period under review for obtaining airport passes had not been retired as at 31st July 2017.

e. Wasteful Expenditure

During the period under review, the Mission engaged the State Police to provide security services at the Chancery and Official Residence. In this regard, amounts totalling K158,241 (US\$17,002) were paid to the Ministry of Interior – Department of Protection for security services. However, during the same period, the Mission paid amounts totalling K96,493 (US\$10,205) to a private company to provide security services at the Chancery and the Official Residence. The rationale of engaging a private security company when the state police had already been engaged to provide security services was questionable and the cost incurred on the private Security Company was therefore wasteful.

f. Failure to Reimburse Funds for Medical Expenses

In September 2015, a Zambian national was admitted in the Anglo-American hospital in Cairo. In this regard, the Embassy paid for his medical and hospital expenses at a cost of K22,207 (US\$1,957) on the understanding that the Ministry of Tourism and Arts would refund the money spent on medical expenses.

However, a review of the correspondence with the Ministry Headquarters revealed that although a letter requesting settlement of the debt had been written to the Ministry of Tourism and Arts, as at 31st July 2017, the funds had not been reimbursed.

g. Irregular Payment of Rent for the Chauffeur

During the period under review, the Mission paid amounts totalling K19,291 (US\$2,029.58) in respect of accommodation for the Chauffeur for the representational car.

However, the payment for accommodation was irregular in that it was not part of the Terms and Conditions of service for Locally Engaged Staff and there was no approval from the Permanent Secretary.

h. Irregular Claim of Medical Expenses

Foreign Service Regulations and Conditions of Service No. 106, stipulates that when an officer and his/her family are on vacation leave out of the Mission/Station, he/she or members of the family shall not be eligible to receive medical treatment at government expense.

Contrary to the regulation, an officer claimed medical expenses amounting to K2,943 (US\$348) for periods they were away from Station on leave.

Head: 17/09 Ministry of Foreign Affairs – Mission Abroad - Dar-es-salaam

Programmes: Various

Activities: Various

30. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2015 and 2016, a total provision of K27,665,166 was made to cater for various activities at the Mission against which amounts totalling K21,984,092 were released resulting in an underfunding of K5,681,074. See table below.

Financial Year Ended	Budget K	Releases K	Under Funding K
2015	11,633,394	11,513,092	(120,302)
2016	16,031,772	10,471,000	(5,560,772)
Total	27,665,166	21,984,092	(5,681,074)

The Mission spent amounts totalling K11,214,983 and K10,470,999 in 2015 and 2016 respectively.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry headquarters and a visit to Dar-es-Salaam Mission carried out in July 2017 revealed the following:

a. Unsupported Payments

Contrary to Financial Regulation No.52 (1), thirty three (33) payments in amounts totalling K441,298 (TSH40,342,327) made during the period under review were not supported with relevant documents such as receipts.

b. Irregular Payment of Allowances – Former Deputy High Commissioner

Foreign Service Regulations and Conditions of Service (FSRCS) No.56 states that “An officer who is called on duty/consultation to Zambia shall not exceed fourteen (14) days. After this period (Fourteen (14) days), the officer shall be paid subsistence allowance at local rate and shall not be entitled to Representational, Entertainment and Extra –Accreditation Allowances”.

A review of payments and other records at the Mission revealed that the Former Deputy High Commissioner travelled to Zambia for a consultative meeting for thirty (30) days from 22nd April to 22nd May 2016. However, it was observed that the Deputy High Commissioner (DHC) was paid subsistence allowance in amounts totalling K113,681 (US\$10,260) at the International rate of US\$342 per night for thirty (30) days instead of K53,051 (US\$4,788) for fourteen nights at the rate of US\$342.00 and K12,800 for sixteen (16) nights at the local rate resulting in an over payment of K47,830.

Further, the former Deputy High Commissioner was irregularly paid Representational, Entertainment and Extra – Accreditation Allowances in amounts totalling K38,131 (US\$3,802) for the period that the former Deputy High Commissioner was in Zambia contrary to FSRCS No. 56.

c. Irregular Payment of Education Allowances

Foreign Service Regulations and Conditions of Service No. 48(1) states that, ‘Education allowance shall be paid to an officer in respect of not more than three (3) children inclusive of dependents for primary and secondary school education’. In this regard, the Mission paid Education allowances to one (1) diplomatic staff in amounts totalling K15,469 (US\$1,562) during the period under review in respect of a child who was in kindergarten.

d. Property Management

The Mission owns eight (8) properties comprising the Chancery (Main Building, Flat and Annex), the Official residence and six (6) housing units. A review of records and physical inspection of properties carried out in July 2017 revealed the following:

i. Failure to Constitute a Housing Committee

Clause 107 of the FSRCS states that “A Head of Mission/Station shall appoint a Housing Committee comprising the Head of Chancery, the Mission Accountant and any other officer. The Committee shall ensure that the official Residence and Chancery are adequately furnished and shall be responsible for finding suitable residential accommodation for officers in the areas to be approved by the Head of Mission/Station”.

In addition, Clause 108 (i) of the FSRCS states that “Where Government has provided its own accommodation, the Housing Committee shall label and keep an inventory of all Government housing units and furnishings, the committee shall carry out regular inspections to ensure that repairs are undertaken and shall submit regular reports on the same to the Head of Mission/Station.”

During the period under review, the Mission did not have a housing committee in place. Consequently, amounts totalling K21,284 (TSH4,398,900) refunded to six (6) officers in respect of repairs to housing units were irregular in that the housing committee was not in place to authenticate the repair works.

ii. Physical inspections

• Plot 39/ Ali Hassan Mwinyi - The Residence

There were seepages in the walls in the dining room, lounge and one of the bedrooms on the top floor

- The balcony and the front ceiling boards were falling off.
- The servant’s quarter was not rehabilitated and was unkempt.



Unkempt servants’ quarter



Leakages in the dining room

- **22 Ocean Road - Upanga**

- There were leakages on the roof in the Foyer
- The burglar bars on the right side of the garage were old and rusted.

- **396 Toure Drive Masaki**

The house was vacant and was still in a deplorable state as shown in the pictures below.



Damaged kitchen door



Cracks on balcony wall



Front gate of the house

- **350/351 Lugalo Road - Upanga**

- The roof was leaking in the Kitchen, the bathroom on the ground floor, and corridors.
- There was a crack on the roof of the Veranda.
- The partition board in the sitting room was peeling off



Peeling board in sitting room



Crack on veranda wall



Leakages in the sitting room

- **484 Mindu Street – Upanga**

- The roof was leaking in one of the bedrooms
- The pipe in the toilet was blocked

- Some concrete pavers had come off
- The wall fence had a crack
- The washing area needed to be painted

- **The Chancery**

The Chancery is a four (4) storey building situated in the central business district of Dar-es-Salaam. As of July 2017, only the third and fourth floors were occupied 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 was the fourth floor. The rest of the floors needed renovation works such as plumbing, painting and fixing of furniture and fittings.
- Some roofing tiles had fallen off in the Chancery Flat.
- Part of the ceiling board outside was damaged.
- Part of the ceiling board at the reception on the third floor was warping.
- Water was leaking in the office of the First Secretary - Political and Administration



Ceiling board at the Chancery flat Warping ceiling board on the 3rd floor

Head: 17/12 Ministry of Foreign Affairs - Mission Abroad – Addis Ababa

Units: 02 Human Resource & Administration

Programmes: Various

Activities: Various

31. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2015 and 2016, a total provision of K30,291,437 was made to cater for various activities at the Mission against which amounts totalling K27,396,786 were released. See table below.

Year	Budget K	Releases K	Over/(Under) Funding K
2015	12,016,437	13,292,212	1,275,775
2016	18,274,693	14,104,574	(4,170,119)
Total	30,291,130	27,396,786	(2,894,344)

The Mission spent amounts totalling K13,592,715 and K18,121,555 in 2015 and 2016 respectively.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry headquarters and a visit to the Mission carried out in July 2017 revealed the following:

a. Delayed Banking

Contrary to Financial Regulation No.121, there were delays in the banking of revenue in amounts totalling K17,612 (US\$1,850) for periods ranging from four (4) to twenty one (21) days.

b. Lack of Segregation of Duties

Although the Mission had twelve (12) positions filled, there was no segregation of duties at the Mission in that requests for payments and payment vouchers were approved by the Head of Mission. In addition, cheques were also signed by the Head of Mission contrary to Generally Accepted Accounting Practices which require that there should be segregation of duties in the day to day operations of an institution.

Further, an inspection of the accountable documents carried out on 21st July 2017 revealed that the Head of Mission had pre-signed six (6) cheques which were to be used in her absence making funds in the account prone to theft/fraud.

c. Unaccounted For Stores

Contrary to Public Stores Regulation No. 16, various stores items costing K82,651 (US\$8,414) procured during the period under review were unaccounted for in that there were no disposal details. See table below.

Details	K	US\$
General Stores	32,544	3,085
Fuel	50,107	5,329
Total	82,651	8,414

d. Failure to Update Asset Register

Public Stores Regulation No. 99 states that Controlling Officers shall be responsible for all office machinery on charge to their Ministries or Departments and shall maintain at each Ministry and Departmental headquarters, a register of such items showing government and manufacturer's serial number, make, type and location of all machines on their charge.

Contrary to the regulation, the Mission did not update the asset register. As a result, various assets costing K21,212 (US\$1,967) procured during the period under review had not been recorded in the asset register.

e. Failure to Follow Procurement Procedures - Approval of Procurements Above Threshold

The Public Procurement Act No. 12 of 2008 provides that the Head of Mission and Procurement Sub-committees shall approve procurements up to a maximum of K10,000 and between K10,000 and K50,000 respectively. Contrary to the Act, the Ambassador approved two (2) payments totalling K46,365 (US\$4,680) for procurement of motor vehicle tyres and uniforms for the Locally Engaged Staff which were above her threshold and did not refer the payments to the Procurement Sub-committee for approval. See table below.

Date	Amount K	Amount US\$	Details
28.04.16	35,969	3,713	Uniforms for Drivers and Guards
01.09.16	10,396	967	Repairs to Embassy vehicle CD40-006
Total	46,365	4,680	

f. Payments of Subsistence Allowance and Penalties without Authority

On 27th June 2016, the Permanent Secretary, Ministry of Foreign Affairs granted authority for four (4) officers to attend the 27th Ordinary Session of the Assembly of Heads of States and Government of the African Union (AU) in Kigali, Rwanda from 6th to 19th July 2016. In this regard, subsistence allowances in amounts totalling K249,254 (US\$22,815) were paid.

The following were observed:

- i. The First Secretary – Protocol was included by the Mission on the trip without authority from the Permanent Secretary to attend the session with the team and was paid subsistence allowance in amounts totalling K48,573 (US\$4,446). The inclusion and payment of subsistence allowance without authority was therefore irregular.
- ii. On 29th June 2016, an amount of K50,277 (US\$4,602) was paid for purchase of air tickets for five (5) officers who travelled to Kigali. However, on 11th July 2016, the Ambassador rescheduled her departure date from Kigali from 21st to 19th July 2016. The imprest of K8,460 (US\$774) for the two (2) nights after rescheduling had not been retired as of August 2017.

g. Over Payment on Cost of Living Allowance

Foreign Service Regulation No. 59 (iii) stipulates that during the period of an officer's stay in a hotel at the foreign Mission/Station, he/she shall not be eligible to receive Cost of Living Allowance but shall be eligible to receive subsistence allowance as per Foreign Service Regulation No. 59 (ii) which stipulates that on arrival at a Foreign Mission/Station, an officer shall be entitled to Subsistence Allowance for the duration of up to five (5) nights to enable him/her meet hotel expenses. It shall be the duty of the Head of Mission/Station to ensure that official accommodation for the officer is available within that period.

Contrary to the regulations, the following were observed:

- i. Subsistence allowance amounting to K41,855 (US\$3,650) was paid on 1st April, 2016 to the Second Secretary – Personal for five (5) nights from 31st March to 4th April 2016. The Second Secretary – Personal was also paid Cost of Living Allowance in amounts totalling K3,027 (US\$312) for the period that she was in receipt of subsistence allowance.
- ii. The Counsellor – Political arrived at the Mission on 5th December 2016. In this regard, an amount of K34,493 (US\$3,650) was paid to her as subsistence allowance for five (5) nights. The Counsellor was also paid Cost of Living Allowance in amounts totalling K3,703 (US\$375) for the period that she was in receipt of subsistence allowance.

h. Over Payment of Education Allowance

Foreign Service Regulation No. 48 (i) and (ii) stipulates that Education Allowance shall be paid to an officer in respect of children below twenty (21) years of age in primary and secondary school and 50% shall be paid to an officer with children in college/university.

Contrary to the regulation, the following were observed:

- i. In 2016, the Counsellor – Economic was paid amounts totalling K79,097 (US\$7,500) as Education Allowance at a full rate in respect of a child who was in University instead of K39,548 (US\$3,750) resulting in an over payment of K39,548 (US\$3,750).
- ii. In 2016, Education Allowance in amounts totalling K25,334 (US\$2,500) was paid to the Third Secretary – Communication who was not eligible to receive the allowance as the child was in pre-grade.
- iii. In January 2016, Education Allowance in amounts totalling K6,913 (US\$625) was paid to the First Secretary – Legal in respect of a child who had completed Grade 12 in 2015 and was therefore not eligible.

In addition, during the period February to May 2016, the child was enrolled into college and the officer was paid a full Education Allowance instead of 50% resulting in an overpayment of K13,292 (US\$1,250).

i. Unauthorised Use of Funds from the Revolving Fund Account

Ministry of Foreign Affairs Circulars Nos. 62/2015 and No. 30/16 state that funds in the Revolving Fund Account shall be used for the purposes it was created for and that authority

be sought from the Permanent Secretary and Secretary to the Treasury for both variation and transfer/borrowing of funds from other accounts to the main account.

Contrary to the circulars, amounts totalling K287,008 (US\$26,867) were paid from the Revolving Fund Account to facilitate payments such as accountable imprest, subsistence allowances and purchase of motor vehicle tyres, without authority from the Permanent Secretary. As at 31st July 2017, the amounts had not been reimbursed.

j. Property Management

The Mission has three (3) properties comprising the Chancery, the Ambassador’s residence and an undeveloped piece of Land as detailed below:

Description	Location	Date of Acquisition	Purchase Price US\$
Chancery	Old Airport Road, Woreda 23 Kebele 12, Nifas Silk Kifle Ketema	1965	34,400
Official Residence	Kabele Lafto	1971	13,429
Land	Bole Sub City Worda 17 Kebele 23	2006	Given on gratis

The following were observed:

i. Delays in Securing Title Deeds for the Residence

In Paragraph 28 of the Report of the Auditor General on the accounts for the financial year ended 31st December 2014, mention was made relating to the acquisition and use of the Chancery and the Residence. The report revealed that although the properties were acquired in 1965 and 1971 respectively, title deeds for the properties had not yet been secured.

A review of the situation in July 2017 revealed that titles had been obtained for the Chancery and the land but title for the Residence had not been obtained.

ii. Failure to Insure Buildings

Contrary to FSR No. 110 which states that “A Head of Mission/Station shall ensure that all Government property at his/her Mission/Station are adequately insured, it was observed that the buildings were not insured during the period under review.

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

iii. The Chancery

A physical inspection of the Chancery carried out in July 2017 revealed the following:

- Only the front part of the Chancery was painted;
- The exterior walls of the outside toilets were dirty;
- Paint on the inside walls of the Chancery was peeling off;
- In the Counsellor’s office, the floor and ceiling board had started warping, and
- Some cracks were evident in the corridors.



Cracks on the wall along the corridors



Warping ceiling board

iv. Official Residence

A physical inspection of the Official Residence revealed that the residence was generally in a good state with all the fixtures and fittings, walls and roof being intact. However, the electricity metre box in the garage was not covered and the wiring was not properly done. Further, the paint in the garage was peeling off.

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

Departments: **Various**

Units: **Various**

Programmes: **Various**

Activities: **Various**

32. In the Estimates of Revenue and Expenditure for the period under review, a provision of K28,480,530 was made to cater for various activities at the Mission against which amounts totalling K24,200,834 were released resulting in an underfunding of K4,279,696. See table below.

Year	Budget Provision K	Funding K	Over/ (Under) Funding K
2015	16,500,926	16,341,022	(159,904)
2016	11,979,604	7,859,812	(4,119,792)
Total	28,480,530	24,200,834	(4,279,696)

As at 31st December 2015 and 2016, the Mission had spent amounts totalling K24,150,235.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry headquarters and a visit to Gaborone Mission carried out in July 2017 revealed the following:

a. Irregular Payment of Spouse Allowance

According to Foreign Service Regulations and Conditions of Service (2007) No.43

- i. Spouse allowance shall be paid to an officer to enable him/her meet incidental expenses incurred in the course of performing duties complementary to those of the Officer;
- ii. Spouse Allowance shall be paid for the period that the spouse has been in the residence with the officer;
- iii. Spouse Allowance shall not be paid to an officer whose spouse has been absent from a Foreign Mission/Station for a continuous period of thirty days or more.

Contrary to the above provisions, amounts totalling K47,670 (US\$4,200) were irregularly paid to the Third Secretary - Accounts for a period of twenty eight (28) months when the Spouse was not at the station.

b. Failure to Mark Assets With GRZ Serial Numbers

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 marks, it was observed that furniture and equipment at the Mission were not inscribed with approved identification marks.

c. Failure to Follow Procurement Procedures

During the period under review, amounts totalling K280,271 (P290,232) were incurred in the procurement of various goods and services at the Mission.

However, contrary to the Public Procurement Regulations, the procurement procedures were not followed as no tender committee meetings were held and the amounts paid were above the threshold of the High Commissioner.

d. Failure to Insert Diplomatic Clause in Lease Agreements

According to Foreign Service Regulations and Conditions of Service (2007) No.116 (iii), the Head of Mission/Station 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 signed three (3) lease agreements without inserting the Diplomatic Clause.

e. Mission Properties

The Mission has the following properties:

- i. Plots 3036 and 3037 Sobhuza Close - Old Residence
- ii. 2485 Tshekedi Crescent
- iii. 118 Morukuru Close
- iv. Plot 4859 Dinatla Close
- v. Plot 105 Mongana Close
- vi. Plot 275 Tawana Close
- vii. Plot 280 Tawana Close
- viii. Plot 262 Kgari Close -The new residence
- ix. Plot 1118 Queens Road

- x. Plot 1119 Queens Road
- xi. Plot 1120 Queens Road-Chancery
- xii. Plot 1121 and 1122 former Zambia Airways offices

A scrutiny of documents pertaining to the properties and a physical inspection carried out in July 2017 revealed the following;

i. Failure to Avail Title Deeds

Title deeds for Plots 1118 and 1119 Queens road were not availed for audit.

ii. Vacant Properties

Three properties namely Plot 3036 and 3037 Sobhuza Close – Old Residence, Plot 105 Mongana Close - Staff house and Plots 1121 and 1122 - Former Zambia Airways Offices were vacant for more than three (3) years. The properties were not habitable and needed rehabilitations.

The following were observed.

- **Plots 3036 and 3037 Sobhuza Close – Old Residence**

- The building was dilapidated and had cracks.
- The ceiling board was falling off in the sitting room.
- There were leakages in the Kitchen.



Broken door

- **Plot 48/59 - Dinatra Close**

The building and the wall fence had several cracks, and the paint was peeling off.

- **118 Morukuru Close**

The building and the wall fence had several cracks and the paint was peeling off.

- **Plot 105 - Mongana Close**

The building was dilapidated and on 21st June 2012, the Gaborone city council recommended that the building be demolished. However, as at 31st August 2017, the building had not been demolished.

- **Plot 262 Kgari Close -The New Residence**

The building had several cracks on the walls, ceiling and floor. See pictures below.



Cracks can be seen inside and outside the house

- **Plot 280 - Tawana close**

- The building had several cracks on the walls and ceiling board.
- The roof was damaged.



Damaged roof

- **Plot 1121 and 1122 - Former Zambia Airways Offices**

The building was not habitable as it required major rehabilitations. See pictures below.



Ceiling falling off



Paint peeling off

Head: 17/19 Ministry of Foreign Affairs – Mission Abroad - Nairobi

Programmes: Various

Activities: Various

33. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2015 and 2016, a total provision of K22,611,282 was made to cater for various activities at the Mission against which amounts totalling K20,687,714 were released resulting in an underfunding of K1,923,568 as shown in the table below.

Financial Year Ended	Budget K	Releases K	Under funding K
2015	10,565,432	9,916,132	(649,300)
2016	12,045,850	10,771,582	(1,274,268)
Total	22,611,282	20,687,714	(1,923,568)

The Mission spent K9,224,413 and K10,771,582 in 2015 and 2016 respectively.

a. Misapplication of Funds

Contrary to the Appropriation Acts of 2014 and 2015, during the period under review, amounts totalling K4,505,850 (US\$447,500) meant for payment of housing allowances were applied on unrelated activities such as servicing of motor vehicles, procurement of fuel and payment for utility bills. See table below.

Year	Amounts	
	US\$	K
2015	126,000	1,323,000
2016	321,500	3,182,850
Total	447,500	4,505,850

b. Unauthorised Financial Assistance

Contrary to Foreign Service Regulations and Conditions of Service No. 157(2) which states that “the Head of Mission/Station shall not give financial Assistance from Public funds to any national for whatever reason without the approval of the Permanent Secretary”, the Mission rendered financial assistance without the authority of the Permanent Secretary in amounts totalling K17,125 (KSH178,561) for hotel accommodation for transiting Zambians, for a Zambian whose money was stolen, and transportation, medical and clothing for a Zambian couple who had been released from prison.

c. Questionable Payment of Education Allowances

Foreign Service Regulations and Conditions of Service No. 48(1) states that, ‘Education allowance shall be paid to an officer in respect of not more than three (3) children inclusive of dependents for primary and secondary school education’. In this regard, the Mission paid amounts totalling K874,327 (US\$99,243) in respect of education allowances to five (5) diplomats during the period under review.

However, there was no evidence in the diplomats’ personal files that the children/ dependents for whom the allowances were paid were either in primary or secondary school, thereby rendering the payments questionable.

d. Failure to Recover Funds Paid for Medical Bills

Foreign Service Regulation No. 102 states that “An officer shall contribute towards medical expenses for himself/herself and members of his/her family at the rate of forty percent (40%) of medical insurance or medical bills. In both cases, Government shall contribute sixty percent”.

On 10th May 2016, the Mission paid an amount of K10,922 (KSH100,000) to Nairobi Hospital for outstanding medical bills incurred by four (4) diplomatic staff and family members. However, there was no evidence that the forty percent (40%) of the medical bills

amounting to K4,369 (KSH40,000) being a contribution by the officers was recovered from the diplomats.

e. Failure to Recover Security Deposits

On 10th February 2011, the Permanent Secretary directed all Heads and Acting Heads of Zambian Missions Abroad in Circular Number 13/2011 to treat the payment of security deposit as a responsibility of respective officers who should claim it back when vacating the house. In addition, the Circular stated that where security deposit has been paid by the Mission on behalf of the diplomat, the payment shall be treated as an advance to a particular officer, to be recovered in six (6) monthly instalments.

During the period under review, the Mission paid security deposits in amounts totalling K119,415 (KSH1,190,000) on behalf of five (5) diplomats. However, as at 31st July 2017, no recoveries had been effected from the concerned diplomats.

f. Irregularities in the Management of a Lease Agreement

Clause 51(i) of the Foreign Service Regulations and Conditions of Service states that “Officers, other than the Head of Mission/Station, shall be provided with an unfurnished Government or rented accommodation”. In addition, Clause 107 states that “A Head of Mission/Station shall appoint a Housing Committee comprising the Head of Chancery, the Mission Accountant and any other officer. The Committee shall ensure that the official Residence and Chancery are adequately furnished and shall be responsible for finding suitable residential accommodation for officers in the areas to be approved by the Head of Mission/Station”. Further, Schedule ‘J’ shows that a First Secretary at Nairobi was entitled to an amount of US\$3,000 accommodation.

However, a review of records revealed that although the First Secretary – Economic and Trade was entitled to an amount not exceeding US\$3,000 monthly for accommodation, the officer entered into an agreement for monthly rental of US\$3,081. In this regard, a total amount of K954,786 (US\$96,443) including a security deposit of K29,700 (US\$3,000) had been paid during the period March 2014 to September 2016 resulting in an excess amount of K20,473 (US\$2,068) which had not been paid by the Officer as at 31st August 2017.

On 1st November 2016, the Mission wrote to the Landlord requesting a refund of the Security deposit. However, the Landlord declined to refund the Mission claiming that there were

unsettled bills in amounts totalling K20,473 (US\$2,068) and K40,093 (KSH396,924) for rentals and service charges respectively which should have been settled by the occupant. As at 31st August 2017, there was no evidence that the bills had been settled and the security deposit refunded by the Diplomat.

g. Outstanding Debts Owed by Transferred/Recalled Diplomats

The former Third Secretary Accounts who was recalled on 17th November 2015 owed the Mission an amount of K19,950 (US\$1,900) being the balance on salary advance which was obtained in October 2015. The recoveries were discontinued when the officer was recalled and as at 31st August 2017, the balance had not been recovered.

h. Irregular Engagement of a Security Guard/ Care Taker

Although the Mission had an authorised establishment of fourteen (14) Locally Engaged Staff and the establishment was filled, it was observed that in 2010, the Mission engaged an additional Security/Care Taker to guard the Deputy High Commissioner's residence without obtaining authority from the Permanent Secretary.

In this regard, a total amount of K30,303 (Ksh300,000) was irregularly paid as salaries during the period under review.

i. Failure to Dispose of Boarded Items

On 12th March 2016, the Ministry of Works and Supply granted authority to the Mission to dispose of boarded items such as washing machines, deep freezer, Office equipment and furniture among others. However, the items had not been disposed of as at 31st July 2017.

j. Property Management

The Mission has three (3) properties comprising the Chancery, the Residence and the house for the Deputy High Commissioner. A review of records regarding the management and physical inspection of properties carried out on 20th July 2017 revealed the following:

i. Chancery

The Chancery is located at 209/5450 Nyerere road in the central business area of the town. The following were observed:

- There were leakages from the concrete roof into the following offices:

- High Commissioner,
 - Deputy High Commissioner,
 - First Secretary Political,
 - First Secretary Economic and Trade,
 - Third Secretary Accounts, and
 - Corridors
- There was a crack on the wall at the entrance



Leaking roof in one of the offices

A crack on the wall at the entrance

ii. High Commissioner's Residence

The residence is located at 94 Riverside Drive. It was acquired in 1965. The following were observed:

- The title to the land on which the house was constructed expired on 1st January 2010 and as at 31st July 2017 had not been renewed. The estimated renewal amount was K33,424 (KSH330,900) for a term of fifty (50) years. The payment was expected to be made within thirty (30) days from 27th November 2013, the date of the offer which had lapsed. As a result, the Mission may forfeit ownership to the property.
- There were leakages in the roof resulting in water dripping through the ceiling and walls of all the rooms for the residence except the master and VIP bedrooms.
- The electric fence was non-operational.
- The swimming pool was non-functional.

Head: 17/31 Ministry of Foreign Affairs – Berlin Mission

Units: 02 Human Resources and Administration

Programmes: Various

Activities: Various

34. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2015 and 2016, a total provision of K50,530,343 was made to cater for various activities at the Berlin Mission against which amounts totalling K44,282,918 were released resulting in an underfunding of K6,247,425. See table below.

Year	Budget K	Released K	Underfunding K
2015	23,330,592	23,028,235	(302,357)
2016	27,199,751	21,254,683	(5,945,068)
Total	50,530,343	44,282,918	(6,247,425)

The Mission spent K20,221,615 and K19,546,659 in 2015 and 2016 respectively.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in July 2017 revealed the following:

a. Failure to Recover Security Deposits on Rented Properties

In 2011, through Circular No. 13 dated 20th February 2011 the Ministry decided that payments of security deposits on rented accommodation should be the responsibility of respective officers who should claim it back when vacating the house and where security deposit has been paid by the Mission on behalf of the officer, the payment shall be treated as an advance to the particular officer to be recovered in six (6) monthly instalments.

However, during the period from 2010 to 2016, security deposits in amounts totalling K926,372 (€92,637) were paid on behalf of fourteen (14) officers. As at 31st July 2017, recoveries in amounts totalling K689,333 (€68,933) in respect of six (6) officers had not been effected contrary to the Circular.

b. Irregular Payments of Education Allowance

Foreign Service Regulation No. 47 (i) states that education allowance shall be paid to assist an officer meet the cost of education at a Foreign Mission/Station. Further, Foreign Service

Regulation No. 48 (i) and (ii) states that the allowance shall be paid to an officer for primary and secondary education and for an officer whose child is in college/ university and below the age of twenty one (21) years and that the officer shall be eligible to receive 50% of the education allowance.

However, it was observed that amounts totalling K1,262,880 (US\$136,890) were irregularly paid to five (5) officers during the period from 2014 to 2017 in that the claims made were either at 100% instead of 50% for children doing tertiary education or there was no documentation supporting the payments of the allowances such as school admission letters and statements of results.

c. Irregular Purchase of Calling Cards

According to Foreign Service Regulation No. 53(iii), Heads of Mission/Station, Minister – Counsellor, Deputy High Commissioners and Counsellors shall be paid Telephone Entitlement to enable them settle their residential and mobile telephone bills while other officers shall be responsible for such bills.

It was however observed that in 2015 and 2016, amounts totalling K32,400 (€3,240) were paid for the procurement of calling cards for the Ambassador, Minister – Counsellor and Counsellor who were in receipt of the telephone entitlement allowances.

Further, amounts totalling K33,600 (€3,360) were spent to procure calling cards for officers who were not entitled.

d. Non Recovery of Funds Paid on Behalf of Staff - Utility Bills

Foreign Service Regulation No. 53. (i & ii) provides for Government to pay sixty percent (60%) of heating costs for all officers based in Europe and fifty percent (50%) of electricity and water bills for officers below the rank of Head of Mission/Station irrespective of their geographical location.

During the period under review, the Mission paid utility bills in amounts totalling K839,373(€81,492) for various officers. However, as at 31st July 2017, only K460,125(€44,672) had been recovered leaving a balance of K379,248(€36,820).

In addition, out of the unrecovered funds, amounts totalling K196,721.97 (€19,099.22) were owed by four (4) officers who had since been recalled from the Mission.

e. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, various stores items costing K115,752 (€11,575.18) procured during the period under review were not accounted for in that there were no receipts and disposal details.

f. Transport Management

The Mission owns four (4) motor vehicles out of which three (3) are runners and one (1) is a non-runner as indicated below.

Year	Vehicles Reg no.	Make	Remarks
2012	0 - 117 - 1	Mercedes Benz S350	Good
2009	0 - 117 - 3	Volkswagen Passat	Runner
2007	0 - 117 - 9	Viano Bus	Runner
2004	0 - 117 - 7	Ford Galaxy	Non-Runner

In August 2016, the Permanent Secretary gave authority to the Embassy to purchase motor vehicles on either trading in or lease financing following a request from the Ambassador to replace the three vehicles which included the Ford Galaxy (non-runner).

A scrutiny of records pertaining to motor vehicles revealed that the non-runner motor vehicle was packed in January 2014 because it was barred by the Laws in Germany, which restrict old motor vehicles to be on the roads.

As at 31st July 2017, the vehicle had not been replaced. However, the Embassy had incurred insurance and parking costs amounting to K14,690 (€1,469) for the Ford Galaxy (non-runner) vehicle during the same period that the vehicle had been packed.



Parked motor vehicle – Ford Galaxy

g. Property Management

The Mission has two properties namely; the building located on Strasse Vor Schoholz 23, Pankow and the Ambassador's Residence located on Villa Majakowskiring 33, 13156, Berlin.

An examination of records at Berlin Mission and a physical inspection of the properties carried out in July 2017 revealed the following:

i. Building Located on Strasse Vor Schoholz 23

In 1999, the Government of the Republic of Zambia purchased a four (4) storey building located at No. 23 Schonholz, Starbe, Pankow, Berlin at a cost of DM3,634,500 (€1,858,128.83). However, the building was not ready for occupation at the time of purchase as it was still in a deplorable state.

Although in 2001, the Government contracted a company to undertake repairs to the building, the works had not been completed and the building was still in a deplorable condition and unoccupied.

In Paragraph 31 of the Auditor General's Report for the financial year ended 31st December 2011, mention was made on the wasteful expenditure of K459,521,366 (€73,823.80) which was incurred on overhead expenses such as heating and electricity, water and security services.

In their Report for the Second Session of the Eleventh National Assembly, the Public Accounts Committee observed that the Government will continue to lose a lot of money on the maintenance of the building unless decisive action is taken to fund the renovations exhaustively or resolve to dispose of the property. The Committee, therefore, urged the Controlling Officer to ensure that the Ministry decides what to do with the property.

A review of the situation and a physical inspection of the property carried out in July 2017 revealed that a final decision had not been made as to what was to be done with the property and the building was still in a deplorable state and not occupied.

As a result, the Embassy had continued incurring security and other maintenance costs towards the property and had continued occupying rented property. In this

regard, during the period from January 2015 to June 2017, the Mission paid rent in amounts totalling K2,697,653 (€269,765.34) for occupying rented property and K779,133 (€77,913.28) for security and maintenance of the unoccupied property, which was wasteful expenditure.

The following other observations were made:

- In 2012, a Special Board of Survey was constituted to facilitate the process of selling the dilapidated property. The report of the Special Board of Survey (BOS) on the disposal of the property, recommended among other things that the property should not be sold but be renovated. However, as at 31st July 2017, the recommendation of the board had not been implemented.
- The building was being vandalised as evidenced by a broken window.
- The outside of the property was unkempt as the grass was not properly cut and the branches that were trimmed from the trees were lying around the yard. See pictures below.

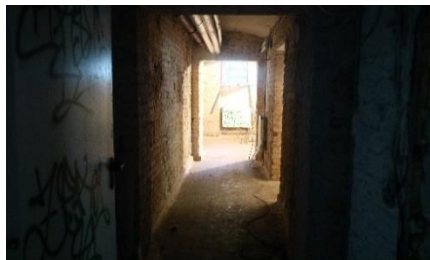


Chancery front view



Unkempt surrounding of the Chancery

- The inside of the building was in a deplorable state.



Inside the Chancery



Entrance to the Chancery

ii. Ambassador's Official Residence

The Ambassador's residence is located at 33, 13156, Villa Majakowskiring, Pankow, Berlin. The property was purchased in 1999 and has deteriorated over the years due to leakages of water and non-repair of some serviceable appliances and other items.

A physical inspection of the property carried out in July 2017 revealed the following:

- There were leakages in one of the bathrooms on the second floor and the broken gutters resulting in water seeping through the roof, balcony and ceiling of the veranda.



Leaking balcony



Leaking roof



Falling ceiling board on the veranda

- The wall of the basement was peeling off due to leakages.



Basement walls peeling off

- The swimming pool was non-functional.



Non-functional swimming pool

Head: 26 Ministry of Information and Broadcasting Services

Programmes: Various

Activities: Various

35. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K91,663,786 was made to cater for the implementation of various programmes in the Ministry against which amounts totalling K47,630,984 were released resulting in an underfunding of K44,032,802.

According to the Financial Statement (Statement C), the Ministry had spent amounts totalling K47,576,916 as at 31st December, 2016.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry carried out in March 2017 revealed the following:

a. Misapplication of Funds

Contrary to the Appropriation Act of 2015, amounts totalling K609,467 meant to cater for establishment and construction of Provincial Broadcasting Stations were spent on unrelated activities such as decentralization of holograms, closure of accounts, audit queries responses and monitoring operation of digital equipment without the authority of the Treasury.

b. Failure to Recover Advances

Contrary to Terms and Conditions of Service for the Public Service No. 92, recoveries for advances in amounts totalling K69,520 paid to nine (9) officers during the period under review had not been effected as at 31st August 2017.

Head: 31 Ministry of Justice

Programmes: Various

Activities: Various

36. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K244,264,167 was made to cater for various activities against which amounts totalling K200,235,131 were released resulting in an underfunding of K44,029,036.

As at 31st December 2016, the whole amount of K200,235,131 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters carried out in April 2017 revealed the following:

a. Failure to Insure Office Buildings

In October 2015, the Ministry moved to a new building situated along Independence Avenue which was constructed at a total cost of K11,077,298. It was, however, observed that the building was not insured during the period under review thereby exposing the Ministry to potential loss in the event of disasters such as fire, floods and any other damage that may happen to the building without indemnification.

b. Irregular Use of Imprest to Procure Goods and Services

Financial Regulation No. 86 defines accountable imprest as imprest issued to facilitate the purchase of goods and services whose value cannot be ascertained at the time of issue. During the period under review, imprest in amounts totalling K105,713 was issued to four (4) officers to procure goods and services such as stationery and service of motor vehicles whose values could have been determined before procuring them.

c. Delays in Settling Compensation and Awards

A review of records at the Ministry showed that outstanding payments in respect of compensation and awards had accumulated from K1,324,050,450 in 2015 to K1,759,083,266 in 2016 representing an increase of 32.9%. In addition, it was observed that interest on outstanding payments had risen from K51,560,323 in 2015 to K158,690,554 in 2016.

d. Judgement Entered in Default

Judgement in Default is a binding judgement in favour of either party when one of the parties has not responded to summons or has failed to appear before the courts of law. The Judgement in Default is relief granted based on the request of the party present.

During the period under review, there were fifteen (15) cases where judgement was entered in Default due to absence of State Advocates to defend the cases. In this regard, the Ministry paid amounts totalling K949,766 during 2016 in respect of judgements entered in default which could have been avoided had the Government been represented.

e. Failure to Recover Funds from Negligent Public Officers

During the period from January to December 2016, the Ministry paid amounts totalling K2,949,931 for various cases in respect of thirty five (35) public officers who had neglected, omitted or failed to follow procedures in their duties. As at 31st August 2017, the Government had not recovered the funds from the erring officers.

f. Unsupported Payments – Funds Remitted to Law Firms

The Ministry is responsible for paying all Government liabilities incurred from judgements entered against it through the compensation and awards account.

During the year under review, amounts totalling K10,554,178 were remitted to four (4) Law Firms to pay various beneficiaries of the compensation and awards granted. However, contrary to Financial Regulation No. 45, the payments made were not supported by expenditure returns, acquittal sheets or receipts.

g. Payments for Bills Incurred by Other Institutions

During the period under review, there were eight (8) cases involving K76,713,871 before the Courts of Law in which judgment was entered against the Ministry of Justice on behalf of other Government institutions that had failed to pay outstanding bills for supply of food stuffs, provision of security services and supply of equipment. The judgement attracted interest on outstanding debt and legal costs amounting to K11,316,539 and K303,500 respectively bringing the total bill to K88,333,910.

During the period under review, the Ministry had only paid principal of K2,267,476, legal costs of K303,500 and interest of K2,778,361. Had the Government settled the debt on time, interest and legal costs incurred on the outstanding debt would have been avoided.

Head: 33 Ministry of Commerce, Trade and Industry

Units: Various

Programmes: Various

Activities: Various

37. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K99,031,108 was made to cater for various activities against which amounts totalling K22,949,988 were released.

As at 31st December 2016, the Ministry had spent amounts totalling K22,918,935.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters carried out in June 2017 revealed the following:

a. Misapplication of Funds on Travel Expenses

Contrary to the Appropriation Act of 2015, amounts totalling K459,041 meant for the payment of utility bills, procurement of equipment and quarterly production of MCTI newsletters among others were applied on the payment for subsistence and out of pocket allowances, activities not related to the purpose for which the funds were appropriated.

b. Irregular Payment of Rural Hardship Allowance

According to the Terms and Conditions of Service No. 166 and Cabinet Office Circular No. B2 of 2010, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at a rate as may be determined by Government from time to time.

During the period under review, amounts totalling K49,652 were paid as rural hardship allowances to seven (7) officers who were ineligible to receive the allowance as they were working at stations which were not declared as rural areas.

c. Unsupported Payments

Contrary to Financial Regulations Nos. 45 and 52, twenty one (21) payments in amounts totalling K143,970 made during the period under review were not supported with relevant documents such as receipts and invoices among others.

d. Irregular Use of Accountable Imprest to Procure Goods and Services

According to Financial Regulation No. 86(c) which 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’.

Contrary to the regulation, during the period under review, imprest in amounts totalling K37,350 was issued to four (4) officers to facilitate the procurement of attires for Labour Day, Youth Day and Women’s Day, goods whose value could be ascertained.

e. Failure to Recover Salary and Tuition Advances

Contrary to the Terms and Conditions of Service for the Public Service No. 92, recoveries in respect of tuition and salary advances in amounts totalling K82,000 paid to three (3) officers during the period under review had not been effected as at 31st August 2017.

Head: 46 Ministry of Health

Programmes: Various

Activities: Various

38. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K1,589,318,555 was made to cater for various activities against which amounts totalling K1,228,559,086 were released resulting in an underfunding of K360,759,469.

As at 31st December 2016, the Ministry had spent amounts totalling K1,158,125,561.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry carried out in April 2017 and a visit to selected health institutions such as the University Teaching Hospital, Ndola, Kitwe and Livingstone Central Hospitals revealed the following:

a. Infrastructure Development

During the year under review, amounts totalling K45,884,066 were released to cater for upgrading of general hospitals, construction of district hospitals, construction of a car park at the University Teaching Hospital, rehabilitation and extension of health facilities and training institutions.

The following was observed:

i. Construction of National Training School - Lot 1

On 26th February 2014, the Ministry awarded a contract to Hua Chang Infrastructure Engineering Ltd for the construction of the National Training School at Chainama Hospital in Lusaka at a contract sum of K57,929,167 with a completion period of thirty (30) months. The expected completion date was 4th July 2016 which was revised to 17th October 2017. The scope of works included construction of public hub, administration block and a library.

During the period under review, amounts totalling K5,662,068 were paid to the contractor bringing the total amount spent on the project to K34,554,747 as shown in the table below.

Year	No. of Certificates	Amount K
2014	3	15,008,135
2015	5	13,884,544
2016	2	5,662,068
Total		34,554,747

A visit to the site in July 2017 revealed that all the three (3) blocks had been roofed. Outstanding works included wall and ceiling finishes, painting, tiling, plumbing, door fitting and glazing. See pictures below.



Incomplete Library Block



Incomplete Administration Block



Incomplete Public Hub Block

It was observed that although the contractor was on site, there were no works being carried out as the contractor was owed amounts totalling K3,174,030 in respect of balances outstanding on various certificates which had not been settled as of July 2017.

ii. Construction of National Training School - Lot 2

On 26th February 2014, the Ministry awarded a contract to Wah Kong Enterprises Ltd for construction of a National Training School at Chainama Hospital in Lusaka at a contract sum of K44,003,902 with a completion period of sixteen (16) months. The expected completion date was 4th July 2016 which was revised to 17th October 2017. The scope of works included construction of laboratories, tutorials and auditorium.

During the period under review, amounts totalling K5,041,791 were paid to the contractor bringing the total amount spent on the project to K33,714,557 as shown in the table below.

Year	No. of Certificates	Amount K
2014	2	13,365,232
2015	6	15,307,534
2016	2	5,041,791
Total		33,714,557

A visit to the site in July 2017 revealed that all the three (3) were at roof level. The outstanding works included wall and ceiling finishes, painting, tiling, door fitting and glazing. See pictures below.



Incomplete Tutorial Room



Incomplete Tutorial Block

It was observed that although the contractor was on site, there were no works being carried out as the contractor was owed amounts totalling K3,519,864 in respect of an outstanding certificate which had not been settled as at 31st July 2017.

iii. Construction of National Training School - Lot 3

On 26th February 2014, the Ministry awarded a contract to Fifteen MCC Africa Construction and Trade Ltd for the construction of a National Training School at Chainama Hospital in Lusaka at a contract sum of K46,072,958 with a completion period of ten (10) months. The expected completion date was 4th January 2015 but was revised to October 2017. The scope of works included construction of a dining hall, six (6) lecture theatres and an auditorium.

During the period under review, amounts totalling K9,568,752 were paid to the contractor bringing the total amount spent on the project to K31,316,468.

Year	No. of Certificates	Amount K
2014	2	11,589,686
2015	4	10,158,030
2016	1	9,568,752
Total		31,316,468

A site visit to the project carried out in June 2017 revealed the following:

- **Dining Hall**

The dining hall was at roof level with spider trusses erected. The outstanding works included roofing, tiling, floor finishes, windows, door frames and electrical works.

- **Six (6) Lecture Theatres**

All the six (6) lecture theatre rooms were at roof level with spider trusses erected awaiting roofing. The outstanding works included roofing, tiling, floor finishes, windows, door frames and electrical works.

- **Auditorium**

The auditorium was at roof level with spider trusses erected. The outstanding works included roofing, tiling, floor finishes, fitting windows, door frames and electrical works.

It was observed that although the contractor was on site, there were no works being carried out as the contractor was owed amounts totalling K1,410,941 in respect of a certificate which had not been settled as at 31st July 2017.

iv. Construction of Masaiti District Hospital

The Ministry awarded a contract to Meltcast Engineering Ltd for the construction of Masaiti District Hospital on 26th March 2015 at a contract sum of K11,128,062 with a completion period of fifty two (52) weeks. The scope of works included construction of six (6) low cost staff houses, construction of a female ward, construction of a children`s ward, covered walk ways and road works.

During the period under review, amounts totalling K2,018,052 were paid to the contractor bringing the total amount spent on the project to K4,254,465.

Year	No. of Certificates	Amount K
2015	1	2,236,412
2016	2	2,018,052
Total		4,254,465

A physical inspection carried out in June 2017 revealed the following:

- **Staff Houses**

The works had reached approximately 60% completion stage with all the six (6) low cost staff houses roofed, three (3) of them had been plastered, all the staff houses had window and door frames fitted except the windows in the bedroom façade. The outstanding works included glazing, ceiling, plumbing and sewer line, floor finishes and electrical works. See picture below.



Incomplete low cost staff houses

- **Female and Children`s wards**

The female and children`s wards were at roof level with spider trusses erected. The outstanding works included roofing, plastering, floor finishes, windows, door frames and electrical works. See picture below.



Incomplete Children`s wards

- **Covered Walk Ways**

The slab for the covered walk ways had been done. The remaining works were installation of steel framework and roofing. See picture below.



Incomplete walkway

- **Road Works**

The gravelling sub base had been done and the only remaining works were compacting the gravel road.

It was observed that the contractor was owed K992,155 in respect of an outstanding certificate which had not been settled as at 31st August 2017.

v. Construction of Kalomo District Hospital Phase II

On 5th December 2014, the Ministry awarded a contract to Golden Horse Ltd for the construction of Kalomo District Hospital at a contract sum of K21,752,109 with a completion period of eighty (80) months. The scope of works included construction of a

maternity wing, theatre block, service block, four (4) medium cost houses, incinerator, mortuary and general external works.

During the period under review, amounts totalling K2,250,177 were paid to the contractor bringing the total amount spent on the project to K6,600,599. See table below.

Year	No. of Certificates	Amount K
2015	1	4,350,422
2016	2	2,250,177
Total		6,600,599

A physical inspection of the project carried out in June 2017 revealed the following:

- **Maternity and Theatre Wings**

The maternity wing and theatre block were at ring beam and wall plate levels respectively. The outstanding works for both structures included roofing, metal works, flooring, plastering, ceiling finishes, carpentry, painting, decorations, glazing, electrical, plumbing and external works. See pictures below.



Maternity wing at ring beam level



Theatre Block at wall plate level

- **Service Block**

The service block was at window level. The outstanding works included roofing, metal works, flooring, wall plastering, ceiling finishes, carpentry, painting, decorations, glazing, electrical, plumbing and external works.

- **Four Medium Cost Houses**

One house was constructed up to ring beam level while the other three (3) were at slab level.

The remaining works included superstructure block works, roofing, metal works, flooring, wall plastering, ceiling finishes, carpentry, painting, decorations, glazing, electrical, plumbing and external works. See the pictures below.



Medium Cost House at ring beam level



Medium Cost Houses at slab level

- **Mortuary**

The mortuary was at ring beam level. The outstanding works included roofing, metal works, flooring, wall plastering, ceiling finishes, carpentry, painting, decorations, glazing, electrical, plumbing and external works.

- **Incinerator**

As at 30th June 2017, the works on the incinerator had not yet commenced.

- **External Works**

General external works had not yet commenced except for clearing access roads.

b. Medical Equipment

During the period under review, the Ministry received K46,355,037 for the procurement of various medical equipment such as laboratory, dental and mental health equipment among others.

The following were observed:

i. Supply, Delivery, Installation and Commissioning of Laboratory Equipment for the Food and Drug Control Laboratory

On 9th September 2015, the Ministry awarded a contract to Chilubi Mining Services Limited for the supply, delivery, installation and commissioning of laboratory equipment for the Food and Drug Control Laboratory, Lusaka. The contract price was K2,110,992 (US\$175,916) with a delivery period of 8 to 10 weeks.

In January 2016, the supplier was paid K1,280,668 (US\$114,345) bringing the total amount paid to the supplier to K1,808,420 (US\$158,324) leaving a balance of K219,895 (US\$ 17,591).

Efta	Date	Amount US\$	Amount K
7142	01.12.15	43,979	527,752
LC	11.01.16	114,345	1,280,668
Total		158,324	1,808,420

However, as at 31st July 2017, the supplier had delivered equipment costing K1,044,624 (US\$93,270) while the balance of equipment costing K728,605 (US\$65,054) had not been delivered. See table below.

No	Description	Qty	Unit Price US\$	Total Price US\$	Total Price K
LOT 1					
1	Autoclave Prioclave Bench Top	1	16,418	16,418	183,882
2	Flame Photometer with accessories	1	4,400	4,400	49,280
3	Colorimeter wit accessories	1	1,320	1,320	14,784
	Sub-total			22,138	247,946
LOT 2					
12	Colorimeter with accessories	3	1,320	3,960	44,352
25	Alcohol Analyser	1	6,800	6,800	76,160
33	Homogeniser Stand Fixed	1	2,100	2,100	23,520
38	Autoclave	2	15,028	30,056	336,627
	Sub-total			42,916	480,659
	Grand total			65,054	728,605

ii. Supply, Delivery, Installation and Commissioning of Various Mental Health Equipment for 3rd Level Hospitals in Zambia

On 28th March 2014, the Ministry of Health awarded a contract to Sage Wood Limited for the supply, delivery, installation and commissioning of various mental health equipment for 3rd Level Hospitals in Zambia at a contract sum of K2,650,644 (US\$351,918) with a delivery period of 8 - 10 weeks from March to May 2014.

As at 31st January 2016, the supplier had been paid in full. However, as at 31st July 2017, the supplier had not delivered equipment costing K1,176,528 (US\$105,047).

iii. Supply and Delivery of Various Dental Equipment and Accessories

On 29th August 2014, the Ministry awarded a contract to Sage Wood Limited for the supply and delivery of various dental equipment and accessories at a contract sum of

K646,196 (€80,774.53) with a delivery period of 8 to 12 weeks. As at 31st July 2017, the supplier had been paid in full and all the equipment had been delivered to Medical Stores in April 2016.

However, the equipment had not been distributed by Medical Stores to the intended hospitals as at 31st July 2017.

iv. Supply, Delivery, Installation and Commissioning of Blood Transfusion Services Equipment

On 10th August 2014, the Ministry awarded a contract to Sage Wood Limited for the supply, delivery, installation and commissioning of blood Transfusion Services Equipment of various dental equipment and accessories at a contract sum of K3,925,408 (€327,436.67) with a delivery period of 8 to 12 weeks from August to October 2014.

As of February 2017, the whole contract amount of K3,925,408 (€327,437) had been paid to the supplier. See table below.

Efta	Date	Amount €	Amount K
Foreign Voucher No.12	26.10.15	81,859	974,124
Foreign Voucher 13	26.10.15	212,834	2,532,723
LC	17.02.15	32,744	418,562
Total		327,437	3,925,408

The delivery schedule of requirements is shown in the table below. The targeted health centres were UTH, Ndola Central Hospital and Kitwe Central Hospital.

No	Description	Qty	Unit Price	Total Price
1	Sterile connecting Device (Sterile Docker)	3	16,356	49,067
2	Wafers for use on Sterile connecting Device (SCD)	12	527	6,328
6	Tube sealers (Portable)	18	2,600	46,800
7	Tube sealers (Fixed)	18	2,870	51,660
8	Blood weighing scale	9	945	8,504
12	Plastic forceps	300	0.89	267
13	Donor Beds (Portable)	20	628	12,553
15	Tube mixers	3	1,347	4,040
16	Tube centrifuge (bench top centrifuge)	3	3,625	10,875
16	Refrigerated Centrifuge	1	30,904	30,904
16	Accessories (rotor 6-plce, 4176)	3	4,413	13,240
16	Accessories (Light-metal grooved suspension 2-place)	6	1,390	8,342
16	Accessories (Plastic insert 2-placein 4591-A.4592-B	6	229	1,376
17	Platelet agitator and incubator set	3	8,791	26,373
18	Serological cell washers	6	8,643	51,856
18	Accessories(rotor for decanting, 24-place,1018-A	6	875	5,252
	Total			327,437

Although the supplier was paid in full in October 2015, as at 31st July 2017 the various equipment had not been delivered to the hospitals.

Head: 46 Ministry of Health
Department: 07 Clinical Care and Diagnostic Services
Unit: 01 Clinical Care and Diagnostic Services
Programme: 5052 Medical Supplies
Activities: Various

39. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K754,000,000 was made for the procurement of Medical supplies against which amounts totalling K680,400,967 were released resulting in an under funding of K73,599,033. See table below.

Activity	Budget Provision K	Releases K	Variance K
Drugs and Medical Supplies for Districts	100,025,210	95,482,900	4,542,310
Drugs and Medical Supplies for Hospitals	94,802,311	88,290,999	6,511,312
Procurement of Anti Retroviral Drugs	226,610,430	211,518,229	15,092,201
Vaccines and Immunization Supplies	38,288,273	37,818,016	470,257
Procurement of Tuberculosis Drugs	14,375,316	13,900,470	474,846
Procurement of Rh Commodities	12,264,556	11,910,235	354,321
Procurement of Cancer Drugs	22,618,353	21,672,826	945,527
Procurement of Medical and Surgical Supplies	50,768,984	48,504,370	2,264,614
Blood Transfusion Commodities	20,607,594	19,776,882	830,712
Procurement of Laboratory Reagents	30,761,391	29,350,893	1,410,498
Procurement of Specialised Medical Imaging Consumables and Supplies	7,077,264	7,019,140	58,124
Procurement of Specialised Commodities and Supplies	2,200,958	2,145,934	55,024
Procurement of Nutritional Support Commodities	2,500,000	2,203,041	296,959
Procurement of Malaria Drugs and Commodities	131,099,360	90,807,033	40,292,327
Total	754,000,000	680,400,967	73,599,033

As at 31st December 2016, amounts totalling K679, 558,723 had been spent.

Accounting and Other Irregularities

An examination of the accounting and other records maintained at the Provincial Medical Offices, selected District Health Offices, Hospitals and Clinics carried out in May 2017 revealed the following:

a. Expired Drugs

During the period under review, various drugs such as anti-retroviral drugs (ARVs), laboratory reagents, Tuberculosis (TB) and Malaria drugs worth K66,801,022 involving one thousand seven hundred and sixty three (1,763) transactions which were kept at a rented warehouse in Makeni, Lusaka had expired. The expiry of the drugs was mainly attributed to change of treatment regime and failure to enroll targeted children. The expired drugs had not been disposed of as 31st June 2017.

b. Undelivered Drugs and Medical Supplies

During the period under review, drugs and medical supplies costing K2,539,687 were procured from Medical Stores. However, as at 31st August 2017, the drugs and medical supplies had not been delivered to fourteen (14) stations. See table below.

Province	Station	Amount K
Western	Lewanika General Hospital	99,914
	Mongu DHO	150,851
	Kalabo DHO	3,277
	Limulunga DHO	6,763
	Kalabo District Hospital	51,770
Lusaka	Kafue Estate Clinic	360,325
Muchinga	PHO-Muchinga	216,265
	Nakonde DHO	442,803
CopperBelt	Ndola DHO	241,984
Southern	Kalomo DHO	20,405
Luapula	Mansa DHO	24,932
	Milenge DHO	12,955
Central	Kabwe DHO	900,471
	Chindwin Camp Hospital	6,971
	Total	2,539,687

c. Failure to Replace Returned Drugs and Medical Supplies

During the period under review, drugs and other medical supplies costing K943,889 were returned by nine (9) health facilities to Medical Stores Limited due to short life before expiry, slow moving and being wrong products, among others. However, a scrutiny of stocks and other records revealed that the returned drugs had not been replaced as at 31st August 2017. See table below.

Province	Institution	Amount K
Western	Lewanika General Hospital	535,092
Muchinga	Chinsali DHO	219,820
	Nakonde DHO	25,090
	Isoka DHO	34,249
Lusaka	Kafue DHO	46,611
	Kafue District Hospital	20,703
	Kafue Estate Clinic	38,343
	Chilanga Clinic	1,650
Northern	Mbala General Hospital	22,331
	Total	943,889

d. Failure to Dispose of Expired Drugs

A scrutiny of stocks and other records and drug labels maintained at various institutions revealed that various drugs costing K124,697 had expired and no action had been taken by management to dispose them off as at 31st August 2017. See table below.

Province	Institution	Amount K
North-Western	Solwezi DHO	13,740
	Solwezi General Hospital	66,035
	Mufumbwe DHO	2,026
	Mufumbwe District Hospital	7,786
Lusaka	Kafue Estate Clinic	2,479
Western	Mongu DMO	14,482
	Kalabo District Hospital	18,150
Total		124,697

e. Unaccounted for Drugs and Medical Supplies

Contrary to Public Stores Regulation No. 16, various drugs and medical supplies costing K3,887,920 delivered to twenty nine (29) Health Institutions during the period under review were unaccounted for as there were no disposal details. See table below.

Province	Institution	Amount K
North Western	Mufumbwe DHO	1,032,734
Eastern	Chipata DHO	454,575
Western	Lewanika General Hospital	45,119
	Mongu DMO	2,250,651
	Kalabo DMO	3,380
	Limulunga DMO	32,452
	Kalabo District Hospital	12,102
Copperbelt	PHO-Copperbelt	56,907
Total		3,887,920

f. Failure to Assemble and Utilise Delivery Beds – Kalabo District Hospital

On 28th October 2016, Medical Stores Limited delivered two (2) delivery beds costing K25,900 to Kalabo District Hospital. However, a physical inspection carried out in May 2017 revealed that the beds had not been assembled, seven (7) months after delivery. See pictures below.



Unassembled delivery beds

g. Failure to Mark Medical Equipment – Kalabo District Hospital

Contrary to the Public Stores Regulation No. 154, which states that all Government property must be clearly marked with distinguishing letters “GRZ” for identification purposes, various equipment procured during the period under review such as patient beds, mattresses and patient trolleys costing K283,466 had no identification marks as at 31st August 2017.

Head: 46 Ministry of Health

Unit: Various

Programme: Personal Emoluments

Activity: Various

40. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K2,564,481,397 was made to cater for personal emoluments and related costs against which amounts totalling K2,640,614,973 were released resulting in an over funding of K76,133,576.

As at 31st December 2016, the whole amount of K2,640,614,973 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters, Provincial Medical Offices, four (4) selected General Hospitals and District Medical Offices carried out during the period from June to July 2017 revealed the following:

a. Misplacement of Payroll Area

A reconciliation of the payroll and staff returns at Ministry Headquarters, Provincial Medical Offices and selected district offices revealed that there were three hundred seventy one (371) officers who had drawn salaries in amounts totalling K36,251,073 but were not serving at the stations where they had been paid from. A physical verification carried out in June and July 2017 revealed that there were many cases of officers who had either been transferred or their whereabouts were not known but continued to draw salaries from Government through the pay points where they were not providing the service. As of September 2017, no corrective measures had been taken to address the matter. See table below.

Province	Station	No. of Officers	Salary K
Central	Ithezi-Tezhi DMO	5	369,437
	Kabwe DMO	4	148,824
	Kapiri Mposhi DMO	3	249,932
Eastern	Chipata General Hospital	17	219,095
	Chipata DMO	2	90,548
Lusaka	Ministry Headquarters	340	35,173,238
Total		371	36,251,073

b. Introduction to Payroll Without Authority

Contrary to the Terms and Conditions of Service for the Public Service No. 4, amounts totalling K1,200,351 were irregularly paid to thirty three (33) officers who were introduced on the payroll without appointment letters from the Public Service Management Division (PSMD). See table below.

Province	Station	No. of Officers	Amount K
Central	Kabwe DMO	24	893,799
	Kapiri Mposhi DMO	3	16,642
	Chibombo DMO	2	138,846
North Western	Kasempa DMO	2	75,833
Northen	Mporokoso DMO	2	75,230
		33	1,200,351

Further, an officer from Chipata District Medical Office who resigned on 23rd September 2015 and was removed from the payroll, was re-introduced on the payroll in December 2016 without a letter or contract of re-engagement from the Public Service Management Division. The head count and review of the officer's personal file conducted in May 2017 revealed that the officer never reported for work since resigning. In this regard, the payment in December 2016 of a salary of K3,100 to the officer was irregular.

c. Irregular Payment of Emoluments While Absent – Mufumbwe DMO

Contrary to the Terms and Conditions of Service No. 60 (a) and (b), two (2) officers who absconded from duty for more than three (3) months continued to draw salaries amounting to K19,640. In this regard, the salaries paid to the officers when they were not reporting for duty were irregular. As of September 2017, the amounts had not been recovered.

d. Irregular Payment of Salaries to Officers on Unapproved Leave

The Terms and Conditions of Service for the Public Service No. 121 (a) and 136 (a) states that study leave may be granted by the Permanent Secretary, Public Service Management Division to an Established Officer.

However, amounts totalling K3,633,286 were irregularly paid to fifty five (55) officers who were on study leave for periods ranging from three (3) months to two (2) years without approval from Public Service Management Division (PSMD). See table below.

Province	Station	No. of Officers	Amount K
Central	Kabwe Mine Hospital	6	407,592
	Kabwe DMO	21	1,340,372
	Chibombo DMO	6	448,393
	Kapiri Mposhi DMO	12	815,478
Southern	Sinazongwe DMO	1	52,116
Western	Sioma DMO	2	171,049
North Western	Kasempa DMO	3	145,249
	Mufumbwe DMO	4	253,038
Total		55	3,633,286

e. Irregular Payment of Salaries to Deserted Employee – Kasama General Hospital

An examination of the payroll and other related records revealed that amounts totalling K66,576 were irregularly paid to a Zambia Enrolled Nurse (ZEN) who deserted the institution after going on study leave which ended in January 2016. Seventeen (17) months after expiry of her leave, the officer never reported for duty and her whereabouts were not known. Although her salary was locked in June 2017, the salaries irregularly paid had not been recovered as of September 2017.

f. Irregular Payment of Salaries – Isoka DMO

Contrary to the Terms and Conditions of Service for the Public Service No. 34 (d), the District Medical Officer for Mafinga, who went on secondment in August 2016, irregularly drew salaries in amounts totalling K97,646 during the period from August to December 2016. As at 31st June 2017, the salaries irregularly paid to the officer had not been recovered.

g. Irregular Payment of Salary Arrears

An examination of payroll records and personal files revealed that amounts totalling K342,330 were irregularly paid to eleven (11) officers as salary arrears in that there were no records and authority detailing how the arrears had arisen. See table below

Province	Station	No. of Officers	Amount K
Central	Kabwe General Hospital	4	121,200
	Kabwe DMO	1	32,683
Eastern	Chipata DMO	6	188,448
Total		11	342,330

Further, in March 2016, forty one (41) officers were paid amounts totalling K116,598 in respect of salaries that they claimed were under paid in January 2016. However, a scrutiny of the payroll records revealed that there were no outstanding underpayments of salaries for January 2016 due to the officers. See table below.

Province	Station	No. of Officers	Amount K
Southern	Monze DMO	2	4,504
Western	Sesheke DMO	6	5,384
	Mongu DMO	6	15,243
	Lewanika Hospital	1	3,738
Lusaka	Provincial Medical Office	19	67,802
	Lusaka DMO	7	19,927
	Total	41	116,598

h. Irregular Payment of Housing Allowances

Contrary to Cabinet Office Circular No. B2 of 2010 (2) (b) , amounts totalling K535,944 were paid as housing allowances to one hundred and six (106) officers at nine (9) stations who were accommodated in government institutional houses. See table below.

Province	Station	No. of Officers	Amount K
Northern	Provincial Health Office	16	123,910
	Kasama DMO	1	8,021
	Mporokoso DMO	1	6,018
	Mpulungu DMO	12	65,091
Southern	Monze DMO	20	86,154
	Sinazongwe DMO	4	12,556
Western	Mongu DMO	2	9,691
Eastern	Chipata DMO	19	90,548
	Lundazi DMO	31	133,956
	Total	106	535,944

i. Irregular Payment of Night Duty Allowance

Contrary to the Terms and Conditions of Service for the Public Service No.167 (i), amounts totalling K200,815 were paid to one hundred and five (105) officers who were not eligible to receive commuted night duty allowance, in that they were neither nurses nor paramedical staff. See table below.

Province	Station	No. of Officers	Amount K
Northern	Provincial Health Office	13	28,835
Luapula	Provincial Health Office	5	9,504
	Samfya DMO	11	16,127
Copperbelt	Provincial Health Office	70	138,154
	Ndola DMO	4	6,256
	Chingola DMO	2	1,939
Total		105	200,815

j. Payment of Acting Allowance to Ineligible Employees – Northern Province

Contrary to the Terms and Conditions of Service for the Public Service No.23, an examination of the payroll and personal files revealed that amounts totalling K81,248 were irregularly paid as acting allowance to two (2) officers without authority from PSMD. See table below.

Station	No. of Officers	Amount K
Provincial Medical Office	1	74,196
Kasama DMO	1	7,052
Total	2	81,248

k. Irregular Payment of Health Personnel Shift Deferential

Public Service Management Division Circular No. B10 of 2013 states that the allowance shall be paid through the payroll at the rate of 15% of monthly basic salary to nurses, midwives and paramedical personnel.

A scrutiny of the payroll and other employee records revealed that amounts totalling K199,932 were irregularly paid as Health Personnel Shift Deferential allowance to twenty nine (29) officers who did not qualify as they were not nurses, midwives or paramedical staff. See table below.

Province	Station	No. of Officers	Amount K
Northern	Provincial Medical Office	3	24,138
	Kasama DMO	1	1,128
Copperbelt	Provincial Medical Office	16	99,409
	Kitwe Central Hospital	2	11,843
	Ronald Ross Hospital	7	63,414
Total	Total	29	199,932

l. Irregular Payment of Uniform Upkeep and Commuted Overtime Allowances

The Public Service Management Division Circulars No B.12 and B.13 of 2012 consolidated Uniform Upkeep, Tool Allowance, Commuted overtime and recruitment and retention allowances among other allowances into the basic salary with effect from 1st April 2012.

However, contrary to the circulars, sixty one (61) officers were paid amounts totalling K23,880 in respect of uniform upkeep allowance and commuted overtime allowances. See table below.

Province	Station	No. of Officers	Amount K
Northern	Provincial Medical Office	5	2,400
	Kasama DMO	1	500
	Mpungu DMO	35	9,750
Copperbelt	Provincial Medical Office	13	4,080
	Ndola DMO	3	1,350
	Ronald Ross Hospital	4	5,800
Total		61	23,880

m. Hardship Allowances Paid to Ineligible Employees

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at the rate as

may be determined by Government from time to time. In this regard, Public Service Management Division Circular No B6 of 2010 defined the rural and remote areas and eligibility criteria for the payment of rural and remote hardship allowances.

However, during the period under review, amounts totalling K1,030,331 were paid as Rural Hardship allowance and K81,846 as Remote Hardship allowance to one hundred and sixty three (163) officers who were not eligible to receive the allowances in that their work stations were not designated for payment of such allowances. See table below.

Province	Station	No. of Officers	Rural Hardship K	Remote Hardship K
Northern	Provincial Medical Office	6	76,790	-
	Kasama DMO	15	61,095	7,523
	Mpulungu DMO	3	14,690	9,404
Copperbelt	Provincial Medical Office	5	21,477	-
Western	Kaoma DMO	1	11,924	-
	Sesheke DMO	3	11,285	6,771
	Sioma DMO	1	8,213	-
North Western	Kasempa DMO	4	-	12,154
	Mufumbwe DMO	10	7,300	30,950
Muchinga	Chinsali DMO	3	22,794	-
	Isoka DMO	8	55,474	-
Eastern	Chipata DMO	9	67,523	
	Lundazi DMO	9	55,921	
Headquarters	Ministry Headquarters	19	183,405	4,285
Lusaka	Provincial Medical Office	4	7,052	-
	Lusaka DMO	63	425,389	10,759
Total		163	1,030,331	81,846

Further analysis of the payroll and other related records revealed that six (6) officers who were entitled to Rural Hardship allowance of K44,915 were instead paid Remote Hardship allowance of K56,144 resulting in over payment of K11,229. See table below.

Province	Station	No. of Officers	Amount Paid K	Amount Entitled K	Overpayment K
Northern	Mbala DMO	1	9,404	7,523	1,881
Eastern	Lundazi DMO	5	46,740	37,392	9,348
Total		6	56,144	44,915	11,229

n. Employees on Wrong Salary Scale

A scrutiny of the payroll and other related records revealed that one hundred and forty eight (148) officers were placed on wrong salary scales and were paid amounts totalling K8,149,965 instead of K5,306,726 resulting in an over payment of K2,843,239. As of September 2017, the overpaid amounts had not been recovered. See table below.

Province	Station	No. of Officers	Salary Paid K	Entitled Salary K	Overpayment K
Northern	Provincial Medical Office	35	113,820	103,620	10,200
	Mpulungu DMO	13	37,615	36,500	1,115
Lusaka	Lusaka DMO	100	7,998,530	5,166,606	2,831,924
	Total	148	8,149,965	5,306,726	2,843,239

A further analysis of the payroll records revealed that twenty (20) officers were under paid by amounts totalling K101,720 as a result of being placed on wrong salary scales. See table below.

Station	No. of Officers	Entitled Salary K	Salary Paid K	Underpayment K
Provincial Medical Office	15	335,983	256,552	79,431
Kasama DMO	5	186,124	163,835	22,290
Total	20	522,107	420,387	101,720

o. Employees on Wrong Basic Salaries

An analysis of the basic pays revealed that ten (10) officers were paid basic salaries in amounts totalling K362,201 instead of their entitlement of K323,530 in line with their salary scales resulting in overpayments in amounts totalling K74,551. As of September, 2017, the overpaid amounts had not been recovered. See table below.

Province	Station	No. of Officers	Basic Salary Paid K	Entitled Basic Salary K	Overpayment K
Luapula	Provincial Medical Office	2	59,775	77,715	17,940
Central	Mumbwa DMO	8	302,426	245,815	56,611
	Total	10	362,201	323,530	74,551

p. Non Deduction of Statutory Contributions

During the period under review, amounts totalling K286,274 were paid to twenty two (22) officers. However, an examination of the payroll records revealed that statutory contributions

in respect of Pay As You Earn (PAYE), National Pensions Scheme Authority (NAPSA) and Pensions were not deducted contrary to the Pensions Acts of 1996 and Income Tax Act (Cap 323). See table below.

Province	Station	No. of Officers	Amount K
Southern	Livingstone	3	42,565
Luapula	Provincial Medical Office	1	3,762
	Samfya DMO	2	6,992
Western	Sesheke DMO	4	141,764
	Lewanika Hospital	1	14,941
Muchinga	Mpika DMO	2	15,207
Eastern	Chipata DMO	4	17,762
Headquarters	Ministry Headquarters	5	43,282
Total		22	286,274

Head: 46 Ministry of Health

Unit: Various

Programme: Various

Activities: Various

41. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K272,208,519 was made to cater for programmes such as General Administration (RDC) and Infrastructure Development at the Provincial Health Offices (PHOs), District Health Offices (DHOs), selected Hospitals and Training Schools in the ten (10) provinces against which amounts totalling K241,260,230 were released resulting in underfunding of K30,948,289.

In addition, amounts totalling K5,486,847 were brought forward from 2015.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the ten (10) Provincial Health Offices, District Health Offices, selected Hospitals and Training Schools and physical inspections of selected projects, carried out in July 2017, revealed the following:

a. Unsupported Payments

Contrary to Financial Regulation Nos. 45, and 52(1), which state that all payments by cheque or cash for goods, services and works shall be supported by cash sale receipts and that

vouchers relating to purchases shall be supported by an official order and the supplier's invoices, seventeen (17) payment vouchers in amounts totalling K41,324 were not supported with relevant documents such as cash sale receipts, LPOs, memos and minutes of authority to pay, among others. See table below.

Province	Institution	No of Trans	Amount K
Central	PHO	4	19,151
	Kabwe General Hospital	7	10,373
Copperbelt	Ndola DHO	1	1,750
Luapula	Samfya District Hospital	5	10,050
	Total	17	41,324

b. Weaknesses in the Management of Imprest

i. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96, which states that imprest shall be retired immediately the purpose for which it is issued has been fulfilled and where the imprest is not cleared within forty eight (48) hours of the holder's return, the issuing officer shall in writing instruct the officer in charge of the salaries section to deduct the amount outstanding from the salary of that holder in the following month, imprest in amounts totalling K256,302 issued to six (6) officers involving twenty (21) transactions, had not been retired as of September 2017. See table below.

Province	Institution	No. of Officers	Amount K
Luapula	Samfya DHO	1	108,750
	Mansa General Hospital (high cost)	2	48,110
	Mansa General Hospita (RDC)	2	88,362
Northern	Mbala General Hospital	1	11,080
Totals		6	256,302

ii. Irregular Use of Accountable Imprest

Contrary to Financial Regulation No.86 (c), accountable imprest in amounts totalling K556,563 was issued to various officers to purchase goods and services whose values were obtainable on the market. See table below.

Province	Institution	Amount K
Southern	Gwembe DHO	4,500
	Monze School of Nursing	10,398
Copperbelt	Mufulira DHO	12,050
	Ndola DHO	4,960
Western	Nkeyema DMO	8,400
	Sioma DMO	2,000
Luapula	Samfya District Hospital	5,000
Central	Kabwe General Hospital	293,854
	Kapiri Mposhi DHO	33,303
	Serenje DHO	44,234
	Chibombo DHO	137,865
	Total	556,563

c. Irregular Payment of Allowances

Cabinet Circular No.11 of 2013 states that when an officer is required to work over the weekend or beyond normal working hours, eligible officers should be paid overtime allowance. Payment of this allowance is through the payroll and claims have to be made through the supervising officers and approved by the controlling officer. Further, the circular clarifies the eligibility of officers to receive other allowances such as subsistence, meal and out of pocket allowances, among others.

It was however, observed that a total amount of K59,706 was paid to officers who did not qualify in their respective categories. See table below.

Province	Institution	Amount K
Southern	Monze DHO	4,150
Copperbelt	Mufulira School of Nursing	40,200
Central	PHO	15,356
	Totals	59,706

d. Failure to Remit Tax – Central PHO

Contrary to the Income Tax Act (CAP 323), amounts totalling K31,425 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 September 2017.

e. Weaknesses in Management of Drugs and Other Medical Supplies

There were weaknesses in the management of drugs and medical supplies in that drugs ordered and paid for lacked receipts and disposal details and therefore could not be accounted for and some expired drugs were found in stock. In particular, the following were observed:

i. Unaccounted For Drugs and Medical Supplies – Mambwe DHO

Contrary to Public Stores Regulation No. 16, drugs and medical supplies costing K18,559 dispatched to Mambwe District Health Office during the period under review could not be accounted for in that there were no receipt and disposal details.

ii. Non Disposal of Expired Drugs - Monze DHO

A scrutiny of stores maintained at the Hospital Laboratory and Pharmacy Department revealed that drugs costing K21,591 had expired and had not been disposed of as at 31st July 2017.

f. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, various stores items costing K247,093 (General Stores – K224,164 and Fuel – K22,929) procured during the period under review had no receipt and disposal details. See table below.

Province	Institution	No. of Trans	General Stores K	Fuel K	Total K
Luapula	Samfya Dustrict Hospital	30	61,612	4,000	65,612
Western	Limulunga DHO	1	1,230	-	1,230
Copperbelt	Kalulushi DHO	1	2,000	-	2,000
Southern	Gwembe DHO	2	-	10,769	10,769
Central	PHO	9	-	8,161	8,161
	Kabwe G Hospital	10	110,607	-	110,607
	Kapiri Mposhi DHO	2	10,152	-	10,152
	Serenje DHO	59	38,563	-	38,563
Total		114	224,164	22,929	247,093

g. Weaknesses in Management of Assets

i. Questionable Payments for Repairs of Motor Vehicle GRZ 139 CK – Mporokoso DHO

Mporokoso District Health Office spent a total amount of K67,500 on the procurement of a second hand engine and repairs of a motor vehicle Mitsubishi Canter registration number GRZ 139 CK belonging to the Health Office.

However, it was observed that although the expenditure of K67,500 had been incurred, the motor vehicle was not operational and was still parked at the vehicle centre garage in Kasama. See pictures below.



Rear view of Motor Vehicle GRZ 139 CK and dismantled Engine block

ii. Failure to Mark GRZ Property

Public Stores Regulation No.154, requires that all items of furniture or assets belonging to the Government must be clearly marked with the distinguishing letters ‘GRZ’ on an inconspicuous part of the object to identify it as Government property’.

Contrary to the regulation, office equipment and furniture costing K553,870 procured during the year under review were not inscribed with GRZ identification marks. *See table below.*

Province	Institution	No. of Trans	Amount K
Southern	Namwala DHO	2	4,095
Muchinga	Mafinga DMO	3	18,080
	Mpika DHO	10	44,020
Copperbelt	Ndola DHO	7	23,728
	Kalulushi DHO	5	15,805
Central	PHO	12	190,558
	Kabwe School of Nursing	5	140,505
	Chibombo DHO	22	92,445
	Serenje DHO	8	24,634
Total		74	553,870

iii. Failure to Insure Motor Vehicles

Contrary to Road Traffic Act of 2002 section 86, which requires that all motor vehicles using public roads must have a minimum of third party insurance cover, six (6) motor vehicles and one (1) motor cycle belonging to Copperbelt Provincial Health Office and

Mpulungu District Health Office whose cost could not be ascertained were not insured during the period under review.

Province	Station	No. of Cars	No. of Motor cycle	Total
Copperbelt	PHO	3	0	3
Northern	Mpulungu DHO	3	1	4
Total		6	1	7

iv. Non - Functional Mobile Hospital Equipment – Mongu PHO

The Mobile Services Unit is supposed to operate as a first level referral facility. Currently, the facility has four (4) mobile trucks equipped with operating theatre, x-ray, laboratory and pharmacy units.

A review of the equipment inventory and physical check revealed that some of the essential equipment was either not operational, missing or broken down. See table below.

UNIT	Name of Equipment	Model No.	Serial No.	Quantity	Remark
LIVING MOTOR VEHICLE	Refrigerator	Fuyilian	N/A	1	Faulty
	Dry Powder Fire Extinguisher	"	"	2	Not Serviced
	Air Conditioner	"	"	1	Not Working
	Mattress	"	"	24	Only two (2) available
	Chairs	"	"	25	All Broken
	Steam sterilizer	YX3.DY.250A50	244	1	Not in use
	Ultra-sonic cleaner	N/A	N/A	1	Never used
DISPENSARY AND AUDIO VISUAL MOTOR VEHICLE	Distiller	N/A	N/A	1	Working
	Laptop	N/A	N/A	1	Missing
	Satellite phone	N/A	N/A	1	Missing
	Folding chair	N/A	N/A	1	Broken
	Blood Analyser BS-120	BS120 Mindray	WK09101453	1	Faulty and Not Operational
	Urine Analyser	2400021	200A12679	1	Not operational
	Bio-Chemistry Analyser BC-3000	BC3000	RJ0906675	1	Faulty
	Printer BS-120	CC365	VNF3J9836	1	Corrupt Software
	Fire Extinguisher	N/A	N/A	2	Not Serviced
LABORATORY MOTOR VEHICLE	Reagent Refrigerator	FUYILIAN	N/A	1	Faulty
	Laptop	R36030810078	EB198762771	1	Missing
	Air-conditioner				Not Working

	Eliasa Printer	N/A	N/A	1	Never used
	Medical Steam Steriliser	N/A	N/A	1	Never used
	Micro - plate incubator	N/A	N/A	1	Never used
	Anaesthetic machine	AEON7600A	7600AZT2U32	1	Not operational
	Electric suction machine	CX-3A	20090009	1	Not operational
MINI THEATRE MOTOR VEHICLE	Portable Genset	DK6500	N/A	1	Not operational
	Electrical Surgical Unit	EB03	0710G0285B3	1	Not Working
	Steam sterilizer	YXQDY250A2	187	1	Not Working
	Fire Extinguisher	"	"	1	Not Serviced
	Air Conditioner	-	-	2	Not operational
	Dental Autoclave	N/A	N/A	1	Not Working
	Dental x-Ray	N/A	N/A	Nil	Not operational
OUT- PATIENT MOTOR VEHICLE	Dental Chair unit	HB200C	10082810	1	Not working broken arm
	Air Conditioner	-	-	2	Not operational
	Fire Extinguishers	-	-	2	Not Serviced
	Dental Light			2	Faulty/Not operational
	X-Ray Unit	4802729	1767	1	Faulty and Not operational
	Film Developing Machine	WY2002-96/22	N/A	1	Not operational
X – RAY MOTOR VEHICLE	Hand Wash Device	-	-	1	Not operational
	Computer Advantech	JT178F	N/A	1	Not operational
	Monitor	M35A64N	MR0811016	1	Not operational
	Hand Wash Device	-	-	-	N/working
POWER & WATER SUPPLY VEHICLE	Air Conditioner	-	-	2	Not operational
	Fire extinguisher	-	-	2	Not Serviced

h. Transport Management - Delays in Payment of the Insurance Claim for GRZ 552 CK – Mporokoso DHO

On 7th August 2014, a motor vehicle Land Cruiser - Ambulance registration No. GRZ 552 CK was involved in a road traffic accident and was extensively damaged. The vehicle was comprehensively insured with Zambia State Insurance Corporation at an insured sum of K470,000. The net claim of K378,000 was agreed after associated charges were deducted.

However, as at 31st July 2017, only a total amount of K178,000 had been paid by the insurance company leaving a balance of K200,000 outstanding. See table below.

DATE	PAYEE	CHQ. NO	AMOUNT K	REMARKS
02.02.17	Mporokoso DHO	Bank Transfer	100,000	1st Payment
24.03.17	Mporokoso DHO	006897	78,000	2nd Payment
Total			178,000	
CLAIM			378,000	
Balance			200,000	

i. Weakness in the Management of Loans and Advances

According to the Terms and Conditions of Service for the Public Service No. 92, advances and loans paid to officers shall be repaid within a reasonable period of time but not exceeding six (6) months.

It was however, observed that advances and Loans in amounts totalling K33,800 paid to seven (7) officers during the period from January to December 2016, had not been recovered as at 31st August 2017. See table below.

Province	Institution	No. of Trans	Advances/Loans K
Copperberlt	PHO	4	25,000
Lusaka	PHO	3	8,800
Total		7	33,800

j. Weakness In Management of Infrastructure Projects

During the period from 2014 to 2017, the Ministry engaged forty nine (49) contractors with contract prices totalling K199,578,471 to carry out various infrastructure development activities against which amounts totalling K53,926,653 were paid representing 27 percent of the total contract price.

A scrutiny of records and physical verification of various projects carried out in July 2017 revealed that there were delays in the completion of projects and some works had stalled as shown in the table below.

i. Copperbelt Province

Institution	District	Project	Contractor	Contract Period	Contract Date	Contract Sum K	Amount Paid to Contractor K	Scope of Works	Remarks/ Observations
Ministry of Health – Copperbelt Provincial Health Office	Masaiti	Construction of Masaiti District Hospital Phase 3	Meltcast Engineering Ltd Corporation Zambia	12 months	15.04.15	11,182,062	2,118,052	Construction of –six (6) low cost staff houses -One (1) female ward -One (1) Children’s Ward.	As of July 2017, the project had not been completed, fifteen (15) months after the expected completion date. The following works were outstanding: Low cost Houses Three (3) staff houses not plastered, two (2) boreholes not drilled and two (2) tanks not installed. Female and Children’s Wards: Roofing, steel work for windows and fitting of doors. Further, it was observed that external and drainage works had not been completed.
Ministry of Health- Copperbelt Provincial Health Office	Chingola	Construction of the Proposed Lecture Theatre at Nchanga North General Hospital School of Nursing and Midwifery	Global Engineering (Z) Ltd	12 weeks	10.06.15	1,191,376	1,346,220	Construction of Lecture Theatre involving works among others; Substructure, Super structure, roofing, Painting and Decorating.	As of July 2017, the project had been completed. However, one (1)air conditioner had not been fitted and the firefighting equipment had not been installed. Further, there was no variation order to support

									the excess amount of K154,843.00 above the contract sum.
Ministry of Health – Copperbelt Provincial Health Office	Ndola	Construction of Psychiatric Unit at Ndola Central Hospital	Jearmy Enterprises	70 Weeks	04.07.14	14,539,522	5,114,438	Construction of Psychiatric Unit involving works among others; superstructure, substructure, roofing and painting.	As of July 2017, the project was at super structure level and had delayed by 1 year 7 months with the following works outstanding: Floor and wall finishings, painting and decoration, metal work, roofing, carpentry, furniture and fittings, aluminium works, plumbing, electrical and fitting ceiling boards.
Ministry of Health – Copperbelt Provincial Health Office	Kitwe	Construction of a Standard Maternity Block at Mindolo Clinic 1	Chibstech Technical Ltd	18 Months	23.01.15	1,662,891	596,210	Construction of Maternity block involving works among others; superstructure, substructure, roofing and painting.	As of July 2017, the project had delayed by 12 months with the following outstanding works: Fitting of two(2) double doors and one (1) geyser Further, it was observed that particle boards were used instead of block boards for shelves. The water tank and stand were not erected.
Ministry of Health – Copperbelt Provincial Health Office	Ndola	Construction of Kitchen and Dining Hall at CIMAS Hostel	Tripple V Property Investment Ltd	16 Weeks	23.08.16	1,957,756	489,439	Construction of kitchen and dining hall involving works among others ; substructure, superstructure,	Although as of July 2017, the structure had been roofed, the project had delayed by seven (7) months with the following outstanding works:

								roofing, painting and decorating.	carpentry, plumbing installation, floor, ceiling glazing and external works.
	Masaiti	Renovation of X-ray Department at St Theresa	Prom Suppliers	6 weeks	21.10.14-12.12.14	391,498	102,805	Demolition, Concrete works, Brickwork, firefighting installations, Electrical, Doors, Floor	As of July 2017, the project had been completed and was in use. However, it was observed that the air conditioner was not fitted. It was further observed that although the PHO paid for a radiation door costing K43,738, which was fitted on the structure, the item had already been paid for under the contract. As of July 2017, the amount had not been recovered from the contractor.
	Ndola	Construction of a Maternity Wing at Kabushi Health Centre	Stardy Contractor	50 weeks	27.10.14	1,622,888	954,083	Construction of Kitchen and Dining Hall involving works among others: Substructure, Superstructure, roofing, painting and decorating Painting.	As of July 2017, the project had not been completed. The outstanding works included: Fitting of doors, electricals, ceiling and carpentry work. It was also observed that some windows were broken and six inch (6") blocks were used outside instead of eight (8") blocks as per BOQ.

ii. Muchinga Province

District	Project	Contractor	Contract Date	Contract		Amount allocated/Contract Sum K	Amount spent K	Scope of Works	Project Status and other observations
				Start	End				
Mpika	Construction of Kaonda Rural Health Post-Maternity Wing-PMO 004/15	M. C. Chewe Building & General Contractors	25.06.2015	25.06.2015	24.09.16	157, 144	153, 216	Substructure, Concrete work, Block work, Roofing, Carpentry joinery and iron monger, Metal work, Floor wall and ceiling finishes, Glazing, Painting and decorating.	As of July 2017, the structure had been completed. However, the following were observed: No wiring had been done and no soak away and septic tanks had been dug. The following defects were also observed: <ul style="list-style-type: none"> ● Leaking roof as evidenced by stains on the ceiling board. ● Cracks had developed on the spoon drain, floor of the main entrance, observation and treating rooms. ● Black paint peeling off the structure.
	Construction of Kaonda Rural Health Post-Mother's Shelter-PMO 006/15	M. C. Chewe Building & General Contractors	25.06.15	25.06.15	24.09.16	153, 330	149, 497	Construction of Mothers' shelter involving works among others; Substructure, Superstructure, roofing, painting, decorating and Solar installation.	As of July 2017, the structure had been completed. However, the following were observed: <ul style="list-style-type: none"> ● Cracks on the floor, window seal of the treating room and spoon drain had developed ● No ceiling board was fixed in the kitchen area.
	Construction of Katozi Rural Health Centre (initially Mbuko HP)	Chalibert Investments Ltd	19.01.16	19.01.16	20.04.16	352, 360	255, 415	Construction of Rural Health Centre involving works among others; Substructure, Superstructure, roofing, painting, decorating and solar installation and alternative roof.	Although the building had been completed and awaiting handover, the hose reel and two fire extinguishers had not been installed.

	Construction of Maternity Wing at Ntatumbila Rural Health Centre	Shikosana Contractors	19.01.16	19.01.16	20.04.16	192,352	182,735	Construction of maternity wing involving works among others; Substructure, Superstructure, roofing, painting, decorating and Solar installation,	Although the building had been completed, it was not in use. It was also observed that the following works had not been done: Electrical wiring and construction of a soak away and septic tank. Further, cracks on the veranda, floor in the treatment room, labour room, window in the labour room and spoon drain had developed.
Shiwangandu	Construction of Mukwikile Rural Health Post	Remmy Contractors	31.03.2011	31.03.2011	30.06.2011	30,000	54,100	Construction of Rural Health Post involving works among others; substructure, superstructure, roofing, painting, decorating and Solar power installation.	The building was completed and was in use. However, the following were observed: <ul style="list-style-type: none"> ●Crack on the wall near the entrance of the dispensary. ●Cracking floor in the dispensary and observation rooms. ● Flash door in the store room was not painted. ●Paint pilling off and fading. ●Loose iron sheets leading to vibrations when windy. As a consequence there's gapping between the beam filling and the roof. ●Patches made during wiring remained unpainted. ●Cracking spoon drain around the structure. ●Burnt bricks used instead of blocks. ●Non galvanized iron sheets used ●No fire extinguisher ●No hose reel fixed
	Construction of Lwanya Health Post	MKP Contractors	19.01.16	19.01.16	20.05.16	356, 188	338, 378	Construction of Rural Health Post involving works among others; substructure,	As at 31 st July 2017, the structure had been completed but not handed over. However, the following were observed:

								superstructure, roofing, painting, decorating and solar power Installation.	<ul style="list-style-type: none"> • Five (5) sockets and eleven (11) switches were not fitted. • Cracks had developed on the floor inside the dispensary and rear spoon drain. • No firefighting equipment had been installed such as hose reels and fire extinguishers.
	Construction of Chibamba Rural Health Centre	Chande General Dealers	11.04.11	11.04.11	11.07.11	30,000	82,457	Construction of Rural Health Center involving works among others; substructure, superstructure, roofing, painting, decorating and, Solar power Installation.	<p>As at 31st July 2017, the structure had been completed although not handed over. However, the following were observed:</p> <ul style="list-style-type: none"> • Solar panels, sockets, burglar bars, grille doors and meter box had not been fitted. • Cracks on the floor and on the pillar to the entrance of the observation room had developed. <p>Further, it was also observed that fire extinguishers and a hose reel had not been installed.</p>
									<p>OTHER OBSERVATIONS – FAILURE TO PROVIDE CONTRACTS</p> <p>Amounts totalling K7,793,588 were paid to eight (8) contractors for the construction of various projects. However, there were no contract documents availed for audit. As a result, it was not possible to ascertain the contract sums, scope of works and whether the works were done according to specification.</p>

iii. Northern Province

District	Project	Contractor	Contract Date/ Period	Contract Sum K	Total Amount Paid to Contractor K	Scope of Works	Observation/Status
Chilubi	Construction of District Hospital Phase I	Mango Tree Investment Limited	12 months starting from 10th July 2015 to 10th July 2016.	24,746,329	5,958,989	The scope of works included: Construction of Administration block, OPD, X-Ray and external works such as clearing of the surrounding, paved pathways, parking areas, landscaping and water reticulation.	As of July 2017, the project had delayed by 11 months with the following outstanding works: <ul style="list-style-type: none"> • Administration Block The structure was at wall plate level with the following works still outstanding; roofing, iron mongery, carpentry works, electrical fittings, plumbing works, plastering, painting, glazing, finishing and decorations among others. • Out Patient Department and X-Ray block Both the outpatient department and the X-Ray structures were at wall plate level with the following works still outstanding; roofing, iron mongery, carpentry works, electrical fittings, plumbing works, plastering, painting, glazing, finishing and decorations among others.
Mpulungu	Construction of Mpulungu District Hospital Phase III	Golden Horse Investment Ltd	56 weeks from 28 th February 2014 to 30 th April 2015	7,383,724	5,457,757	Construction of four (4) medium staff houses, six (6) low cost houses, one (1) male ward, an Incinerator and external works (walkways and water reticulation).	As of July 2017, the project had delayed by 26 months with the following outstanding works: <ul style="list-style-type: none"> • Construction of Ten (10) Staff houses The staff houses had been roofed and plastered with the following works still outstanding: painting, glazing, electrical fittings, flooring, carpentry works, soakaway systems and plumbing works. • Construction of Male Ward The structure had been roofed, plastered, soak away systems done

							and metal works done. However, the following works were still outstanding: flooring, electrical fittings, glazing, tiling and construction of spoon drain among others.
Mpulungu	Rehabilitation of Mpulungu District Hospital Phase I & II	Golden Horse Investment Ltd	10 weeks starting from 9 th March, 2016 to 17 th May, 2016	1,011,985	981,257	The scopes of works included rehabilitation and renovation of the Service block and Out Patient Department.	As at 31 st July 2017, the following were observed: <ul style="list-style-type: none"> • Service Block Although the structure had been completed, it was observed that the paint had peeled off on the eastern side of the wall, two (2) broken window glasses on the building and man hole covers had not been fitted.
Mbala	Rehabilitation and Renovation of female ward and Ablution block at Mbala General Hospital	Various Mafilildah Supplies	Labour Based	120,440 (Labour K27,785 and Materials K92,656)	92,656	Rehabilitation and Renovation of female ward and Ablution block	As of July 2017, the works had not been completed with the following works still outstanding : <p>Ablution Block Painting, fitting of toilets, cisterns, two (2) pillar taps on hand wash basins, two (2) Showers, four (4) doors, three (3) Glass panel, One (1) window frame, two (2) windows and fixing of wall and floor tiles.</p> <p>It was also observed that water pipes had not been connected and the ceiling board had not been replaced.</p>

iv. Western Province

District	Project	Contractor	Contract Date/Period	Contract Sum K	Total Amount Paid to Contractor K	Scope of Works	Observation/Status
Nalolo	Construction of Nalolo District Hospital Phase I	Hua Chang Infrastructure Engineering (Z) Ltd	14.01.15 – 27.01.16 (12 Months)	13,400,636	4,134,842	Construction of Administration block, OPD, X-Ray and external works such as clearing of the surrounding, paved pathways, parking areas, landscaping and water reticulation.	As at 31 st July 2017, the project had delayed by seventeen (17) months with the following outstanding works: Administration, OPD and X-Ray Blocks The project had reached wall plate level with the following works still outstanding: <ul style="list-style-type: none"> ○ Metal and structural steel works, ○ Roofing, ceiling, carpentry, joinery and iron mongery, ○ Plumbing and electrical Installations, ○ Flooring and wall finishing ○ Glazing and painting. External Works , one borehole had been constructed whilst the rest of the works such as walkways, parking areas, landscaping, water reticulation, second borehole, septic, soakway pits and manholes and drainages were still outstanding.
Limulunga	Limulunga District Hospital Phase I	Mercury Line Ltd	14.01.15 – 27.01.16 (12 Months)	12,444,527	1,092,107	Construction of Administration block, OPD, X-Ray and external works such as clearing of the surrounding, paved pathways, parking areas, landscaping and water reticulation.	As of July 2017, the project had not been completed and had delayed by seventeen (17) months with the following outstanding works: The Administration Block was at roof level and the OPD/X-Ray Block at window level with the rest of the works outstanding.
Mongu	Completion of Lecture Theatre at Lewanika Nursing School	Carlyle North Limited	January – June 2016 (6 Months)	630,047	76,540	Completion of Lecture Theatre Block from Wall Plate Level	As of July 2017, the project was at wall plate level and had delayed by 11 months with the following works outstanding: Roofing, fitting of doors ceiling, carpentry, plumbing, electrical installations, flooring, painting, glazing, joinery and iron mongery,

Mongu	Construction of Oxygen Plant	Kufanga Contractors	11.04.16 (10 Weeks)	196,000	194,197	Excavations, Substructure and blockwork to Wall Plate Level	As of July, 2017, the structure had been roofed with plastering, plumbing, metal works including fitting of shutter roller doors done whilst the following works were outstanding: <ul style="list-style-type: none"> ○ Painting, ○ Fitting of air conditioner, ○ Lighting points ○ Manhole cover ○ Connection of water.
			February – April 2017 (13 Weeks)	595,342	172,013	Completion from Wall Plate to Roofing, Ceiling, Metal Works, Plastering, Fitting of two (2) Roller Shutter Doors, Painting, Tiling, Fitting of Air-conditioner, Electrical Installation, Plumbing and Connection to existing sewer line	
Kaoma	Construction of Laboratory at Kaoma District Hospital Phase I	Edmas General Dealers and Contractors (Lab Based)	March 2017 to April 2017(4 Weeks)	297,644	0	Construction from excavations, foundation footing and blockwork to slab	As of July 2017, foundation block work had been done and compacting was in progress preparing the base for reinforcement and casting of concrete for slab.

v. Southern Province

Project	Contractor	Contract Sum K	Contract Period	Total Spent K	Scope of Works	Observations
Construction of Namwala District Hospital Phase III	Mercury Lines Ltd	10,298,558	12 months (01.03.15 - 01.03.16)	6,406,674	Construction of six (6) low cost houses, Female ward, Children's ward and water reticulation including works among others; installation of a standby generator, Landscaping, Dish drain and apron and walkway.	As of July 2017, the project had not been completed and had delayed by sixteen (16) months with the following outstanding works: CHILDREN'S WARD Roofing, metal works, plastering, flooring, wall & ceiling finishes, plumbing installation, electrical installation, carpentry and joinery, iron mongery, glazing, painting and decorations, associated external works and structural steel works. FEMALE WARD Roofing, metal works, plastering, structural steel works, flooring, ceiling, plumbing, electrical installations, joinery, iron mongery, glazing, painting, decorations and associated external works. STAFF HOUSE x 2 Roofing, plastering, metal works, flooring, ceiling, plumbing, electrical installation, joinery and iron mongery, glazing, painting, decoration and associated external works. STAFF HOUSE X 4. Plastering, roofing, metal works, flooring, ceiling, plumbing, electrical installations, joinery and ironmongery, glazing, painting, decoration and associated external Works.
Construction of Gwembe District Hospital Phase II	Hua Chang Infrastructure Engineering (Z) Ltd	20,873,265	12 months (19.01.15 - 19.01.16)	5,759,999	Construction of four (4) medium cost houses, Maternity, Theatre, Service Block, Incinerator, Mortuary, External works and water reticulation – Works including among others; installation of	As of July 2017, the project had not been completed and had delayed by seventeen (17) months with the following outstanding works:

				standby generator, Landscaping, Dish drain and apron and walkway	<p>MATERNITY, THEATRE & SERVICE BLOCK- Roofing, plastering, metal works, floor, ceiling, plumbing, electrical installation, joinery and ironmongery, glazing, painting, decoration and associated external works.</p> <p>INCINERATOR Concrete work for the ring beam, block work, roofing, ironmongery, plastering, flooring and other associated external works.</p> <p>MORTUARY Concrete work for the ring beam, block work, roofing, ironmongery, plastering, flooring and other associated external works.</p> <p>STAFF HOUSES x 4 Plastering, carpentry, joinery and iron monger, metal work, plumbing installation, electrical installation, floor and wall finishing, glazing, painting and decorating.</p>
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Construction of Kazungula District Hospital Phase I	Mercury Lines Ltd	13,564,289	25 months (06.04.14 - 30.04.16)	7,463,369	Construction of four (4) medium cost houses, Maternity, Theatre, Service Block, Incinerator, Mortuary, External works and water reticulation – Works including among others; installation of standby generator, Landscaping, Dish drain and apron and walkway	<p>As of July 2017, the project had not been completed and had delayed by fifteen (15) months with the following outstanding works:</p> <p>OUT PATIENT DEPARTMENT (OPD) Work tops at cashiers, dispensary, X-ray, TB Lab and physiotherapy sections, glazing, fitting of eleven (11) swing doors, electrical fittings, plumbing, linoleum floor in passage area, lead shield and X-ray door for the X-ray room and external works.</p> <p>ADMINISTRATION BLOCK Worktops for record/reception room and skirting for all the rooms except for the corridor.</p> <p>It was also observed that the kitchen sink unit was covered with tiles around without leaving a provision for maintenance.</p>
Construction of Kalomo District Hospital Phase II	Golden Horse Ltd	21,752,109	05.12.14 (12 months)	6,600,588	Construction of Theatre, maternity, Service Block ,Mortuary and four (4) Staff Houses.	<p>As of July 2017, the project had not been completed with the following works outstanding:</p> <p>THEATRE & MATERNITY Plastering, roofing, joinery and ironmongery, steel work, metal work, plumbing, electrical installations, flooring, ceiling, glazing, painting, decorating and external drainage.</p> <p>SERVICE BLOCK Roofing, plastering, metal works, flooring, ceiling, plumbing, electrical installation, joinery and iron mongery, glazing, painting, decoration and associated external works.</p>

						<p>MORTUARY Roofing, plastering, metal works, flooring, ceiling, plumbing, electrical installation, joinery and iron mongery, glazing, painting, decoration and associated external works.</p> <p>STAFF HOUSE x 1 Plastering, roofing, carpentry, joinery and iron mongery, metal work, plumbing installation, electrical installation, flooring and wall finishing, glazing, painting and decorating.</p> <p>STAFF HOUSE x 3 Plastering, roofing, metal works, flooring, ceiling, plumbing, electrical installations, joinery and iron mongery, glazing, painting, decoration and associated external works.</p>
Macha School of Nursing- Construction of Dining Hall and Demonstration Lab	Muhambe Contractors & General Dealers	1,115,649	18.11.14 to 18.06.15 (24 weeks).	879,083	Construction of Dining Hall and Demonstration Laboratory	<p>DINING HALL As of July 2017, the project had not been completed and had delayed by eighty four (84) weeks.</p> <p>Outstanding works included: Flooring (in the main hall), (tiling), electrical installation, plumbing and glazing for casement doors.</p>

vi Central Province

District	Project	Contractor	Contract Date/ Period	Contract Sum K	Total Amount Paid to Contractor K	Scope of Works	Observation/Status
Chitambo	Construction of Staff house & VIP at Nakatambo HP in Chitambo	Funda General Dealers	12weeks (15.10.15 – 15.01.16) 1 st Revised completion date 29.05.16	221,379.00	90,554.51	Construction of Staff House involving works among others: Substructure, superstructure, , roofing, solar installations and external works Construction of VIP Toilet involving works among others: Substructure, superstructure, roofing and external works	As of July 2017, the project had delayed by sixty five (65) weeks. The remaining works involved fitting of burglar bars. It was also observed that there were signs of leakage in the roof and the ridges were not evenly aligned.
Chitambo	Completion of Student hostels at Chitambo Nursing School.	Divine Link Contractors	16weeks (02.03.16 - 27.09.16)	1,372,218	303,833	Completion of Student Hostel involving works among others; Substructure, Block work, Concrete work, Roofing and other external works.	As of July 2017, the project had not been completed and had delayed by forty nine (49) weeks with the following works outstanding: Plastering, painting, flooring, tiling, glazing, plumbing, ceiling and electrical fittings.
Chitambo	Construction of a staff House at Chitambo Hospital	Messer's Maheza Investments Ltd	Completion date 10 th May 2016 Revised completion date 5 th September 2016	297,223	159,033	Construction of Staff House involving works among others: Substructure, superstructure, roofing, solar installations and external works	As of July 2017, the Project had not been completed and had delayed by forty nine (49) weeks with the following works outstanding; Plastering, painting, flooring, tiling, glazing, plumbing, fitting of ceiling, supply of the shonga steel kitchen unit and electrical fittings.
Mumbwa	Construction of staff house & VIP toilet at Naluvwi RHC in Mumbwa District.	Exxon and Exxon mobile Zambia	Revised date of completion 30.12.16	192,141	185,482	Construction of Staff House involving works among others: Substructure, superstructure, roofing, solar installations and external works Construction of VIP Toilet involving works among others: Substructure, superstructure, roofing and external works	As of July 2017, the project had not been completed and had delayed by thirty three (33) weeks with the following works outstanding: Painting of doors, glazing, completion of final coat, fitting of peg stays and window slides for both structures. It was also observed that cracks had developed in the bedrooms and veranda of the staff house and the contractor was not on site.

Mumbwa	Construction of a maternity ward at Naluvwi RHC in Mumbwa District.	Exon & Exxon mobile Zambia	Completion date 30.08.16 Revised completion date 30.12.16	282,767	124,080	Construction of Maternity Ward involving works among others: substructure, superstructure, roofing and external works	As of July 2017, the Project was at wall plate and had delayed by thirty three (33) weeks with the following works outstanding: Roofing, glazing, flooring, plastering and painting, metal works and drainage works. Further, it was observed that the contractor was not on site.
Chisamba	Electrification of Malombe Rural Health Centre	ZESCO Ltd	9 months (March 2013- November 2013)	203,829	233,047	Electrification of Malombe rural health Centre.	Although a payment of K233,046 had been made to ZESCO, four (4) years ago, the Health Centre had not been connected with electricity as of July 2017.
Chibombo	Completion of theatre at Mwachisopola Health Demonstration zone	Messrs.' M. Abigail Sales agency	60 days(10.05.16 to 10.07.16)	236,222	110,116	Construction of Theatre involving works among others; brickwork replacing leaking roofing and Carpentry	As of July 2017, the project had delayed by fifty six (56) weeks with the following works outstanding: Replacing of the ceiling board, joinery and ironmongery, fitting of rubber door stoppers, fitting of 14 double doors, electrical installations and external works. Further, it was observed that the hose reel had not been fitted.
Chibombo	Construction of dining hall and kitchen at Mwachisompola Hedezo in Chibombo	Balombwana Enterprises LTD	15weeks 2 nd March 2016- 10 th June 2016	1,371,734	342,802	Construction of Dining Hall and Kitchen involving works among others; Substructure, Block work, Concrete work, Roofing and other external works.	As of July 2017, the project was at slab level and had delayed by fifty nine (59) weeks. It was also observed that the slab was of poor quality and had developed cracks. The contractor was advised by District works supervisor to correct the slab by scrapping it off completely and re-casted. However, the contractor had not done the work. It was further observed that the works had stalled and the contractor was not on site.
Kapiri-Mposhi	Construction of Staff house and VIP at Kakulu HP in Kapiri Mposhi	Silconnect Solutions LTD	Revised completion date 17.11.16	187,027	137,697	Construction of Staff House involving works among others: Substructure, superstructure, roofing, solar installations and external works	Although the house had been completed, it had not been occupied as at 31 st July 2017. Further, it was observed that cracks had developed on the structure and the Kitchen Unit had not been fitted.

						Construction of VIP Toilet involving works among others: Substructure, superstructure, roofing and external works	
Kapiri-Mposhi	Completion of 2 staff houses -at Kapiri Mposhi District Hospital	Sky Centre Investment Ltd	Revised completion date 02.09.16	292,726	178,207	Construction of Staff House involving works among others; substructure, superstructure, roofing and external works	As of July 2017, the project had been completed. However, it was observed that although houses were completed and occupied, window stays, slides and handles had not been fitted.
Kapiri-Mposhi	Construction of Lukali RHP, Staff House and 3 VIP Toilets in KapiriMposhi	Tint Construction and General Dealers	20 weeks (09.06.15 – 10.11.15)	436,591	50,000	Construction of Health Post involving works among others; Substructure, superstructure roofing, plastering, painting, external works Construction of Staff House involving works among others; Substructure, superstructure, roofing, solar installations, painting and external works Construction of three (3) VIP toilets involving works among others; substructure, superstructure concrete work, roofing, painting and external works	As of July 2017, the project had not been completed and had delayed by eighty seven (87) weeks with the following works outstanding: Health Post Completion of roofing, plastering, flooring, fitting of doors, painting and external works Staff House Plastering, flooring, painting, glazing and fitting of doors, fitting of Shelves in the kitchen and bedrooms, fitting of kitchen unit, drainage works and walkways to the toilet. 3no.VIP Toilets Plastering, painting, roofing, drainage works, fitting of vent pipes, window frames and door frames.
Serenje	Construction of Serenje District Hospital Phase III	Zaminliny Investment Ltd	12 months (10.02.14-24.02.15) Extended completion date 30.03.17	6,665,592	3,400,566	Construction of six (6) Low Cost Houses, Female Ward, Maternity Ward, drilling and equipping of one (1) borehole, walk ways, mortuary and incinerator.	As at 31 st July 2017, the structure had been roofed but had delayed by one hundred and twenty five (125) weeks with the following works outstanding; Maternity and Female Wards Fitting of Linoleum floor mat in the main wards, fitting of sockets and switches and connection of sewer lines.

							<p>It was also observed that there were signs of leakages on the ceiling in that there were water stains.</p> <p>Mortuary Outstanding works on the mortuary included tiling, plumbing and connection of the sewer line and fitting of sockets and switches.</p> <p>Drilling of Borehole Supply and installation of submersible pump and connection of water to the staff houses.</p> <p>Low Cost Houses Fitting of sockets and switches, plumbing and painting.</p> <p>Walkways Roofing of walkway metal frames.</p>
Mkushi	Construction of Mkushi District Hospital Phase II	Zafeck Investments ltd	10 months (15.01.13-31.10.13) Third extension 15.07.15	7,830,526	2,994,274	Construction of four (4) medium cost staff houses, male ward, OPD and Administration block, Mortuary and incinerator.	<p>As at 31st July 2017, the structure had been roofed and delayed by one hundred and five (105) weeks with the following works outstanding:</p> <p>Mortuary Painting, fitting of three (3) double doors, plumbing fittings, tiling of the mortuary with terrazzo, electrical fittings, supply and installation of the mortuary unit, connection of water supply.</p> <p>OPD/Administration/Male ward: Painting of the entrance to the male ward, interior of offices, fitting of three (3) main double doors, fitting of the linoleum floor, electrical fittings and plumbing.</p>
Mkushi	Construction of Mkushi District Hospital Phase III	African Brothers	13.07.15 – 13.07.16	12,440,517	2,488,103	one female and one children's ward, six (6) low cost staff houses and walk ways	<p>As of July 2017, the project had not been completed and had delayed by fifty one (51) weeks with the following works outstanding: Roofing, plastering, flooring, ironmongery, electrical installations,</p>

							carpentry, fitting of doors, painting and external works.
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vii Luapula Province

District	Project	Contractor	Contract Date	Contract Period	Contract Amount K	Total Spent K	Scope of Work	Remarks
Chembe	Maternity Annex at Chipete Rural Health Centre	Peter Chalwe	11.11.15 - 24.12.15	six (6) weeks	26,500 (contract price – labour)	Labour (15,000) Materials (38,964)	Labour based- up to Super structure, roofing , plastering, ironmongery and painting	As of July 2017, the structure had been roofed, however, the project had delayed by eighty (80) weeks despite all the material shaving been procured by the PHO. The remaining works included: Plastering, flooring, glazing, carpentry, iron mongery, painting and external works. It was also observed that works had stalled and the contractor was not on site.
Mansa	OPD & Ablution block at Mibenge	Muhambe Contractors	15.07.16 - 31.08.16	Six (6) weeks	487,103	153,843	Construction of an Out-patient Department, Ablution block involving works among others; Connecting Canopy, sinking borehole, Associated External Works, water tank and erecting stand	As at 31 st July 2017, the structure was at gable level and the project had delayed by forty eight (48) weeks with the following works outstanding; OPD and Ablution Block Iron mongering, plastering, flooring, roofing, connecting canopy, electrical installations and external works. It was also observed that works had stalled and the contractor was not on site.
		Lama Engineering Ltd	15.07.16 - 20.11.16	Seventeen (17) weeks	417,658	83,532	Construction of OPD department and Ablution block involving works	As at 31 st July 2017, the Project was at roof level and had delayed by

	Construction of an OPD at Kapopwa						among others; substructure, superstructure, roofing, painting, connecting canopy and provision of water supply.	thirty two (32) weeks with the following works outstanding; The OPD and Ablution Iron mongering, plastering, flooring, roofing, connecting canopy, electrical installations and external works. Further, the sinking of the borehole and construction of tank stand had not been done.
	Construction of an OPD at Lwingishi	JIMMEI Contractors	14.07.16 - 14.10.16	Twelve (12) Weeks	422,857	164,792	Construction of OPD department and Ablution block involving works among others; substructure, superstructure, roofing, painting, connecting canopy and Provision of water supply.	As of July 2017, the Project was at roof level and had delayed by thirty six (36) weeks with the following works outstanding; The OPD and Ablution Ironmongery, flooring, roofing, connecting canopy, electrical installations and external works. Further, the sinking of the borehole and construction of tank stand had not been done.
	Construction of an OPD, ablution block and Associated works at Matenda	Chisunka Agencies	14.07.16 to 14.10.16	12 Weeks	433,048	220,293	Construction of OPD department and Ablution block involving works such as; substructure, superstructure, roofing, painting, connecting canopy and supply of water.	As at 31 st July 2017, the Project was at roof level and had delayed by thirty six (36) weeks with the following works outstanding; The OPD and Ablution Ironmongery, flooring, plastering, roofing, connecting canopy, electrical installations, external works, drilling of borehole and erecting of tank stand. It was also observed that works had stalled and the contractor was not on site.
	Construction of an OPD at Mupita	Newka Contractors and General Dealers	14.07.16 to 14.10.16	12 Weeks	417,658	152,873	Construction of OPD department and Ablution block involving works such as; substructure, superstructure, roofing, painting, connecting canopy and supply of water.	As at 31 st July 2017, the structure was roofed and the project had delayed by thirty six (36) weeks with the following works outstanding; The OPD and Ablution Flooring, plastering, connecting canopy, electrical installations, external works, drilling of borehole and erecting of tank stand

	Construction of an OPD at Lukali	Inspired General Suppliers	29.07.16 to 29.11.16	16 Weeks	433,048	167,816	Construction of OPD department and Ablution block involving works among others; substructure, superstructure, roofing, painting, connecting canopy and supply of water.	As at 31 st July 2017, the structure was at slab level and the project had delayed by thirty two (32) weeks with the following works outstanding: The OPD and Ablution Superstructure, flooring, plastering, connecting canopy, electrical installations, external works, drilling of borehole and erecting of tank stand.
	Construction of an OPD at Changila	Inspired General Suppliers	28.07.16 to 28.11.16	Sixteen (16) Weeks	424,928	244,463	Construction of OPD department and Ablution block involving works among others; substructure, superstructure, roofing, painting, connecting canopy and supply of water.	As at 31 st July 2017, the structure was roofed and the project had delayed by thirty two (32) weeks with the following works outstanding: The OPD and Ablution Ironmongery, flooring, connecting canopy, electrical installations, external works, drilling of borehole and erecting of tank stand.
	Construction of an OPD at Mupofwe	Chilubula Enterprises	23.12.15 to 23.06.16	Twelve (12) weeks	498,776	204,887	Construction of OPD department and Ablution block involving works among others; substructure, superstructure, roofing, painting, connecting canopy and supply of water.	As at 31 st July 2017, the structure was roofed and the project had delayed by fifty one (51) weeks with the following works outstanding: The OPD and Ablution Plastering, flooring, connecting canopy, electrical installations, external works, drilling of borehole and erecting of tank stand
	Construction of an OPD at Moonga	Derito General Dealers	19.10.15 to 19.01.16	Twelve (12) weeks	478,876	193,708	Construction of OPD department and Ablution block involving works among others; substructure, superstructure, roofing, painting, connecting canopy and supply of water.	As at 31 st July 2017, the structure was roofed and the project had delayed by seventy six (76) weeks with the following works outstanding: The OPD and Ablution Plastering, flooring, connecting canopy, electrical installations, external works, drilling of borehole and erecting of tank stand.
Nchelenge	Reconstruction of gutted	BD Hardware and Electrical	17.12 14 to	Twenty (20) Weeks	1,463,058	372,804	Construction of Hostels and	As at 31 st July 2017, the structure was roofed and the project had

	Hostels and Ablution Block at St Paul's School of Nursing		17.05.15				Ablution block involving works among others; substructure, superstructure, roofing, painting and external works.	delayed by one hundred and four (104) weeks with the following works outstanding: Hostels and Ablution Flooring, electrical installations, painting, ceiling, fitting of doors and external works.
	Construction of Operation Theatre at St Paul's School of Nursing	Edal General Dealers Ltd	14.11.16 to 14.03.17	Sixteen (16) Weeks	976,286	244,072	Construction of an Operation Theatre involving works among others; substructure, superstructure, roofing, painting and external works	As at 31 st July 2017, the structure was roofed and the project had delayed by eighteen (18) weeks with the following works outstanding; Flooring, plastering, glazing, electrical installations, painting, ceiling, fitting of doors and external works.

viii Lusaka Province

District	Project	Contractor	Contract Date	Contract Period	Contract Amount K	Total Spent K	Scope of Work	Remarks
Kafue	Construction of Health Post and Staff House at Kanyangala in Kafue District	Agnelum Investments Limited	27.11.16	Ten (10) weeks 27.11.16 – 04.02.17	332,330	83,000	Construction of Health Post and Staff House involving works such as; substructure, superstructure, roofing, painting and external works.	As at 31 st July 2017, the project had not been completed and had delayed by twenty (20) weeks with the following observations: Health Post The health post was at roof level with the following outstanding works; flooring, plastering, glazing, electrical installations, painting, ceiling, fitting of doors and external works. Staff House Excavation works had been done with the rest of the works still outstanding. Further it was observed that works had stalled and the contractor was not on site.
Chirundu	Completion of Staff House at Chiawa Health Centre	Nyalito Enterprises Limited	03.05.16	Four (4) weeks 03.05.16 – 31.05.16	71,475	73,345	Construction of Staff House involving works such as; substructure, superstructure, roofing, painting and external works	Although the house was completed, the porcelain floor tiles were not fitted in the kitchen, passage, toilet, living and dining room. It was also observed that there were signs of leakages as evidenced from the stained ceiling boards. Further, there was no variation order to support the excess amount of K1,805 above the contract sum.
Shibuyunji	Construction of a Rural Health Post in Shibuyunji (Mastek Rural Health Centre)	Great East Trading Limited	28.03.16	Ten (10) weeks 28.03.16 – 06.06.16	307,327	188,856	Construction of Rural Health Post involving works such as; substructure, superstructure, roofing, solar installation, painting and external works	As at 31 st July 2017, the structure had been roofed and the project had delayed by fifty two (52) weeks with the following works still outstanding; Solar power installation, painting decorations and external works. Further, it was observed that works had stalled and the contractor was not on site.

Head: 51 Ministry of Transport and Communications

Departments: Various

Units: Various

Programmes: Various

Activities: Various

42. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a total budget provision of K276,899,940 was made to cater for the implementation of various programmes and activities in the Ministry. In this regard, the Treasury released a total amount of K236,525,056 resulting in an underfunding of K40,374,884.

As at 31st December 2016, the Ministry had spent amounts totalling K236,265,189.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry carried out from January to March 2017 revealed the following:

a. Third Party Funds – Tanzania Zambia Railways Authority (TAZARA) - Failure to Avail Expenditure Returns

During the year under review, the Ministry remitted K27,352,965 to the Tanzania Zambia Railways Authority (TAZARA) in Dar-es-Salaam, Tanzania to cater for procurement of fuel and lubricants.

A review of records and a site visit to Mpika revealed that out of the total sum of K27,352,965 released, Mpika Regional Office received amounts totalling K1,069,657 while the Headquarters in Dar es Salaam received K26,283,308 for the procurement of fuel, lubricants and spares.

An examination of documents revealed that although Headquarters in Dar es Salaam received K27,352,965 for the procurement of fuel, oils and spares, no expenditure returns had been sent to the Ministry as 31st August 2017.

b. Questionable Claims and Payments – Kasaba Bay Runway

In Paragraph 45 of the Auditor General’s Report for the financial year ended 31st December 2011, mention was made of irregularities regarding the upgrading of Kasaba Bay Runway. In particular, the engagement of Ng’andu Consulting Limited at the contract price of K63,425,412 which was later revised to K71,829,467 over and above

the available funding of K50,330,603, the failure by Ng'andu Consulting Limited to settle RRU and Global limited for the hire of plant and equipment, the failure to settle certified claims resulting in interest claims of K1,292,985 and delays in the completion of works. Arising from the irregularities, the contract was terminated in May 2015 and consequently, Ng'andu Consulting Limited submitted a statement of account totalling K180,190,700 which was renegotiated downwards to K157,404,833 by a Committee instituted by the Permanent Secretary upon advice from the Attorney General. See details below.

Details	Amount K
Principal Amount as per IPC 7&8	12,057,038
Accrued Interest as at 28 th February 2015	11,477,304
Sub total	23,536,342
Claims due to Force Majeure	
Opportunity Cost for the Crusher	82,684,800
Opportunity Cost for the Laboratory Equipment	12,164,758
Remuneration	61,804,800
Sub total	156,654,358
Total Amount Due After Termination	180,190,700

In August and December 2016, amounts totalling K13,300,000 had been paid to the Consultant leaving a balance of K144,104,833. See table below.

Payee	Date	Efta No	Amount K
Ngandu Consulting	19.08.2016	14933	5,000,000
Ngandu Consulting	30.12.2016	17810	8,300,000
Total			13,300,000

An analysis of the above claim revealed the following:

i. Interest Charges Claimed

Clause 6.4(c) of the contract document stipulated that the client shall cause the payment of the Consultants' Monthly Statement within sixty (60) days after receipt by the client of such statements with supporting documents. In this regard, interest could only be calculated after sixty (60) days.

However, calculation of interest amounting to K12,347,519 was erroneously arrived at in that it was based on a payment overdue date of twenty eight (28) days instead of sixty (60) days as per Clause 6.4 (c) of the terminated contract.

Upon audit enquiries and after bringing the matter to the attention of the consultant, the interest amount was adjusted by K471,081 bringing the claimable amount to K11,876,438.

It was further observed that although Clause 6.4 (c) of the General Conditions of the contract stipulated that interest was to be based on the Bank of Zambia rate plus 2%, the Consultant claimed interest based on a fixed interest rate of 19% plus 2% for the entire period of the claim. In this regard, there is a risk that the claim of K11,876,438 could be overstated.

ii. Opportunity Cost for a Crusher

Included in the claim was an amount of K82,684,800 the consultant was claiming as opportunity cost for the Crusher under Force Majeure for the period from April 2012 to February 2015 (35 months).

However, according to the special conditions of the contract, Clause 6.1, the crusher was supposed to be on site for a period of eight (8) months commencing 11th December 2009. Further, in a progress report No. 13 of May 2011, the Consultant reported that the activity for the crusher had been completed.

In this regard, the basis of the claim of K82,684,800 for the crusher is questionable.

c. Failure to Deliver Dredgers and Excavators - MCD Civil and Mechanical Engineering

In paragraph 40 of the Auditor General's Report for the financial year ended 31st December 2015, mention was made of the total amount of US\$9,240,370 paid to MCD Civil and Mechanical Engineering as of November 2015 for the supply of twelve (12) dredging machines at the total contract price of US\$11,875,800 and a delivery period of eight (8) months from the date of advance payment.

It was further mentioned that as of July 2016, the supplier had not delivered any of the dredging machines.

In their Report for the First Session of the Twelfth National Assembly, the Public Accounts Committee strongly recommended that the Ministry must give the contractor a deadline by which date all the dredgers must be delivered failure to which the Ministry must fully enforce its contractual rights.

A scrutiny of the contract document in 2017 revealed that specifications for the machinery to be delivered were six (6) cutter dredgers and six (6) excavators, not twelve (12) dredgers as indicated on the face of the contract document.

A review of the situation during the audit of 2016 accounts revealed that the contractor had only supplied three (3) amphibious excavators valued at US\$2,968,950 leaving a balance of three (3) amphibious excavators and six (6) cutter suction dredgers costing US\$6,271,420.

It could not be ascertained as to when the three (3) undelivered excavators and six (6) cutter dredgers would be delivered and no security guarantee was availed for the balance of US\$6,271,420 being held by the supplier.

d. Failure to Deliver Passenger Vessels - Multi Industry Limited

In paragraph 40 of the Auditor General's Report for the financial year ended 31st December 2015, mention was made of the total amount of US\$2,388,500 (K26,979,941) paid to Multi Industry Limited as of November 2015 for the supply of three (3) passenger vessels at the total contract price of US\$2,810,000 (K31,751,000) and a delivery period of four (4) to six (6) months from the date of advance payment.

In their Report for the First Session of the Twelfth National Assembly, the Public Accounts Committee urged the Controlling Officer to ensure that the contractor is given a deadline by which the passenger vessels must be delivered failure to which the Ministry must enforce its rights under the contract in full.

A verification carried out in April 2017 revealed that only one (1) x 24 seater passenger vessel was delivered in January 2017. A pre-shipment inspection carried out in July 2017 in China by officials from the Ministry, revealed that one passenger vessel was ready for shipment while the mould for the second vessel had been made. The supplier indicated that he was waiting for the pre-shipment inspection report before finalising the manufacturing of the second vessel. However, no commitment letter was availed to indicate delivery period.

e. Failure to Utilise Delivered Dredgers

Fifteen (15) dredgers that were delivered during the period from 2014 to 2016, were not being utilised. In this regard, eleven (11) were at the Ministry headquarters, awaiting distribution, and four (4) though distributed were idle.

f. Construction and Rehabilitation of Airports - Construction of Kasama Airport Aerodrome

In Paragraph 50 of the Auditor General's report on the accounts for the Republic for the financial year ended 31st December 2014, mention was made on the weaknesses on the construction of Kasama Airport Runway.

In particular, mention was made of advance payment amounting to K28,202,523 to Messrs Anhui Shui'an Construction Group Corporation against the contract price of K141,012,639 inclusive of VAT for the construction of Kasama Aerodrome. It was further reported that the bank guarantee had expired as of June 2015 and the contractor had only cleared a stretch of 1.5 km by 45 metres.

In their report for the Fifth Session of The Eleventh National Assembly, the Public Accounts Committee expressed concern that the Ministry engaged and paid the contractor an advance payment of K28,202,523 before the consultant was appointed. The Committee cautioned the Controlling Officer to follow procedure by minimising the awarding of contracts to questionable contractors.

As of April 2017, twenty four (24) months after the expected date of completion, works had not been completed as the contractor had only cleared and compacted a distance of 3.6 km of runway and piled heaps of gravel and there was no evidence of extension of the contract.

Head: 62 Ministry of Energy and Water Development

Departments: Various

Units: Various

Programmes: Various

Activities: Various

43. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a total budget provision of K243,770,511 was made to cater for the implementation of various programmes and activities in the Ministry. In this regard, the Treasury released a total amount of K226,661,313 resulting in an underfunding of K17,109,198. In addition, the Ministry received recoveries in amounts totalling K1,251,044 in the Revolving Fund account.

As at 31st December, 2016, the Ministry had spent amounts totalling K226,348,867.37 as per the Financial Statements (Statement 'C').

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry carried out from May to June 2017 for the year ended 31st December, 2016 revealed the following:

a. Misapplication of Funds

Contrary to the Appropriation Act of 2015, amounts totalling K112,898 meant for paying of loans and advances were spent on Recurrent Departmental Charges (RDCs) related activities such as payment of allowances for monitoring, official entertainment, servicing of motor vehicles, purchase of fuel and purchase of cleaning materials among others not related to the purpose for which the funds were appropriated for by Parliament without Treasury authority. As a result, payment of loans and advances were adversely affected.

b. Procurement of a Technical RIG, Compactor and Trucks

- i. In December 2015, the Ministry of Energy and Water Development entered into a contract with Reginald Transport and Trading for the supply and delivery of one geo-tech drilling rig at a total contract sum of K2,250,000 with a delivery period of six (6) to eight (8) weeks. The terms of payment were:
 - Advance payment, 60% of the contract price to be paid within thirty (30) days of signing of the contract and upon submission of the claim and a bank guarantee or insurance bond for equivalent amount valid until the goods are delivered.
 - On shipment, 30% of the contract price of the goods shall be paid through irrevocable confirmed letter of credit.
 - On acceptance, 10% of the contract price of the goods received shall be paid within thirty (30) days of receipt of the goods upon submission of the claim.

An examination of accounting records maintained at the Ministry headquarters revealed that amounts of K545,408 and K804,591 were paid in June 2016 and July 2017 respectively. This was six (6) and eighteen (18) months after the signing of the contract, contrary to the terms of the contract. In this regard, the rig had not been delivered as of August 2017.

- ii. In December 2015, the Ministry of Energy and Water Development entered into a contract with Tiam Zambia Limited for the supply and delivery of two (2) tipper trucks

at a total contract sum of K1,929,800 with a delivery period of six (6) to eight (8) weeks.

The terms of payment were:

- Advance payment, 60% of the contract price to be paid within thirty (30) days of signing of the contract and upon submission of the claim and a bank guarantee or insurance bond for equivalent amount valid until the goods are delivered.
- On shipment, 30% of the contract price of the goods shall be paid through irrevocable confirmed letter of credit.
- On acceptance, 10% of the contract price of the goods received shall be paid within thirty (30) days of receipt of the goods upon submission of the claim.

An examination of accounting records maintained at the Ministry Headquarters revealed that amounts of K461,265 and K696,614 were paid in June 2016 and July 2017 respectively. This was six (6) and eighteen (18) months after the signing of the contract, contrary to the terms of the contract. As at 31st August 2017, one (1) tipper truck had been delivered leaving one (1) outstanding.

Head: 64 Ministry of Works and Supply

Units: Various

Programmes: Various

Activities: Various

44. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a total budget provision of K217,325,542 was made to cater for the implementation of various programmes and activities in the Ministry against which amounts totalling K190,845,125 were released resulting in an underfunding of K26,480,417.

As at 31st December 2016, the Ministry had spent amounts totalling K190,624,838.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry carried out from January to March 2017 for the year ended 31st December 2016 and inspections of projects in selected districts revealed the following:

a. Grant Aided Institutions Under Hostels Board

During the period under review, Hostels Board which falls under the Ministry of Works and Supply had an approved budget provision of K3,500,000 to cater for various approved programmes and activities. In this regard, the Ministry of Finance released a total amount of K3,208,333 leaving a balance of K291,667.

An examination of records maintained at the Ministry Headquarters revealed the following;

i. Failure to Abide by the Contract Terms in the Supply of Air Conditioners – Lothian House

On 18th March 2016, the Ministry of Works and Supply awarded a tender to Messrs Tlorens Investments Limited to supply, deliver and install fifty (50) air conditioners at Lothian House in Kitwe at a contract sum of K341,551 with a delivery period of fourteen (14) days from 18th March to 2nd April 2016. However, the contract document did not specify unit costs.

As at 5th August 2016, a total amount of K333,023 had been paid to the contractor leaving a balance of K8,528.

Physical inspections of the installed air conditioners at the institution carried out in April 2017 revealed that the contractor did not fully conform to the agreed specifications as per contract requirements in that out of the fifty (50) air conditioners supplied, only six (6) conformed to the specifications, seven (7) were 9000 BTU and the capacity for the balance of thirty-seven (37) air conditioners could not be ascertained due to inadequate information displayed on them. The documents supplied by the supplier did not show the unit prices of the air conditioners delivered. As a result, the total value of the air conditioners could not be ascertained. *See table below.*

Model	Quantity	Comment/Details
HAIER	24	Not ascertained
AUX	10	Not ascertained
BOMPANI	2	Not ascertained
LG	3	18000 BTU
LG	2	12000 BTU
LG	7	9000 BTU
NIKURU	1	18000 BTU
NOBEL	1	Not ascertained
Total	50	

ii. Failure to Avail Claims and Copies of Certified Works for Construction of Chinsali Lodge

On 14th December 2015, the Ministry entered into a contract with Zhengtai Group (Zambia) Limited for the construction of Chinsali Lodge at a contract sum of K14,338,701 with a completion period of fifteen (15) months. A site possession certificate was not availed to ascertain the commencement date of the contract. A scrutiny of records revealed that an advance payment of K1,350,000 was paid to the contractor in December 2016. However, as of August 2017, eight (8) months after payment was made, the construction was still at excavation level. *See picture below.*



Chinsali Lodge Construction Site

Head: 64 Ministry of Works and Supply

Department: 07 Buildings

Activities: Infrastructure Development – New Districts

45. In Paragraph 41 of the Auditor General’s report for the financial year ended 31st December 2015, mention was made of irregularities in respect of infrastructure in the newly created districts in nine (9) provinces. In particular, it was mentioned that amounts totalling K225,110 were paid for works not done, amounts totalling K5,223,126 were irregularly certified and there were abandoned contracts among others.

In their Report for the First Session of the Twelfth National Assembly, the Public Accounts Committee recommended among others that, the Controlling Officer should institute disciplinary action against project managers to avoid payments for works not done,

overpayments are fully recovered without further delay, Controlling Officers be proactive at all times and ensure that funds are recovered without further delay.

Accounting and Other Irregularities

A review of third party accounts for infrastructure development in new districts during the audit of the period ending 31st December 2016 revealed that details of funding for the period 2015 to 2016 were not availed for scrutiny.

Infrastructure Development in the Districts

A review of project reports and visits to selected sites carried out in April 2017 revealed the following:

i. Abandoned Works

In this regard, the Ministry awarded one hundred and eighty two (182) contracts countrywide. A sample selection of nine (9) contracts awarded to eight (8) contractors to construct Post Offices, Office blocks and houses at total contract sum of K37,249,521 revealed that as of July 2017 amounts totalling K14,336,734 had been paid leaving a balance of K22,912,786. Site visit carried out in April, 2017 in two Districts of Mpongwe and Lufwanyama and a scrutiny of project status reports covering other Districts as shown in the table below revealed that the works were abandoned.

Project Name	District	Contractor	Contract Period	Date of Advance payment	Contract Sum K	Advance Payment K	Amount Paid to Date K
Construction of Post Office	Siavonga	Contech Engineering Ltd	32 Weeks (from 10.04.15 to 10.12.15)	10.04.15	2,203,505	440,701	1,360,552
Construction of medium cost houses and associated external works	Mpongwe	Kawazane	10 months (from 12.02.16 to 12.12.16)	12.02.16	7,109,315	1,421,863	1,812,037
Construction of Single storey office block and associated external works	Mpongwe	Kawazane	8 months (from 12.02.16 to 12.10.16)	12.02.16	4,124,320	824,864	824,864
Construction of Post office and Assciated external works	Mpongwe	T.I Enterprise	11 months (from 12.12.14 to 12.11.15)	12.12.14	2,131,891	426,378	426,379
Construction of Post Office	Rufunsa	Lumworks Enterprises Limited	32 weeks (from 12.12.14 to 12.08.15)		2,391,895		1,254,148
Construction of No. 20 Low Cost Houses.	Shibuyunji	Shumpe Investments	36 weeks (from 09.01.2015 to 09.09.2015)		7,885,956		2,767,048
Construction of District Administration Block	Mwandi	Harbour Side Enterprises Limited	32 weeks (from 20.01.15 to 20.08.15)		5,710,028		3,805,373
Construction of Post Office	Mwandi	Lukanko Investments Limited	11 months (from 20.01.2015 to 20.11.2015)		3,638,554		1,546,986
Construction of Post Office	Mulobezi	Zambica Trading Limited	9.5 months (from 20.01.15 to 20.11.15)		2,054,057		539,348
Total					37,249,521	3,113,806	14,336,734

Although, the contractors abandoned the projects in 2016, the Project Managers and Provincial Building Engineers (PBEs) had not invoked Clause No. 60.1 which states, “if the Contract is terminated because of a fundamental breach of contract by the contractor, the Project Manager shall issue a certificate for the value of the work done and materials ordered less advance payments received up to the date of the issue of the certificate and less the percentage to apply to the value of the work not completed, as indicated in the Contract Data. Additional liquidated damages shall not apply. If the total amount due to the employer exceeds any payment due to the Contractor, the difference shall be a debt payable to the employer.”

Further, no recovery certificates were availed for audit.

It was further observed that projects reported as abandoned under Kawazane Enterprises in the Auditor General's Report for the period ending 31st December 2014 were moved to Mpongwe District in Copperbelt Province from Chitambo in Central Province in February 2016 due to unresolved traditional land boundary disputes and were found abandoned during a site visit carried out in April 2017.

See pictures below.



Mpongwe - Foundation for one of 10 medium cost houses



Mpongwe - Part of the foundation for the Post Office

ii. Payments on Unpriced Works

A physical inspection of the construction sites in both Mpongwe and Lufwanyama Districts revealed that most of the buildings were either at roof level or had been roofed.

See pictures below.



Police post under construction in Mpongwe



Post office Block under construction in Lufwanyama

However, although the contractors had been paid amounts totalling K3,200,818 an examination of relevant records pertaining to construction works under Bill of Quantity (BoQ) No. 01 (Preliminary and General Items) revealed that items of works appearing under the BoQ were not individually priced but only block sums were reflected in total in the contract documents without a breakdown. As a result, it was not possible to ascertain how amounts totalling K3,200,818 were arrived at thus rendering the payments questionable. See table below.

CONTRACTOR	PROJECT	DISTRICT	CONTRACT PERIOD	PGI'S not done	PGI value K
SWADOM	Construction Of Civic Center Office Block And 2NO Low Cost Houses	MPONGWE	12 months (from 12.12.14 to 12.12.15)	Site office does not conform to the instructions given by Provincial Buildings Engineer such as no windows were provided among others There was no employer telephone, temporal fence, billboard and existing services such as sewer and drainage for use.	580,000
CONQUEST LIMITED	Construction Of Police Post, 2NO. Medium Cost Houses And 8no. Low Cost Houses	MPONGWE	18 months (from 06.01.15 to 06.09.15)	There was no site office done There was no employer telephone, temporal fence, billboard and existing services such as sewer and drainage.	800,000
KAWAZANE	Construction of 10NO. medium cost Houses	MPONGWE	10 months (from 12.02.16 to 12.12.16)	There no Activity on Site The Project is been recommended for termination	750,000
KAWAZANE	Construction of Single Storey Office Block	MPONGWE	08 months (from 12.02.16 to 30.10.16)	There is No activity on site The Project has been recommended for termination.	420,000
T.I ENTERPRISES	Construction of Post Office	MPONGWE	11 months (from 12.12.14 to 12.11.15)	There no Activity on Site	150,000
NGALITAS HARDWARE AND ELECTRICAL LIMITED	Construction of 20NO. Low cost Houses	MPONGWE	06 months (from 12.12.14 to 12.06.15)	There was no site office as there was only a makeshift structure made of corrugated iron sheets without windows There was no employer telephone, temporal office and bilborad. for use There was no existing services such as sewer and drainage	200,000
TALO INVESTMENTS	Construction of Post Office	LUFWANYAMA	33 weeks (from 10.04.15 to 10.12.15)	Fencing and Holding not completed. No Telephone line	413,462
HENINA ENGINEERING LIMITED	Construction of 10NO. medium cost Houses	LUFWANYAMA	33 weeks (from 10.04.15 to 10.12.15)	Temporal Power for construction Not Done No Telephone line Fencing and holding not Completed 6 Pit Latrines not Done	350,000
DOVE CONTACTORS	Construction of 20NO. Low cost Houses	LUFWANYAMA	12 months (from 12.02.15 to 11.02.16)	Fencing and Holding not Done Site office not Done No Telephone line, power and borehole	887,356
					3,200,818

Further, physical inspections of the projects revealed that a number of Preliminary and General Items for various contracted works were not done as shown in the table above.

Head:	65	Ministry of Higher Education
Departments:		Various
Units:		Various
Programmes:		Various
Activities:		Various

46. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a total budget provision of K1,262,170,749 was made which included a supplementary provision of K106,756,456 to cater for the implementation of various programmes and activities in the Ministry. In this regard, the Treasury released a total amount of K1,220,106,900 resulting in an under funding of K42,063,849.

As at 31st December 2016, the Ministry had spent amounts totalling K1,217,584,229.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry headquarters carried out from May to August 2017 revealed the following:

a. Irregularities in Imprests Related Transactions

i. Failure to Avail Activity Reports

During the year under review, imprest in amounts totalling K996,832 was issued to seven (7) officers for various activities such as audit of Kabwe Institute of Technology and Solwezi Trades Training Institute, verification and reconciliation of books of accounts for trades training institutes across the country among others. However, as of July 2017, no activity reports were availed for audit to ascertain whether the activities were actually undertaken.

ii. Failure to Avail Acquittal Sheets

Contrary to Financial Regulation No. 45 (3), acquittal sheets in respect of imprest in amounts totalling K1,186,081 issued to fifteen (15) officers to cater for allowances for officers undertaking various activities such as inspection tours, site meetings for

construction projects and facilitating for responses to audit queries for the financial year ended 31st December 2015 among others were not availed for audit as of July 2017.

iii. Questionable Payments of Imprest - Imprest for Selection of First Year Students

On 23rd June 2016, the Director - Higher Education Loans and Scholarships Board sought authority from the Permanent Secretary to retreat from 4th July to 5th August 2016 to select first year students for sponsorship at the Copperbelt University. Authority was granted on 27th June 2016. In this regard, on 1st July 2016, imprest in amounts totalling K490,000 was drawn in the Assistant Accountant’s name to facilitate payment of subsistence allowances to ten (10) officers at K700 per night, thirteen (13) officers at K650 and one (1) driver at K450 per night. The payment included fuel for K3,000 and stationery for K10,000.

However, the following were observed:

- **Discrepancy in Activity Duration**

It was also observed that although subsistence allowance was paid for thirty (30) nights, conference facilities were paid for only twenty (20) days thereby making the additional payment of ten (10) nights allowances in amounts totalling K159,000 irregular. As of August 2017, the overpayment had not been recovered from the officers.

- **Overpayment of Subsistence Allowance**

The rates of K700, K650 and K450 that were used for Chongwe District exceeded the applicable rates of K600, K500 and K320 by K100, K150 and K130 respectively resulting in an over payment of K87,900. As of August 2017, the overpayment had not been recovered from the officers. See table below.

Number of Officers	Applicable Rate Per Night K	Applied Rate Per night K	Variance K	Number of Nights	Overpayment K
5	600	700	100	30	15,000
16	500	650	150	30	72,000
1	320	350	30	30	900
Total					87,900

b. Irregular Payment of Allowances

i. Out of Pocket Allowance

Cabinet Office Circular No. 11 of 2013 provides for payment of out of pocket allowance to cover the additional expenses officers meet while on duty outside their normal station of duty where an overnight stay is involved and the programme or workshop the officer is attending is sponsored at the rates (in Kwacha) indicated in the table below.

LOCATION	DIV I	DIV II	DIV III
Lusaka, Livingstone, Solwezi	184	182	171
Chipata, Mongu, Kasama, Mansa, Kabwe, Chingola, Kitwe and Ndola	182	176	168
Other Locations	162	160	153

Contrary to the provisions of the circular, thirteen (13) officers who were entitled to be paid out of pocket allowances totalling K33,510 were irregularly paid K62,625 resulting in an overpayment of K31,545. However, as at 31st August 2017, the overpayment had not been recovered.

Further, it was observed that out of pocket allowances in amounts totalling K36,180 were paid to ten (10) officers for working on Cabinet Committee memoranda within the Ministry.

ii. Transport Allowance/Refunds

Cabinet Office Circular No.11 of 2013, clause 6, states, “In an effort to cater for participation of persons outside the Public Service, a fuel refund shall be made at a rate of K135 per meeting for travel within the district boundary. For travel outside the district, this category of persons shall be paid a fuel refund as provided for in Cabinet Office Circular No. 7 of 2012”.

However, contrary to the circular, amounts totalling K183,830 were paid as transport allowances and refunds to various officers for activities such as cleaning and rearranging offices, interviewing candidates for scholarship, flushing and cleaning water tanks among others that were performed during lunch time and weekends at the normal station of duty.

iii. Meal/Lunch Allowances

Cabinet Office Circular No. 11 of 2013, Clause 7 (iv) 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. This allowance is only paid in circumstances where lunch is not provided.’

However, it was observed that amounts totalling K35,700 were paid to various officers as lunch allowance for activities such as interviewing candidates for scholarship, preparing a ministerial statement and rearranging documents outside normal working hours that were carried out at the normal station of duty contrary to the circular.

iv. Sitting Allowance

Contrary to Cabinet Office Circular No.11 of 2013 which abolished the payment of administrative allowances, the Ministry paid twelve (12) officers sitting/ evaluation allowances in amounts totalling K25,500 for attending evaluation of tenders.

c. Lack of Receipt and Disposal Details - Fuel.

Contrary to Public Stores Regulation No. 16, fuel costing K40,000 procured by the Ministry in April and September 2016 had no receipt and disposal details. As a result, it was not possible to ascertain whether the fuel paid for was received and used for the intended purpose. *See table below.*

Date	Name of Filling Station	Amount K
14.04.2016	Taja Investments	20,000
28.09.2016	Total Zambia Limited	20,000
Total		40,000

d. University Education

During the period under review, the Ministry had a total budget of K976,154,178 which included a supplementary provision of K36,431,034 in respect of University Education out of which amounts totalling K987,523,041 were released resulting in an over funding of K11,368,863. As at 31st December 2016, amounts totalling K975,303,766 were spent leaving a balance of K12,219,275.

The sequence of activities that were performed for the students to be invoiced and subsequently paid the appropriate allowances was that once the students’ results are out, the Universities submits the results to the Higher Education Loans and Scholarships Board which sieves out students who do not meet the requirement to continue receiving the Government Sponsorship such as students who are on part time, expired or excluded among others. After sieving out the students that do not meet the requirements, the successful students’ report is uploaded on the University system. The successful students

will be required to register with the University and thereafter be screened by the Higher Education Loans and Scholarships Board for evidence of being registered with the University and confirmation of eligibility for the students to receive allowances such as meal, book and project allowances.

However, the following observations were made:

i. Unreconciled Student Tuition and Accommodation Cost – UNZA and CBU

A total budget provision of K242,083,333 was made for student tuition and accommodation at the Copperbelt University (CBU) and University of Zambia and the whole amount was released. As at 31st December 2016, amounts totalling K241,560,520 were spent leaving a balance of K522,803. See table below.

Program	Approved Estimate K	Supplementary K	Total Authorised K	Funding K	Expenditure K	Balance K
Student Tuition and Accomodation - CBU	97,000,000	12,083,333	109,083,333	109,083,323	108,560,521	522,802
Student Tuition and Accomodation - UNZA	133,000,000		133,000,000	133,000,000	133,000,000	0.31
Total	230,000,000	12,083,333	242,083,333	242,083,323	241,560,520	522,803

According to the Minister’s briefs, the budget line in this respect catered for tuition and accommodation for students at the Copperbelt University (CBU) and University of Zambia and the budget was increased from the prior year provision to reflect the true cost of providing tuition and accommodation to students at the two Universities in 2016.

However, during the audit, it was observed that payments for tuition and accommodation were disbursed directly to the Universities by the Ministry of Finance (in a similar manner with grants). The University bills were not verified, reconciled or used as the basis for payment by either the Ministry of Higher Education or Ministry of Finance.

- **Copperbelt University**

During the period under review, the Ministry was invoiced amounts totalling K130,522,585 in addition to the brought forward amount of K23,028,591 in respect of accommodation and tuition fees for six thousand nine hundred and nine (6,909) sponsored students at the Copperbelt University.

According to the Copperbelt University invoice summary, amounts totalling K144,018,381 were paid during the period under review leaving a balance of K9,532,794 from the total accrued amount. However, the IFMIS Ledger at the Ministry of Higher Education showed that only amounts totalling K109,391,499 were paid to the Copperbelt University in respect of tuition and accommodation. As at 31st July 2017, the variance of K34,626,882 between the payments showing on the ledger and the receipts reflected from the invoice had not been reconciled.

There were forty one (41) students with tuition and accommodation fees in amounts totalling K722,465 who were not registered by CBU and not screened by Bursaries Committee but were included on the Universities bill.

- **University of Zambia**

During the period under review, the Ministry was invoiced amounts totalling K171,582,250 in respect of accommodation and tuition fees for ten thousand seven hundred and seventy eight (10,778) sponsored students at the University of Zambia for the 2015/2016 academic year.

Although the University invoiced the Ministry for ten thousand seven hundred and seventy eight (10,778) students, the students' database at the Higher Education Loans and Scholarship Board showed that there were ten thousand three hundred and seventy two (10,372) registered students who were eligible for sponsorship.

However, the Ministry was not reconciling the invoices from the University with its database of students eligible for sponsorship

Consequently, the Ministry paid the University amounts totalling K7,799,164 in respect of five hundred and forty (540) students who were not eligible for sponsorship as they were not registered by the University.

- ii. **Irregularities in Payments of Allowances - Students Loan and Bursary Awards**

A total budget provision of K122,309,821 was made to cater for payment of allowances for meals, books and research projects for students at the Copperbelt University (CBU) and University of Zambia (UNZA) and the whole amount was released and spent as of December 2016. *See table below.*

Program	Approved Estimate K	Supplementary K	Total Authorised K	Funding K	Expenditure K
Student Loan & Bursary Award - UNZA	49,055,197	21,042,080	70,097,277	70,097,277	70,097,277
Student Loan & Bursary Award - CBU	22,001,746	30,210,798	52,212,544	52,212,544	52,212,544
Total	71,056,943	51,252,878	122,309,821	122,309,821	122,309,821

According to the Higher Education Loans and Scholarships Board guidelines, Government sponsored students that are not accommodated are paid accommodation refunds. However, five hundred twenty three (523) students comprising five hundred and two (502) from CBU and twenty one (21) from UNZA who were accommodated were also paid accommodation refunds in amounts totalling K1,426,539.

iii. Students Bursary Awards - Abroad

The award process begins with host countries offering scholarships with respective conditions. Subsequently, the Board invites applications for the scholarships in the media. The qualifying applicants are shortlisted, interviewed and successful students are notified.

Upon award of a bursary, the Government through the Board is responsible for Air tickets, Top-up allowances of US\$250 per month and a one-off settling allowance of US\$100. The top-up allowances are paid by the UBA bank upon receipt of allowance schedules from the Higher Education Loans and Scholarships Board.

In this regard, a total budget provision of K38,086,480 which included a supplementary provision of K29,293,213 was made to cater for payments for students abroad in form of air ticket fares, top up allowances and other related costs. As of December 2016, the whole amount was spent.

The following observations were made:

- **Unsupported Payment**

On 29th January 2016, an amount of K6,750,000 was expensed as a January grant for students abroad bursary award. However, there were no supporting documents to show how the funds were applied.

- **Failure to Correct Double Posting**

On 18th July 2016, a payment for K2,117,482 was made to United Bank of Africa to facilitate for payment of top up allowances for students abroad. However, in the IFMIS ledger the amount of K2,117,482 was reflected also on 5th May 2016 without a corresponding payment or entry from the cash book thereby overstating the expenditure in the financial statements.

- **Top up Allowances**

A comparison of top up allowances schedules and the bank statement for the UBA account revealed the following:

- **Students on Bursary Committee Schedule but not on Bank Statement**

Twelve (12) students who were entitled to be paid top up allowances amounting to K83,160 (US\$9,240) were not paid by the bank despite appearing on the schedules generated by the Ministry.

- **Overpayment of Allowances**

Sixty eight (68) students were paid allowances in amounts totalling K1,708,650 (US\$189,940) instead of their entitlement of K1,115,550 (US\$123,950) resulting in an overpayment of K593,100 (US\$65,990).

- **Underpayment of Allowances**

Ten (10) students were paid allowances in amounts totalling K191,070 (US\$21,230) instead of their entitlement of K255,780 (US\$28,420) resulting in an underpayment of K64,710 (US\$7,190).

e. **Science, Technology and Innovation - Contract for Supply, Delivery and Installation of a Ground Receiving Station**

On 5th January 2015, the Ministry entered into a contract with Avic International (Z) Limited for the supply, delivery and installation of Ground Receiving Station for National Remote Sensing Centre at a total cost of K35,361,851 and with a delivery period of eight (8) weeks.

On 9th January 2015, the Supplier, Avic International (Z) Limited wrote a letter to the Ministry, requesting that before signing the contract, the contract price of K35,361,851

should be locked up to an equal amount of US Dollars by using the exchange rate of what was obtaining on bid submission date of 15th March, 2013.

On 21st April 2015, an addendum was signed revising the contract sum to US\$6,576,135 which was the US Dollar equivalent as at 15th March 2013.

On 28th December 2016, the Ministry paid amounts totalling K15,000,000 to AVIC International (Zambia) Limited. However, the following observations were made:

- There was no disclosure of the nature of the payment.
- The advance payment guarantee expired on 15th March 2016 and performance security expired on 15th January 2017 prior to delivery of the equipment.

f. Misapplication of Funds

Contrary to the Appropriation Act of 2015, amounts totalling K8,369,665 meant for University Education and Skills Development were applied on unrelated activities such as payment of leave pay, subsistence allowance, fuel, purchase of motor vehicles for constitutional office holders and purchase of office furniture among others. *See table below.*

Budget Line	Activity	Budgeted Amount K	Misapplied Amount K	Activities Undertaken	Impact
University Education	Operationalisation of Robert Makasa University	15,000,000	3,000,000	Management support activities	Failure to procure laboratory equipment
Skills Development	TEVET Bursaries	10,000,000	2,700,546	Leave pay, Subsistence Allowance, Fuel, University students allowances & University Grants	Failure to settle student bills
Skills Development	Training Equipment - TEVET	4,000,000	2,668,119	Purchase of Constitutional office Holders vehicles and office furniture for officers at the Ministry headquarters	Non procurement of equipment for TEVET Institutions
Total		29,000,000	8,368,665		

g. Infrastructure Development

i. Construction of Four (4) Hostel Blocks at UNZA (Lot 1)

On 29th December 2014, the Ministry engaged Hua Chang Infrastructure Limited to construct four (4) hostel blocks at the University of Zambia, Great East Road Campus in Lusaka at a contract sum of K57,247,313 (16% VAT inclusive). The contract period was twenty five (25) months from 9th February 2015 to 17th March 2017. As of June 2017, amounts totalling K12,727,611 had been paid to the contractor leaving a balance of K44,519,702.

The scope of works included construction of four (4) x four (4) storey hostel blocks with a student capacity of one hundred and sixty (160) students per block.

A physical inspection carried out in June 2017, revealed that works had stalled and that all the hostel blocks were at slab level. *See pictures below.*



All the Hostel blocks at Slab level

ii. Construction of Five (5) Hostel Blocks at UNZA (Lot 4)

On 29th December 2014, the Ministry engaged Mango Tree Construction Company Limited to construct five (5) Hostel Blocks at the University of Zambia, Great East Road Campus in Lusaka at a contract sum of K86,661,848 (16% VAT inclusive). The contract period was twenty four (24) months from 9th February 2015 to 6th February 2017. As of June 2017, amounts totalling K23,577,462 had been paid to the contractor leaving a balance of K63,084,387.

The scope of works were construction of five (5) x four (4) storey hostel blocks with a student capacity of one hundred and sixty (160) students per block.

A physical inspection carried out in June 2017, revealed that works had stalled and in particular, the following were observed:

- **Block 1**
 - The ground floor slab was cast.
 - Columns were erected.
- **Block 2**
 - The ground floor slab was cast.
 - Columns were erected.
 - Decking for the first floor was in progress.
- **Blocks 3, 4 and 5**
 - The ground floor slab was done.
 - Columns were erected.



Block 1



Block 2



Blocks at slab level

It was observed that the contract period had since ended and there was no indication that it was renewed.

iii. Construction of Four (4) Hostel Blocks at UNZA (Lot 5)

On 19th December 2014, the Ministry engaged Wah Kong Enterprises Limited to construct four (4) Hostel Blocks at the University of Zambia, Great East Road Campus in Lusaka at a contract sum of K73,062,600 (16% VAT inclusive). The contract period was twenty one (21) months from 9th February 2015 to 31st October 2016. As of June

2017, amounts totalling K8,890,928 had been paid to the contractor leaving a balance of K64,171,672 from the total contract sum.

The scope of works was for the construction of four (4) x four (4) storey hostel blocks with a student capacity of one hundred and sixty (160) students per block.

A physical inspection carried out in June 2017 revealed that the works had stalled and the Contractor was not on site. It was further observed that the contract had since expired and there was no indication that it had been extended.

iv. Construction of External Works (Lot 7)

On 29th December 2014, the Ministry engaged African Brothers Corporation Limited to construct external works at the University of Zambia, Great East Road Campus in Lusaka at a contract sum of K62,995,129 (16% VAT inclusive). The contract period was fifty two (52) weeks from 9th February 2015 to 8th February 2016. As of June 2017, amounts totalling K16,923,130 had been paid to the contractor leaving a balance of K46,071,999 from the total contract sum.

A physical inspection carried out in June 2017, revealed that the execution of external works had stalled awaiting the completion of construction works for Hostel blocks and in particular the following were observed:

- The sub-base for construction of driveways was done awaiting the casting of concrete.
- Five (5) boreholes were sunk, but not equipped.
- Construction of the sewer and drainage systems had not been done.
- Substations had not been done.
- The boundary wall fence had not been done.
- Six (6) car parks had not been done.
- Landscaping had not been done.

It was observed that the contract period had since ended and there was no indication that it was renewed.

v. Delayed Completion of Projects - Construction of Four (4) Hostel Blocks at UNZA (Lot 3)

On 18th December 2014, the Ministry engaged Fair Face Enterprises JV Phumi Trading to construct four (4) Hostel Blocks at The University of Zambia, Great East Road Campus in Lusaka at a contract sum of K74,968,616 (16% VAT inclusive). The contract period was eighteen (18) months from 9th February 2015 to 8th August 2016. As of June 2017, amounts totalling K25,354,673 had been paid to the contractor leaving a balance of K49,613,943 from the total contract sum.

On 28th June 2016, an upward adjustment of K19,319,665 was made to the contract to cover for the devaluation of the Kwacha bringing the revised contract sum to K97,379,427.

The scope of works was for the construction of four (4) x four (4) storey hostel blocks with a student capacity of one hundred and sixty (160) students per block.

A physical inspection carried out in June, 2017, revealed that construction works were in progress and in particular the following were observed:

- **Block 1**
 - The brick work for the Ground floor had been done.
 - Preparations for the deck for the second floor were in progress.
 - Electrical works were in progress.
 - Plumbing works were in progress.
 - First floor slab had been cast.
- **Block 2**
 - Ground floor block work was done.
 - Electrical tubing was done.
 - Plumbing works for the ground floor were done.
 - Construction of the deck for the second floor was in progress.
 - The slab for the first floor was cast.
- **Block 3**
 - Block work for the ground floor was in progress.

- The slab was cast for the first floor.
- Column erection was in progress for the first floor.
- **Block 4**
 - The Ground floor slab was cast.
 - Columns were done for the first floor.
 - The stair case for the ground floor was partially done.



Block 1



Block 2



Block 3



Block 4

It was observed that the contract period had since ended and there was no indication that it was renewed.

Head: 76 Ministry of Youth, Sport and Child Development

Departments: Various

Units: Various

Programmes: Various

Activities: Various

47. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a total budget provision of K59,831,638 was made to cater for the implementation of various programmes and activities in the Ministry. In this regard, the Treasury released a total amount of K30,090,694 resulting in an under funding of K29,740,944.

In addition, the Ministry received K309,647 as recoveries in the Revolving Fund account and a transfer of K1,522,047 from the sub control account at Bank of Zambia bringing the total available funds to K31,922,388.

As at 31st December, 2016, the Ministry had spent amounts totalling K31,440,106.

Accounting and Other Irregularities

An examination of accounting and other records and inspections of projects carried out from April to May 2017 at the Ministry headquarters and in selected districts revealed the following:

a. Failure to Distribute Sports Items

In July and August 2016, the Ministry procured sports items from two (2) suppliers at a total cost of K1,700,600. *See table below.*

Date	Payee	Item	Amount K	Date of Delivery
21.07.16	Swadocom Trading	Netball and football Jeyseys	1,463,900	02.08.2016
18.08.16	Westech Systems	Nets, footballs and whistles	236,700	02.08.2016
	Total		1,700,600	

However, as at 31st August 2017, twelve (12) months after purchasing the items, they had not been distributed to the intended beneficiaries as they were still in storage at Government Complex.

b. Failure to Avail Details of Recoveries for the Youth Development Fund Loans

In paragraph 42 (b) of the report of the Auditor General on the accounts for the Financial Year ended 31st December 2015, mention was made on the failure to recover loans in amounts totalling K35,765,772 paid out to one thousand one hundred and eighty five (1,185) youth associations.

The Public Accounts Committee (PAC) observed that there was poor management of the Youth Development Fund. It further observed that the objectives of the Fund were not being achieved as the loans were not being recovered, therefore disadvantaging the other would be beneficiaries. The Committee further observed that the Ministry had no capacity to monitor the programme and there was no binding agreement in place elaborating how the loans were to be recovered in the event of default by the beneficiaries. In addition, the beneficiaries did not seem to understand what was expected of them once they access the loans.

The Committee recommended that the Controlling Officer ensures that the whole programme be reviewed and its management streamlined.

During the period under review, a total amount of K7,721,053 had been paid to two hundred and sixty five (265) Youth groups bringing the total cumulative payment to K45,118,101 paid to one thousand four hundred and fifty (1,450) Youth groups during the period 2012 to 2016. However, as of March 2017 only a total amount of K2,064,356 had been recovered leaving a balance of K43,053,745.

In addition, it was not possible to ascertain how much each group had repaid as the Ministry did not maintain individual debtors ledgers for the youth groups.

c. Procurement of Higer Buses for Youth Empowerment.

On 1st March, 2016, the Ministry, the Public and Private Drivers Association of Zambia (PPDAZ) and the Higer Bus Company Zambia Limited signed a Memorandum of Understanding (MoU) to formalize and affirm the commitment by the Ministry to empower the youth through the Public and Private Drivers Association of Zambia with hundred (100) Higer Buses on loan basis.

The Ministry's responsibilities included among others, providing K60million as 40% down payment required by Higer Buses Limited for them to release hundred (100) buses; provide K3.5million required to finance other supportive aspects of the project namely establishment of regional garages, tyre mending garages and car washers; to facilitate acquisition of land for setting up garages and to monitor the project and enforce the MoU.

In this regard, on 1st July, 2016, the Ministry entered into a loan agreement with PPDAZ for the total value of K22,000,000 in which the Ministry lent the money to PPDAZ for the purpose of procuring Higer Buses from Higer Bus Zambia Limited.

The following observations were made:

- i. The financing of the other supportive aspects of the project namely establishment of regional garages, tyre mending garages and car washes had not been done.
- ii. Facilitating acquisition of land for setting up garages had not been done as of May 2017.
- iii. Contrary to items (a) and (f) of the Terms and Conditions of the Loan Agreement, PPDAZ made four (4) payments of K400,000 in November and December 2016

and K150,000 and K100,000 in January and February 2017 respectively instead of the monthly payments of K476,669 as prescribed in the Loan Agreement.

d. Failure to Avail Details for Empowerment Scheme for Youth Street Vendors.

On 1st March 2016, the Ministry, the Zambia Postal Services Limited and the United Street Vendors Foundation Cooperative for the empowerment scheme for the Youth Street Vendors signed a memorandum of understanding to formalize and affirm the commitment by the Ministry to empower the youth marketeers with start-up capital.

In this regard, on 12th May, 2016 the Ministry made a payment of K5,000,000 to the Zambia Postal Services Limited for the disbursement of loans to youth marketeers.

However, as at 31st May 2017, the Ministry did not avail for audit, details of the Youth Street Vendors that benefited under the empowerment scheme, monthly progress reports on the performance of the scheme submitted by the United Street Vendors Foundation Cooperative Society Limited and the reports for monitoring and evaluation of the funded projects.

In addition, no details for the loans such as the list of the beneficiaries, loan amount advanced, agreed repayment period, interest rate, the grace period given and applicable terms and conditions were availed. As a result, it was not possible to ascertain whether the loans were paid to the intended beneficiaries.

e. Youth Development Funds

During the period under review, the Ministry received amounts totalling K11,500,000 to cater for Youth Development Fund (YDF) activities. As of December 2016, amounts totalling K7,721,053 had been paid to two hundred and sixty five (265) Youth Clubs as loans (K7,015,921) and grants (K705,132) in five (5) provinces from the Youth Development Fund Account at Bank of Zambia. Further, amounts totalling K2,516,900 were used to pay for consultancy services and training the applicants in five (5) provinces bringing the total expenditure to K10,237,953 while the balance amounting to K1,262,047 was mopped by the Treasury. See table below.

S/N	PROVINCE	LOANS		GRANTS		TOTALS	
		Amount K	No. of Groups	Amount K	No. of Groups	Amount K	Youth Groups
1	Muchinga	198,594	9	245,132	8	443,726	17
2	Luapula	1,234,717	41	270,000	9	1,504,717	50
3	Western	1,859,265	66	120,000	4	1,979,265	70
4	Eastern	2,460,725	65	-	0	2,460,725	65
5	Northern	1,262,620	61	70,000	2	1,332,620	63
	TOTALS	7,015,921	242	705,132	23	7,721,053	265

A physical verification carried out in May 2017 in three (3) selected Provinces and four (4) districts revealed the following:

i. Northern Province – Kasama

- **Poor Record Keeping**

During the period under review, the Provincial Youth Coordinator did not maintain individual ledgers of the YDF beneficiaries. As a result, it was not possible to ascertain whether recoveries were being made. In addition, the office did not have copies of the loan agreements signed between the clubs and the Ministry.

- **Non Repayment of Loans**

During the period under review, twenty two (22) groups from the district obtained loans totalling K481,000 from the Youth Development Fund. However, only two (2) groups were servicing their loans and amounts totalling K8,344 had been repaid. As at 31st May 2017, the Ministry had not taken any action against defaulting groups.

- **Non Monitoring and Evaluation of Funded Projects**

According to clause 9.4 of the YDF Operational guidelines, the National Youth Development Fund Technical Committee and Provincial Youth Development Fund Committee was to constitute a Monitoring and Evaluation Committee that would be responsible for periodical inspection, monitoring and evaluation of all funded projects and submitting of progress reports on loans and grants.

However, as at 31st May 2017, five (5) years after the Youth Development Fund came into operation, the Ministry had not constituted a technical committee for periodical inspection, monitoring and evaluation of all funded projects.

ii. Non Repayment of Loans - Muchinga Province - Mpika District

During the period under review, four (4) groups from the district obtained loans totalling K81,150 from the Youth Development Fund. However, only two (2) groups were servicing their loans and amounts totalling K4,800 had been repaid. As at 31st May 2017, the Ministry had not taken any action against defaulting groups.

iii. Eastern Province

• **Chipata - Non Repayment of Loans**

During the period under review, fifty one (51) groups from the district obtained loans totalling K1,501,800 from the Youth Development Fund. However, only four (4) groups were servicing their loans and amounts totalling K13,864 had been repaid. As at 31st May 2017, the Ministry had not taken any action against defaulting groups.

• **Lundazi District**

○ **Non Repayment of Loans**

During the period under review, nine (9) groups from the district obtained loans totalling K278,875 from the Youth Development Fund. However, only three (3) borrowers were servicing their loans and amounts totalling K12,000 had been repaid. As at 31st May 2017, the Ministry had not taken any action against defaulting borrowers.

○ **Non Operational Groups**

Six (6) groups that obtained a total amount of K168,875 had not yet started operating, as at 31st May 2017 eight (8) months after obtaining the loans.

Head: 77/01 Ministry of Defence – Headquarters

Programmes: Various

Activities: Various

48. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K176,382,524 was made to cater for operations under the Ministry Headquarters against which amounts totalling K135,816,844 were released.

As at 31st December 2016, the Ministry had spent a total amount of K179,889,630.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters and a visit to selected stations carried out in April 2017 revealed the following:

a. Irregular Use of Imprest to Procure Goods and Services

Contrary to Financial Regulation No. 86 (c), which 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’, the Ministry issued imprest in amounts totalling K305,279 issued to seven (7) officers to procure stationery and building materials whose values were obtainable on the market.

b. Failure to Complete Construction of Water Tank Stand and Pump House at Zambia Air Force Lusaka

On 9th February 2015, the Ministry entered into a contract with Mercury Lines Limited, at a contract sum of K1,678,606 for the construction of a pump house, water tank stand and auxiliary works at Zambia Air Force (ZAF) Lusaka with a completion period of twelve (12) weeks.

On 16th March 2016, the Ministry paid the contractor an amount of K300,000.

The following were observed:

- i. Contrary to the provisions of the Constitution, the contract had no advice of the Attorney General.
- ii. No site possession certificate was availed for audit
- iii. No project ledgers were availed for audit
- iv. As at 31st August 2017, works had not been completed, more than two (2) years after the expected completion period and the contractor was not on site.

c. Failure to Settle Outstanding Bills

- i. In paragraph 43(c) of the Auditor General’s Report for the financial year ended 31st December 2015, mention was made of an accumulated debt which stood at K3,327,253,334 as at 31st December 2015. The debt had reduced to K3,270,160,952 as at 31st December 2016.

- ii. During the year under review, Maina Soko Military Hospital was funded an amount of K130,000 (electricity-K80,000 and water - K50,000) for settlement of outstanding bills. However, it was not possible to ascertain whether the funds were spent on the intended purpose as no expenditure details were availed for audit.

d. Mupepetwe Engineering and Contracting Company (MECCO)

During the year under review, the Treasury released K3,500,000 for operations at MECCO. The following were observed:

i. Poor Management of Debt

• **Outstanding Trade Receivables**

The Company was owed a total amount of K390,380 involving twenty (20) transactions out of which an amount of K101,779 had been paid leaving a balance of K288,601 as at 30th April 2017.

• **Outstanding Payables**

As of December 2016, the Company had outstanding bills in amounts totalling K13,883,590 involving thirteen (13) categories of creditors such as terminal benefits, NAPSA contributions, utility bills and Workers Compensation Fund contribution among others. Consequently, two (2) former employees had instituted legal proceeding against the company, to recover their terminal benefits.

Head: 77/02 Ministry of Defence - Zambia Army

Units: 06 Administration Branch

07 Operations & Training Branch

08 Logistics Branch

Programmes: Various

Activities: Various

49. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K1,365,360,408 was made to cater for various activities against which amounts totalling K1,465,826,907 were released resulting in an over funding of K100,466,499.

As at 31st December 2016, amounts totalling K1,347,305,042 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records and a visit to selected stations carried out during the period from January to April 2017 revealed the following:

a. Personnel Emoluments - Other Emoluments Unsettled Claims

As at 31st August 2017, the Zambia Army had unsettled claims amounting to K4,671,578,318 in respect of leave commutation, leave travel benefits, bonuses, gratuity and repatriations, some of which had been outstanding for four (4) years.

b. Failure to Vacate Institutional Houses

The Employment Act No. 13(1) (a) states that whenever an employee has been brought from a place within Zambia to a place of employment by the employer or by an employment agency acting on behalf of the employer, the employer shall pay the expenses of repatriating the employee to the place from which he was brought in either on repatriation or on the expiry of such a period of service as may be specified in the Contract of Service.

Contrary to the Act and the conditions of service, two (2) Soldiers who were paid their repatriation and leave benefits on 4th February 2016 and 17th March 2017 respectively were still occupying the institutional houses as at 31st August 2017.

c. Lack of Title Deeds

The Land Act No. 29 of 1995 requires that institutions or individuals owning land should have or possess title deeds as proof of ownership. It was however, observed that the Zambia Army did not have title deeds for forty eight (48) housing units in Nyumba Yanga, Lusaka.

d. Irregularities in the Management of Rented Houses

The Zambia Army (tenant) entered into a lease agreement with Naik Sumati (landlord) to lease eleven (11) three bed roomed housing Units for a period of one year from 1st March 2015 to 1st March 2016 at an amount of K5,500 per month for each housing unit. The housing units are located on plot No. 142 Chitukuko Road, Emmasdale in Lusaka and are numbered (A) to (K). The houses were rented so that they could be used as transit houses for officers on military duties from outside Lusaka. As at 31st March 2017, the

landlord had been paid amounts totalling K428,750 in respect of rentals for the period September 2015 to February 2016.

However, the following were observed:

- i. House No. 'A' despite being one (1) bed-roomed was being rented at the price of K5,500 which was the same rental price as the three (3) bedroom houses. It was not clear why the smaller house was priced at K5,500 like the other big houses.
- ii. There were differences in what the Landlord had indicated to provide in the furnished houses as per the lease agreement and what was actually provided. See table below:

Location	House No.	Items to be provided in the Agreement	Status at Inspection
Bedroom	A - K	Double bed in each of the bedrooms	. There was no bed in house No. A. . Only three quarter beds were provided in house Nos. B - K
	A - K	Each bed will have a pillow, bed covers and blankets	No beddings were provided
Lounge	A - K	Lounge suite in all houses	A single sofa was provided in each of the ten (10) three bed-roomed houses instead of lounge suites
	A - K	32 inches colour Televisions	Flat A had no TV
Dinning rooms	B - K	Dinning tables in all houses	There were no dinning tables in ten (10) houses, numbers B to K
Kitchen	A - K	Electric kettles in all houses	No electric kettles were provided
	A - K	Electric stoves	House number 'A' had an old stove while house numbers 'B to K' had no stoves
	A - K	Fridges	House numbers 'B - K' had no fridges.

- iii. There was no evidence that the houses were inspected and evaluated by the Zambia Army and Government Valuation Department to indicate whether the value at which the houses had been pegged was appropriate.

e. Outstanding Bills

As of 1st January 2016, the brought forward outstanding bills amounted to K266,591,716 of which only K1,500,000 was released towards dismantling of arrears during the period under review. It was however observed that as at 30th June 2017, the outstanding bill had accumulated to K297,022,689.

f. Failure to Settle Insurance Premiums and Outstanding Debt

A review of records revealed that as at 31st January 2017, the Zambia Army owed Zambia State Insurance Corporation (ZSIC) a total amount of K18,881,438 on both comprehensive and third party insurance premiums for their fleet of motor vehicles. Consequently, as at 31st July 2017, the insurance company was unable to repair thirty four (34) vehicles that had been involved in Road Traffic Accidents during the year under review.

g. Supply and Delivery of Twenty Two (22) Second Hand Saloon Cars

On 18th July 2016, the Ministry of Defence, on behalf of the Zambia Army entered into a contract with Remus Industrial Suppliers Limited to supply and deliver twenty two (22) Second hand saloon cars at a Contract sum of K990,000, VAT exclusive with a delivery period of six (6) to ten (10) weeks with an expected delivery date of 25th September, 2016.

The contract required that an advance payment of 25% of the contract sum be paid to the supplier within thirty (30) days of signing the contract. On 5th August 2016, the supplier was paid an advance of K247,500 upon providing an advance payment guarantee which was valid from 22nd July to 22nd October 2016.

However, as at 31st August 2017, eleven (11) months after the expected date of delivery, the vehicles had not been delivered and the Zambia Army had not claimed the advance payment against the guarantee which had since expired.

Head: 77/04 Ministry of Defence - Zambia National Service

Units: Various

Programmes: Various

Activities: Various

50. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a total authorised provision of K794,707,758 which included supplementary provision of K11,187,360 was made to cater for various programmes against which amounts totalling K804,523,998 were released resulting in an overfunding of K9,816,240.

As at 31st December 2016, the ZNS had spent amounts totalling K773,576,586.

Accounting and Other Irregularities

An examination of accounting and other records carried out between January and April 2017 at the Headquarters, Land Development Branch and in selected camps revealed the following:

a. Rural Roads Unit

The programme for rural roads construction was funded a total amount of K63,591,865 by the Ministry of Finance, out of which K51,372,350 was spent by the provinces for rural road works and related activities as tabulated below.

Province	Amount K
Northern	4,946,793
North Western	5,484,368
Eastern	4,216,293
Central	7,332,846
Copperbelt	4,319,924
Southern	2,760,249
Western	8,512,597
Lusaka	4,841,231
Muchinga	5,859,791
Luapula	3,098,259
Total	51,372,350

The allocation was made to each province based on the road works assessment needs. A verification conducted in the Provinces revealed the following:

i. Failure to Transfer Payroll

A review of records and inquiries made with management revealed that a total of four hundred and forty five (445) personnel were transferred to the Zambia National Service from Rural Roads Unit between August 2015 and June 2016 as tabulated below:

Province	Number of Personnel
Lusaka	56
Central	72
Eastern	43
Southern	45
Northern	45
Western	40
NorthWestern	38
Luapula	51
Muchinga	12
Copperbelt	43
Total	445

However, as at 31st December 2016, the Personnel were still on the Ministry of Works and Supply payroll where they received salaries in amounts totalling K20,459,693.

ii. Failure to Report for Duty

A test check of transferred officers who reported for duty at the Zambia National Service carried out in North-Western, Central, Northern and Lusaka Provinces revealed that out of a total of two hundred and eleven (211) officers, one hundred and forty three (143) had reported while the balance of sixty eight (68) officers had not reported for duty as at 31st August 2017. See table below.

Province	No. of Staff Transferred	No. of Staff Who Reported	Variance
North-Western	38	30	8
Central	72	30	42
Northern	45	40	5
Lusaka	56	43	13
Total	211	143	68

iii. Failure by Provincial Administration to Hand over Motor Vehicles

A scrutiny of inventory list availed for audit and physical count of motor vehicles transferred from Rural Roads Unit to the Zambia National Service in Kabwe and Kasama revealed that the respective Provincial Administrations had not surrendered four (4) motor vehicles to the service as 31st August 2017. See table below.

Station	Make	GRZ No.	Year Purchased
Kabwe	Nissan Hard Body	347CL	2014
Kabwe	Landcruiser	390CL	2014
Kasama	Ford Ranger	930CF	Not known
Kasama	Toyota Hilux	352CJ	2014

iv. Failure to Avail Records for Spare Parts

When the Rural Roads Unit was transferred to the Zambia National Service, among the items transferred were spare parts for motor vehicles and various equipment. However, it was not possible to verify the completeness of the transfer of the spare parts as the original records maintained by the Rural Roads Unit were not availed for audit.

Head: 77/03 Ministry of Defence – Zambia Air Force

Units: Various

Programmes: Various

Activities: Various

51. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K779,884,032 was made to cater for various activities against which amounts totalling K832,609,200 were released resulting in an overfunding of K52,725,168.

As at 31st December 2016, a total amount of K770,143,549 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Zambia Air Force Headquarters revealed the following:

a. Weaknesses in Maintenance of Cash Books

A scrutiny of the cash books for the period under review revealed weaknesses which included the following:

- i. Only the last three digits of the cheque numbers were entered in the cashbooks instead of the entire range of six (6) to eight (8) digits.
- ii. Contrary to Financial Regulation No.145(2), which states that each cash book shall show in detail all the transactions on receipts and payments, cash withdrawals from the bank were recorded as receipts in the cashbooks.
- iii. Payments made from cash withdrawals were recorded in the cash book instead of using acquittal sheets and the recipients were not signing for the payments received.

b. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K1,695,292 issued to forty nine (49) officers during the year under review had not been retired as at 31st August 2017.

c. Irregular Use of Imprest to Procure Goods and Services

Contrary to Financial Regulation No. 86(c), imprest in amounts totalling K1,128,984 was issued to various officers to procure goods and services whose value could be ascertained.

d. Outstanding Debt for Goods and Services

As at 31st December 2016, Zambia Air Force owed amounts totalling K15,043,085 and US\$290,036 in respect of local and foreign suppliers some of which, had been outstanding from as far back as 2013.

In addition, during the period under review, ZAF accumulated an additional debt of K59,770,200 (US\$5,586,000) which arose from the procurement of six (6) new Arriel 2C jet engines.

e. Unsupported Payments

Contrary to Financial Regulation No. 52, forty three (43) payments in amounts totalling K1,446,601 made during the period under review were not supported with local purchase orders and receipts.

f. Unaccounted for Stores

Contrary to Public Stores Regulation No.16, various stores items costing K1,559,231 procured during the period under review were not accounted for in that there were no receipt and disposal details.

g. Failure to Produce Expenditure Returns

On 8th April 2016, an amount of K240,993 was transferred to the Zambian Embassy in Tanzania in order to cater for the clearing of military equipment and logistics. However, as at 31st August 2017, there were no expenditure returns making it not possible to ascertain how the funds were utilised.

Head: 80 Ministry of General Education

Departments: Various

Units: Various

Programmes: Various

Activities: Various

52. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a total budget provision of K2,582,718,744 was made which included a supplementary budget provision of K180,109,359 to cater for the implementation of various programmes and

activities at the Ministry. In this regard, the Treasury released a total amount of K2,183,920,068 resulting in an underfunding of K398,798,676.

As at 31st December 2016, the Ministry had spent amounts totalling K2,159,873,389.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry and visits to selected districts carried out from January to May 2017 revealed the following:

a. Weaknesses in the Management of Bank Account – Recurrent Departmental Charges

An examination of cash books, bank statements, bank reconciliation statements and other financial records for the period under review revealed the following:

i. Failure to Prepare Timely Bank Reconciliations

Financial Regulation No. 138(1) requires that bank reconciliations for Government Accounts at the Bank of Zambia and Commercial Banks be submitted to the Office of the Accountant General by the fifteenth day of the following month. However, bank reconciliations for the Mirror Account for all the months for the financial year ended 31st December 2016 were only prepared in February 2017. As a result, errors, omissions and fraudulent activities on the account could not be corrected and/or detected as evidenced below.

• Uncorrected Bank Errors and Omissions

As at 28th February 2017, the bank reconciliation statements showed amounts totalling K8,230,471 as errors that had not been corrected as at 31st July 2017.

• Questionable Payments

During the period under review, amounts totalling K3,488,327 involving twelve (12) transactions were paid to three (3) officers of the Ministry. However, there were no explanations and documentations such as payment vouchers, backing sheets and authorities among others availed for audit to support the payments as of July 2017. It was also observed that the payments had not been captured in the cash book and IFMIS as of July 2017. As a result, it was not possible to ascertain the activities for which the payments were made. *See table below.*

Bank Statement Date	Payee	Cheque No	Amount K
04.04.2016	L Bwalya P	438387	290,500
14.04.2016	L B Phiri	438388	320,000
09.05.2016	Bwalya Phiri	438389	289,500
23.05.2016	B Phiri	438390	298,750
17.06.2016	Lawrence Phiri	438391	271,000
08.07.2016	Bwalya Phiri	438392	277,005
Sub Total			1,746,755

14.01.2016	I Sibajene	428139	296,472
14.01.2016	M Thole	428138	308,250
29.01.2016	Moses Thole	428103	266,550
29.01.2016	L Phiri	428102	240,600
10.08.2016	B Phiri	428129	298,550
15.09.2016	L Bwalya	427659	291,150
Sub Total			1,701,572

Grand Total **3,448,327**

Inquiries revealed that the funds drawn had been misappropriated by the said officers as they were not accounted for at the Ministry. In particular, a payment made on Cheque Number 427659 which was purportedly paid to the DEBs offices was actually paid to L Bwalya confirmed through the Bank statements.

It was noted that in an effort to conceal the fraud, different names and initials (L Bwalya P, L B Phiri, Bwalya Phiri, B Phiri, L Phiri and L Bwalya) of the same payee were used for different transactions.

- **Failure to Rectify Double Payments**

In February 2016, the Ministry instructed the bank to transfer amounts totalling K324,571 to three (3) DEB Offices. However, the bank credited the DEB Offices with K649,142 thereby over remitting grants in amounts totalling K324,571. The anomaly had not been rectified as at 31st July 2017. *See table below.*

Date	Payee	Reference No.	Amount Remitted K	Reference No.	Amount Remitted K
03.03.16	Chavuma DEB Office	0038233160630003	113,263	016RSFI160630009	113,263
03.03.16	Mafinga DEB Office	0038233160630044	109,019	016RSFI160630013	109,019
03.03.16	Mumbwa DEB Office	0038233160630061	102,288	016RSFI160630017	102,288
Total			324,571		324,571

ii. Failure to Remit Funds to Lower Level Institutions

In Paragraph 45 (b) of the Auditor General's report on the Accounts for the Republic for the financial year ended 31st December 2015, mention was made of the failure by the Ministry to remit funds in amounts totalling K3,420,435 to lower level institutions.

In their Report for the First Session of the Twelfth National Assembly, the Public Accounts Committee expressed concern that the implementation of planned programmes and activities was negatively affected due to the Ministry's failure to remit necessary funds to the institutions in question. The Committee strongly urged the Controlling Officer to ensure that the outstanding balance was remitted as soon as possible and that in future funds for lower level institutions are remitted on time.

A review of the situation in 2017 revealed that the situation had not changed in that amounts totalling K3,420,435 had not yet been remitted and funds in amounts totalling K1,164,687 meant to cater for operations at the Provincial Education Offices (PEOs), District Education Board Offices (DEBOs) and Secondary Schools for March and June 2016 had also not been remitted as at 31st August 2017 and the funds had been used at the Ministry headquarters.

iii. Inadequate Funds to Pay Unpresented Cheques

An examination of financial records revealed that the RDCs account had a closing reconciled balance of K41,628 as at 31st December 2016 which was insufficient to meet the commitments to lower level institutions and other unpresented cheques all totalling K15,715,879. No explanations were provided for the depletion of the account into a cumulative deficit of K15,674,251 (K15,715,879 – K41,628).

iv. Clearance of Cheques on Uncredited Backing Sheets

In August 2016, eight (8) payments in amounts totalling K571,610 were processed through the mirror account without corresponding funding from the Control Account at the Bank of Zambia. Further, the three (3) backing sheets (Numbers 66, 67 and 68) that were availed for audit in this respect were not stamped by Bank of Zambia and the payments were not posted to the IFMIS.

It is not clear as to how the Bank cleared payments without Bank of Zambia clearance.

b. Unsupported Payments

The procurement process in the IFMIS provides for a purchase requisition, purchase order, goods receipt and invoice receipt before a payment is made. However, it was observed that twenty four (24) payments in amounts totalling K125,982,274 were made to suppliers without purchase orders and invoice references. As a result, the authenticity and completeness of the transactions could not be ascertained.

c. Irregularities in Imprests Related Transactions

During the year under review, accountable imprest was being issued for officers to facilitate payment of subsistence allowances and fuel imprest to other officers. However, supporting budgets for the imprest issued were poorly and incorrectly prepared in that they lacked details of names of officers, designations and districts to be visited among others. In addition, payments for fuel imprest were arbitrarily arrived at in that in some cases the formula was not used and where the formula was used, it was incorrectly applied.

In particular, the following observations were made:

i. Failure to Avail Activity Reports

During the year under review, imprest in amounts totalling K3,344,236 was issued to fourteen (14) officers for various activities such as monitoring of infrastructure projects and education equipment, verification of certificates, inspection of financial systems in provinces and districts. However, as of July 2017, no activity reports were availed for audit to ascertain whether the activities were actually undertaken.

ii. Failure to Avail Acquittal Sheets

Contrary to Financial Regulations No.10 (n), acquittal sheets in respect of amounts totalling K1,170,521 paid to thirteen (13) officers to facilitate payment of allowances to various officers were not availed for audit as at 31st August 2017.

iii. Over Payment of Subsistence Allowance

Cabinet Office Circulars Nos. B12 of 2012 and B19 of 2013 provides for subsistence allowance to be paid at specified rates according to divisions and locations where an overnight stay is required.

It was noted however that twenty five (25) officers who were entitled to be paid subsistence allowances totalling K3,207,820 were instead paid amounts totalling K3,819,550 due to use of wrong rates resulting in an overpayment of K611,730. As at 30th September 2017, the overpayments had not been recovered.

iv. Over Payment of Fuel Imprest

Contrary to Cabinet Office Circular No.7 of 2012, it was observed that fuel imprest was paid for various activities without using the prescribed formula. In this regard, various officers were paid a total amount of K131,378 instead of K57,337 resulting in an overpayment of K74,042. As at 31st July 2017, the overpayments had not been recovered.

v. Payment for Accountable Imprest for Refreshments

A total amount of K134,500 was paid as accountable imprest for refreshments during the period under review. Out of the total amount paid, amounts totalling K25,500 had not been retired as at 31st July 2017 while the balance of K109,000 though retired, had no breakdown of the items that were purchased.

d. Failure to Follow Procurement Procedures – Advertising Services

On 20th December 2016, the Ministry paid the New Vision Newspaper amounts totalling K71,280 for advertising services for supply and delivery of Phase III text books and supply of desks.

It was however observed that procurement procedures were not followed in that the supplier of the services was single sourced.

e. Misapplication of Funds

The budget for the Ministry for the year 2016 was focused on the implementation of five (5) key programmes namely; Early Childhood Education, Primary Education, Secondary Education, Youth and Adult Literacy and Management and Support Services. A review of the IFMIS ledgers revealed that amounts totalling K141,512,928 were applied on activities not related to the purpose for which the funds were appropriated as shown in the table below.

Allocated Activity	Implemented Program	Activity Implemented	Amount K
ECE School Grant	Secondary Education	Seconadry Schools & OVC grants, confrence facilities & perdiem	2,606,993
School Feeding Program	Secondary Education	Seconadry Schools and OVC grants	1,672,999
School Feeding Program	Unidentified	Unidentified - sent to DEB offices not implementing HGSP	1,466,839
School Feeding Program	Management & Support services	Fuel, lunch & sub allowances, Tuition fees & book allowance for officers	3,018,318
Primary School Infrastructure	Primary Education	Free Requitites for free primary education	101,000,000
Secondary School Infrastructure	Management and Support services	Other personal emoluments, Educational Equipment & Subsistance allowance for unrelated activities	31,747,779
Total			141,512,928

f. Management of the Teacher Accreditation Board (TAB) Account

During the period under review, the Ministry of Finance disbursed grants amounting to K5,205,000 to the TAB Account while K903,608 was deposited in respect of private schools registration fees.

The following were observed:

i. Opening of Account without Authority

According to the Ministry of Finance instructions, no GRZ account shall be opened, renewed or closed without the approval of the Office of the Accountant General in accordance with Section 20 of the Public Finance Act No. 15 of 2004. Contrary to the Ministry of Finance instructions and provisions of the Act above, the Account was opened without the authority of the Accountant General.

ii. Questionable Location of the Account

Although the account details for the TAB account were indicated as being located in Chienge District in the IFMIS, the Bank Account into which the funds were released was at Zanaco Lusaka Main Branch and managed by the Ministry of General Education Headquarters.

iii. Misapplication of Funds

Out of the K5,205,000 released, a total amount of K2,705,000 was applied on activities such as monitoring loan revolving accounts in provinces, collection of data at lower levels, monitoring of books of accounts in colleges and resource centres, end of year monitoring of education equipment and follow up of use of

accountable documents in schools, among others, not related to the school feeding program.

The balance of K2,500,000 was also spent on the activities mentioned above. However, it was not possible to determine whether the funds were applied on the intended activities in the absence of the funding details.

iv. Questionable Retirement of Accountable Imprest

Accountable imprest in amounts totalling K2,484,653 was issued to four (4) officers as shown in the table below.

DATE	DETAIL	AMOUNT K
January 2016	RODGER MULAWO	157,054
November and December 2016	LAZAROUS CHANDA	1,366,644
December 2016	IVY SIBAJENE	610,530
December 2016	DAVISON ZIMBA	350,425
Total		2,484,653

The rationale of paying huge imprest to individuals was questionable. At the time of audit, in April 2017, the retirement details were not produced for audit and were only availed in September 2017 after inquiries. In this regard, the authenticity of the retirements was therefore questionable and not acceptable.

g. Irregular Payment of Transport Allowance/Refunds

Cabinet Office Circular No.11 of 2013, Clause 6 states, “In an effort to cater for participation of persons outside the Public Service, a fuel refund shall be made at a rate of K135 per meeting for travel within the district boundary. For travel outside the district, this category of persons shall be paid a fuel refund as provided for in Cabinet Office Circular No. 7 of 2012.”

However, contrary to the circular, amounts totalling K100,025 were paid as transport allowances and refunds to various officers for activities that were performed at their normal station during lunch time and weekends such as cleaning the storeroom and offices, changing Cabinet memoranda and updating the cash register among others.

h. Home Grown School Feeding Program (HGSFP)

In 2015, the Ministry engaged Food Reserve Agency (FRA) to supply 18,000 metric tonnes of maize at a total amount K23,697,414 for the Home Grown School Programme (HGSFP).

During the year under review, the Ministry received amounts totalling K33,045,669 from the Treasury towards the School Feeding Programme under Primary Education. The funds were meant for meeting administrative costs of the programme, salaries and wages for field Coordinators and procurement of food staffs such as maize, cow peas, beans and cooking oil among others, for vulnerable learners in order to improve school attendance. The school feeding programme is being implemented in twenty-two (22) districts in eight (8) provinces. In this regard, the Ministry paid amounts totalling K16,200,000 to FRA leaving a balance of K7,497,414. In addition, the Ministry issued imprest amounting to K401,410 for monitoring field work of the HGSFP.

However, the following were observed:

i. Lack of Details of Maize Supplied

Although amounts totalling K16,200,000 were paid to FRA for procurement of 18,000 metric tonnes of maize for HGSFP, the Ministry did not provide receipt and distribution details of the maize supplied. It was therefore not possible to ascertain whether all the invoiced metric tonnes of maize were received and used for the intended purpose.

ii. Imprest for Verification of HGSFP

On 30th December 2016, imprest amounting to K401,410 was issued to an Accounts Assistant to facilitate payment of subsistence allowances and fuel imprest to various officers undertaking the verification of maize delivered to District Education Board Offices. The verifications were carried out in four (4) out of the eight (8) provinces in which the school feeding programme was being implemented.

However, the following were observed:

• Irregular Payment of Imprest

On 31st December 2015, the Ministry through EFTA No. 0013544 transferred an amount of K2,669,461 from its control account at the Bank of Zambia to its mirror account maintained at ZANACO. The funds were meant for the Home Grown Feeding Programme for the month of December 2015.

On 28th December 2016, the Ministry instructed the Bank to transfer an amount of K2,200,000 to the Food Reserve Agency (FRA) for the supply of

maize and an amount of K401,410 to the Teacher Accreditation Board Account for monitoring and evaluation leaving a balance of K68,051.

A review of the retirement details in respect of the K401,410 transferred to the Teacher Accreditation Board Account revealed that the monitoring and evaluation exercise was conducted for thirty (30) nights in each province visited.

It was not clear how the three (3) teams spent such number of nights visiting two (2) districts in each of the three (3) provinces that had two (2) districts where the programme was being implemented and thirty (30) nights for a province with only one district. *See table below.*

Province	No. of Districts	Names District	Allocated Verification Days
Copperbelt	2	Lufwanyama and Masaiti	30
Luapula	2	Kawambwa and Chiengi	30
North Western	1	Mwinilunga	30
Northern	2	Luwingu and Chilubi	30

- **Incorrect Use of Subsistence Rates**

The rates that were used for the subsistence allowances paid were for the provincial headquarters instead of the districts that were actually visited resulting in an overpayment of K56,100 in that K287,400 should have been paid instead of K343,500 that was paid. As at 31st August 2017, the overpayments had not been recovered.

- **Questionable Distances Used in Calculations for Fuel Imprest**

A total amount of K47,410 was paid as fuel imprest for trips undertaken to North Western, Luapula and Copperbelt Provinces during the period under review. Included in the total amount was an amount of K36,080 in respect of local runs covering distances ranging from 1,500 km to 2,500 km. However, the basis of arriving at the distances of the local runs was questionable in that the places visited were not mentioned. *See table below.*

Detail	Factor	Fuel Cost	No of Trips	Distance	Amount K
N/Western	1.1	10	2	694	3,054
Local	1.1	10	2	2000	8,800
	Total				11,854
Luapula	1.1	10	2	561	2,468
Local	1.1	10	2	2200	9,680
	Total				12,148
Copperbelt	1.1	10	2	470	2,068
Local	1.1	10	2	1500	6,600
	Total				8,668
Copperbelt	1.1	10	2	850	3,740
Local	1.1	10	2	2500	11,000
	Total				14,740
Grand Total					47,410.00

** Local runs total K36,080*

i. Secondary Education Infrastructure - Over Expenditure on Infrastructure Supervision

Whereas, the total budget provision for Infrastructure Supervision was K1,044,744, amounts totalling K3,461,375 were spent on infrastructure development related administrative costs such as monitoring, inspection, verification of certificates and audits among others, resulting in over expenditure of K2,416,631 above the budgeted amount. The over spent amount was from funds for payment of certified works under infrastructure.

As at 31st December 2016, the Ministry had one hundred and eighteen (118) outstanding certificates in amounts totalling K330,042,816 for the period from September 2015 to December 2016.

j. Educational Equipment

i. Partial Deliveries of Music Equipment - Muleka Investments Ltd

A contract was signed on 30th December 2014 between the Ministry and Muleka Investments Ltd for the supply, delivery and assembly of Educational Equipment (1,500 UPS and 1,500 LCD Projectors and 300 sets of Sound/Music instrument kits) at a contract sum of K84,300,300 exclusive of VAT with a delivery period of 4 to 6 weeks.

As at 31st July 2017, the supplier had been paid K25,930,030 leaving a balance of K58,370,270.

An examination of goods received vouchers and delivery notes revealed that equipment such as banjos, violins, recorders, violas and the music system among others whose value could not be ascertained due to lack of information on costing of individual components had not been supplied as of 31st July 2017.

ii. Undistributed Equipment (Muleka Investments Ltd)

A review of stores records such as the goods received vouchers, distribution schedules and delivery notes revealed that despite the supplier having partially supplied the equipment on 30th October 2015 and 4th April 2016, the equipment had not been distributed as at 31st August 2017. See table below.

No	Description	Quantity Received	Quantity allocated And Distributed	Quantity Received Yet To Be Distributed
1	Large Drums	3,000	0	3,000
2	Medium Drums	3,000	0	3,000
3	Small Drums	3,000	0	3,000
4	Trombones	5,212	840	4,372
5	Cymbals	3,600	635	2,965
6	Trumpets	5,105	254	4,851
7	(Digital Grand)Thump Piano	4,500	0	4,500
8	Xylophones	2,000	168	1,832
9	Saxophones	2,000	635	1,365
10	Drumsets	1,520	128	1,392

iii. Supply of Educational Equipment (Ngwala Electrical Limited)

In December 2014, the Ministry engaged Ngwala Electrical and Hardware Limited for the supply, delivery and assembly of educational equipment (art work, stationary kits and aerobic equipment kits) for 300 schools countrywide at a contract sum of K5,280,000 with a delivery period of 4 to 6 weeks.

The supplier delivered some equipment to the Ministry in June 2016 and January 2017. However, it was not possible to verify whether the delivery was complete as the contract did not have details of the quantities and values for equipment to be delivered.

A physical verification carried out in March 2017 revealed that the equipment had not been distributed and was kept at the Curriculum Development Centre (CDC) warehouse. Due to the failure to distribute the educational materials in time, it was noted that some of the materials like oil and water color tubes were getting damaged. *See pictures below.*



Water colour (35mls) without manufacture & expiry dates One of the Water colour that expanded and busted

k. Failure to Insure Motor Vehicles

During the period under review, the Ministry headquarters had a fleet of seventy eight (78) motor vehicles and two (2) motor cycles. However, only fifteen (15) motor vehicles and one (1) motor cycle were insured while the remaining sixty three (63) motor vehicles and one (1) motor cycle were not insured as at 30th September 2017.

l. Poor Maintenance of Records of Procurement Process and Contract Management

During the period under review, the Ministry had one hundred and fifteen (115) contracts for various secondary school projects being implemented with a total contract value of K3,597,810,002. See table below.

Province	Number of Contracts	Contract Sum K	Amount Paid as at July 2017 K	Unpaid Certificates as at July 2017 K
Northern	12	458,317,014	248,831,796	75,175,124
Luapula	12	409,904,629	228,825,921	17,916,018
Central	15	491,236,700	304,567,783	15,610,217
Lusaka	12	456,132,947	312,742,290	52,721,151
Copperbelt	9	304,094,247	161,567,560	26,999,161
Muchinga	11	316,337,489	142,441,937	13,425,684
Western	11	28,148,480	22,419,201	2,921,114
Eastern	14	409,006,821	276,209,277	37,536,664
Southern	11	385,073,063	221,565,379	15,859,228
North Western	8	339,558,613	192,402,528	25,311,133
Total	115	3,597,810,002	2,111,573,673	283,475,493

However, it was observed that the Ministry did not maintain cumulative payment worksheets evidencing all payments made under each contract contrary to Public Procurement Regulation, No. 18 of 2011 which requires procuring entities to keep records of procurement proceedings, procurement records and contract management records.

In addition, payment vouchers, payment certificates and invoices were not filed together. Each payment made was filed on a plain folder thereby making it not possible to verify cumulative payments made against each contract.

A review of ledger accounts in the IFMIS in respect of the contractors and suppliers that were paid during the year 2016 revealed that payments were based on purchase orders where no reference was made to the contract upon which payment was made. In this regard, it was not possible to link payments appearing under suppliers/contractors vendor ledgers.

Head: 80 Ministry of General Education

Department: Various

Programmes: Personal Emoluments

Activities: Various

53. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a total provision of K6,705,731,181 was made to cater for personal emoluments against which amounts totalling K7,221,410,733 were released resulting in an over funding of K515,679,552, which was not supported by a supplementary provision contrary to Financial Regulation No. 30(I).

According to the Financial Statement (Statement C), the whole amount of K7,221,410,733 had been spent as at 31st December 2016.

Accounting and Other Irregularities

An examination of payroll records at the Ministry Headquarters, Provincial Offices, District Offices, Colleges, Basic, Primary and Secondary schools carried out in June 2017 revealed the following:

a. Unauthorised Excess Staff on the Payroll

A comparison of selected positions on the payroll from PMEC and the 2016 Establishment Register at the Ministry Headquarters and two (2) Provincial Education Offices, selected District Education Board Secretaries' Offices, Secondary and Primary Schools revealed that the establishment had fourteen thousand, two hundred and eighteen (14,218) authorized positions where as the payroll had fourteen thousand, nine hundred and fifty two (14,952) filled up positions resulting in excess staff of seven hundred and thirty four (734) who were on the payroll without authority. See table below.

Province	Station	Establishment Register	Filled Positions	Variance
Ministry HQ	Headquarters	44	60	16
North Western	PEO	7,578	7,728	150
Lusaka	Lusaka PEO	95	198	103
	Lusaka DEBS	6,501	6,966	465
Total		14,218	14,952	734

As of September 2017, the anomaly had not been corrected.

b. Officers Occupying Positions not on the Establishment

During the period under review, two hundred and sixteen (216) officers drew salaries in amounts totalling K9,721,847 on positions which did not exist on the establishment registers in respect of four (4) institutions. See table below.

Province	Station	No. of Officers	Amount K
Muchinga	Chinsali PEO	10	344,554
Lusaka	Lusaka PEO	55	2,951,163
	Lusaka DEBS	132	6,295,713
MOGE	Headquarters	19	130,417
Total		216	9,721,847

c. Misplacement of Payroll Area

A reconciliation of the payroll and staff returns at Provincial Education Offices, selected District Education Board Secretaries' offices and some schools revealed that there were two thousand three hundred and sixty eight (2,368) officers who drew salaries in amounts totalling K104,963,058 but were not serving in stations where they had been paid from. See table below.

Province	Station	No. of Officers	Salaries Paid K
North Western	Kasempa DEBS	21	1,287,457
	Mufumbwe DEBS	29	1,977,812
Northern	Mpulungu DEBS	215	7,061,415
	Mporokoso DEBS	277	9,940,695
	Mbala DEBS	109	4,017,214
Southern	Choma PEO	22	105,519
Eastern	Lundazi DEB	14	652,028
Lusaka	Lusaka DEBS	1500	69,438,784
	Lusaka PEO	181	10,482,135
Total		2368	104,963,058

As at 31st July 2017, no corrective measures had been taken to address the matter.

d. Officers paid at Wrong Notches of Salary Scales - North Western

According to the Collective agreement signed between the Government of the Republic of Zambia and the Primary Education Teachers Union of Zambia (PETUZ) dated 2nd November 2015, all new entrants in all salary scales shall enter from the respective entry points.

However, it was observed that, fifteen (15) newly employed officers at selected schools who were supposed to be placed on the entry point notch were placed at higher notches and subsequently paid salaries in amounts totalling K424,082 instead of K388,350 resulting in an overpayment of K35,732. As at 30th June 2017, the anomaly had not been rectified.

e. Drawing of Salaries on Wrong Salary Scales

During the period under review, two hundred and ninety nine (299) officers were placed on wrong salary scales and were paid amounts totalling K7,725,925 instead of K6,748,210 resulting in an over payment of K977,715. See table below.

Province	Station	No. of Officers	Total amount paid K	Amount should have been paid K	Over payment K
Copperbelt	Ndola PEO	2	79,866	59,780	20,086
	Chingola DEBS	1	62,005	56,369	5,637
Northern	Kasama PEO	10	454,259	337,752	116,507
	Mbala DEBS	62	360,099	252,285	107,814
	Kasama DEBS	24	145,930	114,850	31,080
Western	Kaoma DEBS	2	19,925	18,810	1,115
Lusaka	Lusaka DEBS	159	4,659,873	4,223,556	436,318
Muchinga	Isoka DEBS	4	100,471	90,769	9,702
	Mafinga	5	99,882	93,444	6,438
	Chinsali DEBS	12	529,960	491,729	38,231
Central	Kabwe PEO	2	76,040	59,780	16,260
	Kapiri DEBS	9	650,005	529,150	120,855
	Kabwe DEBS	2	132,377	112,093	20,284
	Chibombo DEBS	2	96,989	79,675	17,314
MOGE HQ	Headquarters	3	258,244	228,169	30,075
Total		299	7,725,925	6,748,210	977,715

f. Salary Underpayments

During the period under review, one hundred and thirty eight (138) employees who were entitled to be paid salaries in amounts totalling K4,275,858 were placed on wrong salary scales and consequently paid salaries in amounts totalling K3,788,622 resulting in an underpayment of K487,236. See table below.

Province	Station	No. of Officers	Total amount paid K	Amount should have been paid K	Over payment K
Lusaka	Lusaka PEO	3	28,582	29,869	(1,287)
	Lusaka DEBS	86	2,582,561	2,787,417	(204,856)
Central	Kapiri DEBS	20	417,555	460,977	(43,422)
	Kabwe DEBS	8	140,020	153,659	(13,639)
	Chibombo DEBS	5	195,890	218,971	(23,081)
Northern	Kasama PEO	12	323,712	436,551	(112,839)
MOGE HQ	Headquarters	4	100,302	188,414	(88,112)
Total		138	3,788,622	4,275,858	(487,236)

g. Absent from Duty without Leave – Ndola DEBS

Terms and Conditions of Service for the Public Service No. 60 (a) (b), states that an officer who is absent from duty without leave for a period of ten (10) days or more shall be liable for dismissal from the service and shall not get a salary for the period he/she is absent from duty. However, there were five (5) officers at Ndola DEBS who had been absent from duty for periods ranging from fourteen (14) to thirty eight (38) months but had not been separated from the service as at 30th June 2017.

In this regard, the officers were irregularly paid salaries amounting to K309,949 as they were not entitled to be paid salaries during the periods they were absent from duty.

h. An Unapproved Study Leave

Terms and Conditions of Service for the Public Service No. 121, states that paid study leave shall be granted by the Permanent Secretary and Public Service Management Division (PSMD). However, contrary to the conditions of service, salaries in amounts totalling K850,079 were paid to thirteen (13) officers during the period under review that were on unapproved study leave. See table below.

Province	Station	No. of Officers	Period of Absence (Months)	Amounts Paid K
Western	Sioma DEBS	4	12. - 24	323,546
	Sesheke DEBS	6	12. - 36	294,012
Southern	Choma PEO	3		232,521
Total		13		850,079

i. Unknown Officers Drawing Salaries

During the period under review, salaries in amounts totalling K12,263,889 were paid to four hundred and forty eight (448) officers who were not known by the heads of stations where they were assigned. See table below.

Province	Station	No. of Officers	Amounts Paid K
Muchinga	Isoka DEBS	33	1,195,390
	Chinsali DEBS	133	7,779,814
	Mpika DEBS	281	3,249,986
North Western	Mufumbwe	1	38,699
Total		448	12,263,889

j. Failure to Remove Deceased Officer from the Payroll – Mpulungu DEBS

In October 2014, a Class Teacher at Mupata Basic School was separated from the service through death. However, it was observed that the officer had not been removed from the payroll and as at 31st July 2017, the officer had been paid amounts totalling K102,188.

k. Payment of Salaries to an Officer who Resigned – Mufumbwe DEBS

On 7th September 2015, Chipasha Katuele, a Class Teacher resigned with immediate effect from the Service. However, an examination of the payroll revealed that the officer was paid salaries in amounts totalling K26,189 for the period January to May 2016. As at 30th June 2017, the salaries paid had not yet been recovered.

l. Allowances Paid to Officers without Authority

During the period under review, one thousand and seventy nine (1,079) officers were paid Double class and Responsibility allowances in amounts totalling K5,024,983 without authority from the responsible officers. See table below.

Province	District	No. of Officers	Double Class K	Responsibility Allowance K	Total K
North Western	Mufumbwe DEBS	49	147,860	91,157	239,017
Western	Sesheke DEBS	7	1,460	24,794	26,254
	Sioma DEBS	3	-	9,490	9,490
Eastern	Chipata DEBS	11	-	74,910	74,910
Muchinga	Isoka DEBS	112	115,725	588,191	703,916
	Chinsali DEBS	120	198,122	137,880	336,002
Central	Kabwe DEBS	39	95,623	207,390	303,013
	Chibombo DEBS	420	1,073,135	945,484	2,018,619
	Kapiri Mposhi DEBS	318	893,274	420,488	1,313,762
Total		1,079	2,525,199	2,499,784	5,024,983

m. Irregular Payment of Double Class Allowances

According to the Terms and Conditions of Service No. 167 (K), a double class allowance shall be paid to teachers who are required to teach double classes at Primary School level. However, during the period under review, the Ministry of Education irregularly paid

double class allowances in amounts totalling K74,857 to eighteen (18) officers who did not qualify for the allowance as they were secondary school teachers. See table below.

Province	Station	No. of Officers	Amount K
Eastern	Chipata DEBS	7	39,550
Muchinga	Isoka DEBS	8	21,761
	Mafinga DEBS	1	6,771
Northern	Mbala DEBS	2	6,775
Total		18	74,857

n. Irregular Payment of both Double and Responsibility Allowances - Mbala DEB Office

An examination of payroll and other related records revealed that amounts totalling K37,226 were irregularly paid to three (3) officers as both double class allowance (K18,248) and responsibility allowance (K18,978) to the same officers for the same period.

o. Irregular Payment of Responsibility Allowance

According to the collective agreement between the Government of the Republic of Zambia and Secondary School Teachers Union of Zambia (SESTUZ) of 3rd April 2013 which states that responsibility allowance shall continue to be paid at the rate of 20% of monthly basic salary to:

- Degree holders teaching A level classes,
- Advanced diploma holders teaching either senior or ‘A’ level classes at a secondary school.
- Diploma holders teaching senior classes; and
- Certificate holders teaching Upper Basic/Secondary School classes;

However, a scrutiny of the payroll and related records revealed that responsibility allowances in amounts totalling K791,442 were irregularly paid to one hundred and fifty four (154) officers who did not qualify to receive the allowance in that they were not teaching “A” level classes, and were not diploma holders or certificate holders teaching upper basic/ secondary school classes. See table below.

Province	Station	No. of Employees	Amount K
Northern	Mbala DEBS	6	37,669
Copperbelt	Ndola DEBS	5	23,088
North Western	Kasempa DEBS	1	11,382
	Solwezi DEBS	1	12,520
Muchinga	Isoka DEBS	9	44,624
	Mafinga DEBS	1	6,771
	Chinsali DEBS	7	23,984
Central	Kabwe DEBS	61	296,408
	Chibombo DEBS	43	228,435
	Kapiri Mposhi DEBS	20	106,560
Total		154	791,442

p. Irregular Payment of Rural and Remote Hardship Allowance

According to the Terms and Conditions of Service No. 166 and Cabinet Circular No. B2 of 2010, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at a rate as may be determined by Government from time to time.

During the period under review, amounts totalling K9,946,085 were paid as rural (K6,879,863) and remote (K3,066,222) hardship allowances to one thousand eight hundred and twenty seven (1,827) officers who were working at stations which did not qualify for the allowances. See table below.

Province	District	No. of Employees	Rural Allowance K	Remote Allowance K	Total K
North Western	Kasempa DEBS	33	75,156	44,836	119,992
	Mufumbwe DEBS	55	-	133,811	133,811
Luapula	Mansa DEBS	35	173,341	26,477	199,818
	Samfya DEBS	6	52,609	-	52,609
Northern	Kasama PEO	6	32,263	14,873	47,136
	Mpulungu DEBS	47	235,519	49,920	285,439
	Mbala DEBS	214	1,446,080	519,615	1,965,695
	Kasama DEBS	399	2,753,079	691,119	3,444,198
Copperbelt	Ndola DEBS	5	45,160	-	45,160
Lusaka	Lusaka PEO	12	15,883	-	15,883
	Lusaka DEBS	12	37,124	11,868	48,992
Muchinga	Isoka DEBS	52	358,657	78,342	436,999
	Chinsali DEBS	77	492,451	150,051	642,502
	Mpika DEBS	187	674,954	1,223,063	1,898,017
Central	Kapiri Mposhi DEBS	287	204,428	49,160	253,588
	Kabwe DEBS	400	283,158	73,087	356,245
Total		1,827	6,879,863	3,066,222	9,946,085

q. Payment of Remote Instead of Rural Hardship Allowance

A scrutiny of payroll records and an analysis of designated stations for the above allowance revealed that four hundred and fifty two (452) officers were paid remote hardship allowances in amounts totalling K4,694,544 instead of being paid rural hardship

allowance amounting to K3,755,635 resulting in an overpayment of K9,38,909. See table below.

Province	Name of Institution	No. of Officers	Remote Hardship Paid K	Rural Hardship Entitled K	Over Payment K
Muchinga	Isoka DEBS	43	480,445	384,356	96,089
	Chinsali DEBS	146	1,541,554	1,233,243	308,311
	Mpika DEBS	86	905,477	724,382	181,096
Northern	Mpulungu DEBS	4	44,534	35,627	8,907
	Mbala DEBS	37	431,173	344,938	86,235
	Kasama DEBS	31	279,899	223,919	55,980
	Mporokoso DEBS	105	1,011,462	809,170	202,292
Total		452	4,694,544	3,755,635	938,909

As at 30th June 2017, the funds had not been recovered.

r. Payment of Acting Allowance Without Authority

The Terms and Conditions of Service for the Public Service No. 23, requires that an officer appointed to act in a higher position shall receive an appropriate acting allowance for the period the officer shall act in the higher position.

An examination of the payroll and personal files revealed that amounts totalling K1,719,791 were paid to one hundred and forty seven (147) officers who were acting in higher positions without authority from Public Service Management Division. See table below.

Province	Station	No. of Officers	Amount K
North Western	Mufumbwe DEBS	24	220,105
Luapula	Mwense DEBS	3	47,205
Copperbelt	Ndola DEBS	5	28,059
	Kitwe DEBS	5	108,343
Northern	Kasama PEO	12	175,471
Southern	Choma PEO	6	46,304
Eastern	Chipata DEBS	6	60,038
Muchinga	Isoka DEBS	4	45,801
	Mafinga DEBS	8	50,703
	Mpika DEBS	3	31,436
Central	Kabwe PEO	14	79,758
	Kabwe DEBS	7	47,942
	Kapiri Mposhi DEBS	3	60,163
MOGE HQ	Headquarters	47	718,463
Total		147	1,719,791

s. Irregular Payment of Fuel Allowance – Northern Province

According to the Public Service Management Division Circular No B22 of 2013, officers in salary grades A to K are entitled to transport allowance at the rate of 10% of monthly

basic pay while those in salary grades L to N are entitled to fuel allowance at the rate of thirty (30) % of the monthly basic salary. Further, Cabinet Office, minute dated 30th December, 2015 introduced the payment of Fuel Allowance to officers in salary scale K at the rate of 24% of their basic pays.

However, contrary to this requirement, fuel allowance in amounts totalling K43,224 was irregularly paid to two (2) Primary School Head teachers who are expected to be in Salary Scale J and therefore qualified for transport allowance of K14,092 resulting in an over payment of K29,132. See table below.

Station	No. of Officers	Fuel Allowance Paid K	Transport Allowance to have been Paid K	Overpayment K
Kasama PEO	1	25,934	8,455	17,479
Kasama DEBS	1	17,290	5,637	11,653
Total	2	43,224	14,092	29,132

t. Fraudulent Payment of Salary Arrears - Isoka

In December 2016, an amount of K35,452 was paid as salary arrears to Jane Mpangula who was purported to be an Office Orderly at Muombe Basic School in Isoka district. However, inquiries with Isoka DEB office revealed that she was not their employee and that Muombe Basic School was not in Isoka district.

u. Irregular Payment of Salary Arrears - Central Province

Amounts totalling K83,109 were paid to three (3) officers in respect of arrears at Kabwe and Chibombo DEB offices. However, there were no supporting records to show how the arrears were accumulated thereby rendering the payments irregular. *See table below.*

Name of Institution	No. of Officers	Amount K
Kabwe DEBS	2	47,657
Chibombo DEBS	1	35,452
Total	3	83,109

v. Wrong Claim of Salary Arrears

In March 2016, amounts totalling K507,719 were paid to four hundred and sixty six (466) officers as under payments on salaries for the month of January 2016 at six (6) stations. However, a review of the payroll records and inquiries made with management revealed that although the payments were made to the officers, there were no outstanding amounts

due to the officers in January 2016 and were therefore not entitled to claim the arrears paid to them. See table below.

Province	Name of Institution	No. of Officers	Amount K
Muchinga	Chinsali PEO	5	8,111
	Isoka DEBS	63	34,812
	Mafinga DEBS	39	109,850
	Chinsali DEBS	131	145,721
	Mpika DEBS	197	165,298
Western	Mongu DEBS	31	43,928
Total		466	507,719

w. Irregular Payment of Housing Allowance

Cabinet Office Circular No. B12 of 2012 states that housing allowance shall be paid to eligible employees through the payroll at the rate of 20% of monthly basic salary.

However, contrary to the above Circular, nine hundred and four (904) officers who were accommodated in Government houses also received housing allowance in amounts totalling K8,302,372. See table below.

Province	District	No. of Officers	Amount K
North Western	Kasempa DEBS	21	171,285
	Mufumbwe DEBS	9	37,117
	Solwezi DEBS	43	425,373
Northern	Kasama PEO	34	249,232
	Kasama DEBS	52	500,853
	Mporokos DEBS	81	782,423
	Mpulungu DEBS	35	279,780
	Mbala DEBS	41	259,655
Copperbelt	Ndola DEBS	7	55,089
	Luanshya DEBS	2	17,772
Western	Mongu DEBS	34	379,994
	Kaoma DEBS	16	39,637
	Sesheke DEBS	13	92,838
	Sioma DEBS	12	86,843
Lusaka	Lusaka DEBS	48	451,015
Southern	Choma PEO	69	957,874
Eastern	Chipata PEO	4	23,481
Muchinga	Isoka DEBS	70	635,946
	Mafinga DEBS	105	803,215
	Chinsali DEBS	34	316,297
	Mpika DEBS	121	1,188,609
Central	Kabwe DEBS	17	185,319
	Chibombo DEBS	26	248,616
	Kapiri Mposhi DEBS	10	114,110
Total		904	8,302,372

As at 31st July 2017, the amounts paid had not been recovered.

x. Failure to Deduct Statutory Contributions

During the period under review, amounts totalling K12,659,564 were paid to three hundred and thirty seven (337) officers. However, an examination of the payroll records revealed that statutory contributions in respect of Pay As You Earn (PAYE), National Pensions Scheme Authority (NAPSA) and Pensions were not deducted contrary to the Pensions Acts of 1996 and Income Tax Act (Cap 323). See table below.

Province	Station	No. of Officers	Basic Pay K
Luapula	Mansa PEO	4	163,455
	Mansa DEBS	10	334,041
	Samfya DEBS	15	326,599
	Mwense DEBS	3	59,930
Northern	Kasama DEBS	23	546,656
Copperbelt	Ndola DEBS	18	858,724
	Luanshya DEBS	37	1,381,727
	Chingola DEBS	10	433,425
Western	Mongu DEBS	1	52,189
	Kaoma DEBS	2	26,570
	Sesheke DEBS	3	150,731
	Sioma DEBS	1	65,758
Lusaka	Lusaka DEBS	61	2,248,999
Eastern	Katete	2	46,613
	Lundazi DEBS	32	869,714
	Chipata DEB	38	1,724,645
Muchinga	Isoka DEBS	5	105,496
	Mafinga DEBS	10	170,452
	Chinsali DEBS	10	506,433
	Mpika DEBS	15	935,690
Central	Kabwe DEBS	25	1,005,384
	Kapiri Mposhi DEBS	3	28,802
	Chibombo DEBS	7	498,124
MOGE	Headquarters	2	119,409
Total		337	12,659,564

y. Officers with Duplicate National Registration Cards on pay slips

During the period under review, salaries in amounts totalling K288,517 were paid to eight (8) officers that had shared/ duplicate NRC numbers on their pays lips. See table below.

Province	Station	No. of Officers	Amount K
Northern	Kasama DEBS	2	12,733
Lusaka	Lusaka DEBS	6	275,784
Total		8	288,517

z. Employees with Duplicate Bank Account Numbers – Northern Province

An analysis of the DDAC and Payroll records revealed that twenty (20) officers who drew salaries in amounts totalling K84,428 had the same bank account numbers. No satisfactory explanation was given why officers' salaries were being paid using the same bank account numbers. See table below.

Station	No. of Officers	Amount K
Kasama DEBS	16	61,625
Mporokoso DEBS	4	22,803
Total	20	84,428

aa. Employees without Bank Accounts on DDACC – Kasama DEBS

A scrutiny of the payroll and other related records revealed that an officer who was paid a salary in the amount of K4,779.23 for the month of December 2016, had no bank account number inputted on the DDACC.

bb. Questionable Salary Scales – Lusaka DEBS

An analysis of the payroll records revealed that salaries in amounts totalling K754,647 were paid to seventeen (17) officers on salary scales not supported by Government circulars.

Head: 80 Ministry of General Education

Department: 01 – 40 Headquarters, Provincial and District Education Offices, High Schools, Basic Schools, Teachers' Training Colleges

Unit: Various

Programme: National Implementation Framework (NIF) III

Activities: Various

54. In the Estimates of Revenue and Expenditure for the financial year ended 31st December, 2016 a total provision of K100,291,679 (US\$9,390,408) was made to cater for activities under the National Implementation framework (NIF) III Programme and the whole amount was released. According to Financial Statement C, a total amount of K69,207,179 had been spent as at 31st December 2016.

Accounting and Other Irregularities

An examination of the financial and other records maintained at the Ministry Headquarters Provinces and Districts carried out during the period from May to August 2017 revealed the following:

a. Unretired Accountable Imprest - Headquarters

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K686,093 involving seven (7) transactions issued to six (6) officers had not been retired as at 31st August 2017.

b. Unaccounted for Stores - Headquarters

Contrary to Public Stores Regulation No 16, various stores items costing K18,730 involving two (2) transactions were unaccounted for in that there were no receipt and disposal details.

c. Irregular Payment of Subsistence Allowances - Headquarters

On 27th November, 2015, Cabinet Office gave authority to the Ministry to hold a procurement planning workshop in Livingstone for seven (7) days. On 30th November 2015, the Ministry issued a purchase order in the amount of K72,587 to Fairmount Hotel to supply conference facilities, lunch and drinks for forty one (41) officers.

In this regard, in April 2016, payments in amounts totalling K72,587 were made to the hotel.

It was however observed that contrary to Cabinet Office Circular No. 11 of 2013, on 2nd February 2016, accountable imprest in the amount of K207,838 was issued to an accounting officer who in turn paid subsistence allowances to the forty one (41) officers who attended the workshop in Livingstone instead of paying out of pocket allowances totalling K52,808. As a result, the officers were over paid by amounts totalling K155,030.

d. Failure to Produce Activity Reports - Headquarters

During the period under review, Imprest in amounts totalling K290,086 was issued to two (2) officers to undertake supervision and monitoring of activities. However, no monitoring reports were availed for audit thereby casting doubts as to whether the activities were undertaken.

e. Holding of Workshops Without Authority - Headquarters

Contrary to Cabinet Office Circular No. 9 of 2012, the Ministry of General Education, under National Implementation Framework (NIF III) held meetings outside Government conference facilities and paid for conference facilities, subsistence allowances and refreshments in amounts totalling K14,820.

f. Irregularities in the Management of Zambia Educational Publishing House (ZEPH) Contracts

- On 21st March 2016, the Ministry of General Education awarded a contract to Zambia Educational Publishing House (ZEPH) for supply and delivery of 8,000 books for learners with intellectual disabilities and 3,200 Teachers' Guides Text Books on a one year running contract at a contract sum of K1,432,000. In this regard, on 23rd May 2016, an advance payment of K143,200 was made.

However, as at 31st August 2017, the books had not been supplied.

- On 1st June 2016, the Ministry of General Education awarded a contract to Zambia Educational Publishing House (ZEPH) under lot 1 for Printing and Delivery of 550,000 Grade three Term one Literacy Course Text Books for the Seven Zambian Languages at a cost of K8,800,000 with a delivery period 4 – 6 weeks. As at 31st August 2017, amounts totalling K4,000,000 had been paid.

A review of Delivery Notes, Goods Received Notes (GRNs) and other accounting records revealed that as at 31st August 2017, out of the contracted quantities of 550,000 books, a total number of 67,890 books costing K1,086,240 had not been delivered.

g. Management of National Implementation Frame work (NIF III) in Provinces

During the period under review, funding in amounts totalling K25,670,314 were disbursed to the ten (10) provinces (that included the 10 Provincial Education Offices (PEOs) and forty three (43) selected DEB offices) to cater for activities under the National Implementation Programme (NIF III) namely; the grants to primary schools, sector pool grant distribution of education materials, monitoring activities and funds for orphans and vulnerable children (OVCs) as detailed in the table below.

Province	Districts	Grants to Schools	Sector Pool Grants	Distribution of Education materials	OVCs	Grants for Monitoring and Inspection	Total
			K	K	K	K	K
Eastern	Chipata DEBS	523,957	127,756	-	38,908		690,621
	Katete DEBS	370,753	90,401	28,461	27,532		517,146
	Mambwe DEBS	356,578	86,944	-	26,479		470,001
	Lundazi DEBS	457,419	111,532	33,967	28,461		631,380
	Total	1,708,706	416,633	62,429	121,380		2,309,148
Copperbelt	PEO	-	241,120	-	9,456	500,000	750,576
	Ndola DEBS	775,765	189,155	57,607	29,785	-	1,052,311
	Luanshya DEBS	348,894	85,071	25,908	29,785	-	489,659
	Kitwe DEBS	697,837	170,153	51,820	29,407	-	949,218
	Chingola DEBS	352,073	85,846	26,144	29,407	-	493,470
	TOTAL	2,174,569	771,345	161,480	127,840	500,000	3,735,234
	Western	Western PEO	-	241,120	-		527,600
Mongu DEBS		232,127	56,560	17,237			305,924
Nalolo DEBS		105,021	25,607	7,799			138,427
Sesheke DEBS		187,730	45,774	13,941			247,445
Sioma DEBS		105,021	25,607	7,799			138,427
Total		629,900	394,668	46,775	-	527,600	1,598,943
Muchinga	Muchinga PEO	-	300,000	-	-	200,000	500,000
	Isoka DEBS	301,794	73,586				375,380
	Mpika DEBS	405,198	98,799				503,998
	Chinsali DEBS	302,245	73,696				375,941
	Shiwangandu DEBS		73,617				73,617
Total	1,009,237	619,699	-	-	200,000	1,828,936	
Northern	Northern PEO	-	100,000	-	-	168,250	268,250
	Kasama DEBS	301,794					301,794
	Mungwi DEBS	405,198					405,198
	Mporokoso DEBS	302,245					302,245
Total	1,009,237	100,000	-	-	168,250	1,277,487	
Lusaka	Lusaka PEO	-	100,000	-	-	500,000	600,000
	Lusaka DEBS	762,525	185,926	56,624	29,785		1,034,860
	Kafue DEBS	426,177	103,915	31,647	29,227		590,966
	Luangwa DEBS	393,584	95,968	29,227			518,779
	Chongwe DEBS	443,120	108,046	32,905	28,461		612,532
	Total	2,025,405	593,854	150,404	87,473	500,000	3,357,137
Northwestern	PEO		335,056		90,963	426,019	852,038
	Solwezi	302,388	64,041	22,455	29,785	418,669	837,339
	Kasempa	262,647	64,041	19,504	17,483	363,676	727,352
	Mufumbwe	262,647	64,041	19,504		346,193	692,385
	Kabompo	262,647	64,041	19,504	17,483	363,676	727,352
	Total	1,090,330	591,221	80,966	155,715	1,918,233	3,836,465
Central	PEO		241,120				241,120
	Kabwe DEBS	456,769	111,374	33,919			602,062
	Kapiri-Mposhi	376,661	91,841	27,970			496,472
	Mkushi DEBS	373,575	91,089	27,741			492,405
	Chibombo DEBS	393,285	95,895	29,204			518,384
	Total	1,600,290	631,318	118,835			2,350,443
Southern	Southern PEO		227,600			300,000	527,600
	Kazungula DEBS	309,227	75,399	23,031			407,656
	Livingstone DEBS	242,683	59,173	18,075			319,931
	Choma DEBS	453,697	110,625	33,791			598,113
	Sinazongwe DEBS	258,521	63,035	22,240	28,461	108,093	480,350
	Chikankata	298,608	72,810	18,870			390,288
	Mazabuka	325,040	79,254	24,208			428,503
	Monze	313,814	76,517	23,372			413,704
	Total	2,201,590	764,414	163,587	28,461	408,093	3,566,145
Luapula	PEO	241,120				300,000	541,120
	Mansa DEBS	329,744	80,402	-			410,146
	Chembe DEBS	150,604	36,722	11,183			198,509
	Samfya DEBS	279,205	68,078	-			347,283
	Mwense DEBS	237,707	57,960	17,652			313,319
	Total	1,238,380	243,162	28,835		300,000	1,810,377
Grand Total	14,687,644	5,126,315	813,311	520,869	4,522,175	25,670,314	

A scrutiny of accounting and other records and a verification of education materials and equipment carried out in August 2017 revealed the following:

i. Supply and Delivery of Text Books for Grades 2, 6, 9 and 11

During the period under review, the Ministry of General Education awarded contracts to four (4) publishers namely MK Publishers Limited, Oxford University Press, Grey Matter Zambia Limited and Book World Africa for the supply and delivery of school text books for Grades 2, 6, 9, and 11 based on the revised curriculum to all districts countrywide.

As at 31st December 2016, all the contractors had delivered all the contracted book quantities to the Ministry of General Education Central Warehouse for onward distribution to the provinces by the Ministry. See table below.

Publisher	Contract Date	Delivery Period	Contract Sum K	Amount paid as of Dec 2016 K	Exchange Rate	Amount Paid K	Quantity of Books Contracted
MK Publishers Limited	11.01.2016	15 weeks	USD \$5,306,433	ZMK 10,277,829	1	10,277,829	3,350,196
Grey Matter (Zambia) Ltd	11.01.2016	12 to 16 weeks	USD \$1,380,863	USD \$164,436	9	1,479,924	912,703
Oxford University Press	11.01.2016	12 to 16 weeks	ZAR 7,879,677	ZMK 1,000,000	1	1,000,000	485,603
Book World Africa	11.01.2016	20 weeks	USD \$293,640	ZMK 997,310	1	997,310	200,500
						13,755,063	4,949,002

A scrutiny of records pertaining to distribution of texts books from the Ministry to the provinces, districts and schools revealed the following:

ii. Undelivered Text Books from the Central Warehouse

Although all the text books had been delivered by the four (4) publishers to the Central Warehouse of the Ministry for on onward distribution to the provinces, a test check at thirty six (36) selected DEB offices which were to receive 1,579,683 text books and teachers guides revealed that only 1,158,934 text books had been received from the Central Warehouse leaving a balance of 448,976 books costing K7,826,929 still undelivered as at 31st August 2017. See table below.

Province	District	Allocated Quantities	Actual books Delivered	Variance	Value K
Lusaka	Lusaka DEBS	324,458	310,093	14,365	208,330
	Kafue DEBS	55,516	40,746	14,770	162,042
	Luangwa DEBS	15,490	15,569	-79	(1,550)
	Chongwe DEBS	31,999	29,333	2,666	25,692
Copperbelt	Ndola DEBS	36,779	14,567	22,212	662,591
	Luanshya DEBS	13,401	8,171	5,230	84,091
	Kitwe DEBS	48,545	31,071	17,474	248,375
	Chingola DEBS	11,494	8,414	3,080	64,921
Western	Mongu DEBS	78,771	54,860	23,911	366,560
	Nalolo DEBS	21,957	15,923	6,034	57,987
	Sesheke DEBS	27,365	17,445	9,920	138,297
	Sioma DEBS	17,417	14,087	3,330	26,301
Luapula	Mansa DEBS	108,173	89,174	18,999	38,153
	Chembe DEBS	14,670	12,897	1,773	6,453
	Samfya DEBS	63,178	50,656	12,522	31,706
	Mwense DEBS	29,748	22,977	6,771	75,383
Southern	Monze DEBS	-	-	21,221	204,844
	Mazabuka DEBS	-	-	5,314	35,982
	Chikankata DEBS	-	-	1,692	6,862
Central	Kabwe DEBS	63,630	-	63,630	1,756,678
	Kapiri-Mposhi DEBS	247	89	158	3,712
	Mkushi DEBS	16,134	3,486	12,648	143,360
	Chibombo DEBS	55,689	-	55,689	804,142
Northern	Kasama DEBS	129,725	117,384	12,341	173,631
	Mungwi DEBS	76,627	71,160	5,467	80,973
	Mporokoso DEBS	68,602	55,168	13,434	496,826
	Mpulungu DEBS	59,200	50,711	8,489	108,536
Eastern	Mambwe DEBS	5,180	3,300	1,880	26,553
	Katete DEBS	2,099	1,929	170	1,301
	Lundazi DEBS	5,873	5,315	558	8,292
	Chipata DEBS	49,371	5,772	43,599	529,594
Northwestern	Solwezi DEBS	80,710	72,933	7,777	267,709
	Kasempa DEBS	26,630	17,099	9,531	104,505
	Mufumbwe DEBS	28,296	15,598	12,698	712,012
	Kabompo DEBS	12,709	3,007	9,702	166,085
Total		1,579,683	1,158,934	448,976	7,826,929

iii. Failure to Distribute Text Books to Schools by DEB Offices

A test check of the delivery of the text books to schools received by DEB offices from the Central Warehouse revealed that three (3) DEB offices which received 84,870 text books had only distributed 78,547 text books to schools leaving a balance of 6,323 text books costing K82,283 undistributed as at 31st August 2017. No satisfactory explanation was given why the books had not been distributed. See table below.

Province	Station	Text Books Received	Text Books Distributed	Un-distributed Books	Cost K
Western	Mongu DEBS	54,860	53,210	1,650	22,307
	Nalolo DEBS	15,923	13,115	2,808	35,721
	Sioma DEBS	14,087	12,222	1,865	24,255
Totals		84,870.00	78,547.00	6,323.00	82,283

iv. Unaccounted for Text Books

Out of a total number of 66,297 text books allocated to six (6) DEB offices and six (6) schools, only 8,447 text books were received by the above institutions resulting in a variance of 57,850 text books. As at 31st August 2017, the 57,850 text books costing K1,374,489 could not be accounted for in that there were no stores records and the books were not found on hand. See table below.

Province	District	Quantities Collected	Quantities Accounted for	Variance	Value K
Western	Mongu DEBS	3,007	1,731	1,276	17,299
	Nalolo DEBS	1,122	564	558	6,450
	Sesheke DEBS	3,635	2,797	838	10,052
	Sioma DEBS	3,308	552	2,756	13,450
	Nangweshi Secondary	503	354	149	3,052
	Nakabunze Secondary	295	191	104	1,329
Lusaka	Unknown	48,690	-	48,690	712,688
Northern	Kapatu Primary	333	-	333	10,763
	Kapatu Secondary	461	-	461	8,243
Nothwestern	Mufumbwe DEBS	2,583	1,130	1,453	20,686
	Kabompo DEBS	2,360	1,128	1,232	570,478
Total		66,297	8,447	57,850	1,374,489

v. Failure to Provide Expenditure Returns

Contrary to Financial Regulation No. 10 (k), amounts totalling K2,864,024 which were disbursed to twenty one (21) DEB offices and one (1) primary school as sector pool grants during the year under review had no expenditure returns as at 31st August 2017. See table below.

Province	Station	No. of Schools	Amount K
Eastern	Mambwe DEBS	17	82,855
	Katete DEBS	77	303,150
	Lundazi DEBS	147	337,576
Copperbelt	Luanshya	7	7,725
	Kitwe	14	149,147
	Ndola	47	205,764
Central	Kabwe DEBS		456,769
	Chibombo DEBS		393,285
	Kapiri-Mposhi DEBS		376,661
	Mkushi DEBS		373,575
Western	Mongu DEBS	10	24,382
	Nalolo DEBS	8	17,606
	Sesheke DEBS	1	4,074
	Sioma DEBS	12	17,600
Southern	Sinazongwe DEBS	3	7,500
	Kazunguka DEBS	0	-
	Mazabuka DEBS	6	14,912
	Monze DEBS	31	60,738
Northwestern	Solwezi DEBS	20	30,704
Total			2,864,024

vi. Misapplication of Funds – Grants to Schools

In March 2016, amounts totalling K1,877,408 were released to five (5) DEB offices to cater for grants to primary and community schools. However, out of the released amounts, only K1,691,653 was disbursed to schools leaving a balance of K185,755, which was applied on unrelated activities at the DEB offices. As at 31st August 2017, the funds had not been reimbursed, fifteen (15) months after the funds were received. See table below.

Province	Station	Amount Funded K	Amount Disbursed K	Undisbursed Amount K
Western	Mongu DEBS	232,127	182,745	49,382
Southern	Livingstone DEBS	242,683	228,832	13,851
	Mazabuka DEBS	325,040	317,773	7,267
Copperbelt	Ndola DEBS	775,765	762,304	13,461
Muchinga	Isoka DEBS	301,794	200,000	101,794
Total		1,877,408	1,691,653	185,755

vii. Misapplication of Funds – Orphans and Vulnerable Children (OVCs)

During the period under review, the Ministry Headquarters disbursed amounts totalling K199,882 to cater for bursaries for OVCs in seven (7) districts. A verification of the funds in the five (5) districts revealed that out of the received funds amounting to K168,584 amounts totalling K157,606 were applied on activities not related to the purpose for which the funds were released such as the

payments of leave travel benefits, purchase of fuel and other items for the day to day running of the offices.

As at 31st August 2017, the funds had not been remitted to the intended beneficiaries. See table below.

Province	Station	Amount Received K	Amount Misapplied K
Northern	Kasama Boys Secondary	1,891	1,891
North	Solwezi DEBS	29,785	29,785
	Kasempa DEBS	28,461	17,483
Western	PEO	90,963	90,963
	Kabompo DEBS	17,483	17,483
Total		168,584	157,606

viii. Misapplication of Sector Pool Grants

During the period under review, funds amounting to K1,810,621 were disbursed to nineteen (19) stations two (2) PEOs and seventeen (17) DEB offices from the sector pool funds for office operations related to National Implementation Framework (NIF) programme, However, amounts totalling K1,242,623 were spent on activities not related to NIF such as procurement of clothes for labour day celebrations, payments for personal emoluments related expenditures and settling of utility bills contrary to NIF guidelines. See table below.

Province	Station	Amount Received K	Amount Spent K	Amount Misapplied K
Copperbelt	Provincial Education Office	241,120	205,695	35,425
	Kitwe DEBS	170,153	128,553	41,600
	Chingola DEBS	85,846	67,846	18,000
	Ndola DEBS	189,155	183,955	5,200
Central	Kabwe	456,769	438,950	17,819
	Kapiri Mposhi	376,661	346,767	29,894
	Mkushi DEBS	373,575	256,110	117,465
Western	Mongu DEBS	232,127	182,745	49,382
Southern	Sinazongwe DEBS	63,035	-	63,035
	Kazungula DEBS	75,399	-	75,399
	Livingstone DEBS	59,173	-	59,173
	Choma DEBS	-	-	18,649
Northern	Mungwi DEBS	73,267	-	73,267
	Mpulungu DEBS	71,622	-	71,622
Northwestern	PEO	335,367	-	335,367
	Solwezi DEBS	-	-	32,863
	Kasempa DEBS	-	-	70,380
	Mufumbwe DEBS	64,041	-	64,041
	Kabompo DEBS	64,041	-	64,041
Total		2,931,352	1,810,621	1,242,623

ix. Undelivered Desk Top Computers

A test check of the delivery of desk top computers to selected DEB offices in the ten (10) provinces revealed that out of nine hundred and twenty (920) desk top computers allocated to thirty (30) DEB offices, eight hundred and thirty (830) desk top computers were actually received by the DEB offices leaving a balance of ninety (90) computers valued at K585,000 undelivered. See table below.

Province	District	Expected Quantity	Actual Quantity Delivered	Variance
Eastern	Mambwe DEBS	40	36	4
	Katete DEBS	30	27	3
	Lundazi DEBS	30	27	3
	Chipata DEBS	20	18	2
Lusaka	Lusaka DEBS	20	18	2
	Kafue DEBS	40	36	4
	Luangwa DEBS	40	36	4
	Chongwe DEBS	40	36	4
Copperbelt	Ndola DEBS	20	18	2
	Luanshya DEBS	20	18	2
	Kitwe DEBS	20	18	2
	Chingola DEBS	30	27	3
Western	Sioma DEBS	20	18	2
	Sesheke DEBS	20	18	2
	Mongu DEBS	20	18	2
	Nalolo DEBS	20	18	2
Luapula	Mansa DEBS	50	46	4
	Mwense DEBS	30	28	2
	Chembe DEBS	20	19	1
	Samfya DEBS	160	147	13
Southern	Choma DEBS	20	18	2
	Kazungula DEBS	20	18	2
	Livingstone DEBS	20	18	2
	Sinazongwe DEBS	20	18	2
	Chikankata DEBS	20	18	2
	Monze DEBS	10	9	1
Northern	Mporokoso DEBS	20	18	2
	Mpulungu DEBS	30	24	6
	Kasama DEBS	30	26	4
	Mungwi DEBS	40	36	4
	Total	920	830	90

x. Undelivered Flash Disks

A test check of the delivery of flash disks to selected DEB offices in the ten (10) provinces revealed that out of the total number of three thousand, six hundred and sixty (3,660) flash disks allocated to twenty (20) DEB offices, only three thousand

three hundred and sixteen (3,316) flash disks were actually received by the DEB offices leaving a balance of three hundred and forty four (344) flash disks valued at K68,800 undelivered. See table below.

Province	District	Expected Quantity	Actual Quantity Delivered	Variance
Eastern	Lundazi DEBS	60	19	41
Lusaka	Lusaka DEBS	120	70	50
Copperbelt	Ndola DEBS	120	120	-
	Luanshya DEBS	120	110	10
	Kitwe DEBS	120	110	10
	Chingola DEBS	120	120	-
Luapula	Mansa DEBS	300	300	-
	Mwense DEBS	180	180	-
	Chembe DEBS	120	120	-
	Samfya DEBS	960	960	-
Northern	Mporokoso DEBS	120	79	41
	Mpulungu DEBS	180	136	44
	Kasama DEBS	180	83	97
	Mungwi DEBS	240	189	51
Total		2,940	2,596	344

xi. Procurement of Science Apparatus and Equipment

On 27th June 2016, the Ministry of General Education signed six (6) contracts with four (4) suppliers for the supply and delivery of science apparatus and equipment to twenty three (23) upgraded secondary schools in six (6) provinces at a total contract sum of US\$250,196 with delivery period of 6 to 8 weeks.

The following were however observed:

- **Undelivered Science Apparatus and Equipment – Sioma DEB**

A visit to Nangweshi secondary school in Sioma district in western province revealed that equipment costing K13,647 procured for the school during the period under review had not been delivered as at 31st August 2017.

- **Over statement of Contract Amounts**

A recast of quantities and unit prices used to arrive at the contract sums revealed variances between the contract sums and totals obtained after a recast of quantities and unit prices of individual items stipulated in the contracts, which resulted in an overstatement of US\$4,793.

It was also observed that payment ledgers were not maintained making it difficult to trace the outstanding amounts to suppliers.

xii. Missing Payment Vouchers – Choma DEB Office

Contrary to Financial Regulation No. 65, two (2) payment vouchers in amounts totalling K13,407 were not availed for audit.

xiii. Unsupported Payment Vouchers

Contrary to Financial Regulation No. 45, twenty four (24) payment vouchers in amounts totalling K72,455 were not supported with relevant documents such as receipts and quotations. See table below.

Province	Station	No. of Transactions	Amount K
Eastern	Mambwe DEBS	4	25,786
	Lundazi DEBS	13	23,336
Northern	Chileshe Chepela	2	15,600
Copperbelt	Luanshya DEBS	2	5,320
	Kitwe DEBS	3	2,414
	Total	24	72,455

xiv. Unretired Accountable Imprest – Provincial Laboratory - Ndola

Contrary to Financial Regulation No. 96, accountable imprest amounting to K17,570 issued to one (1) officer had not been retired as at 31st August 2017.

xv. Failure to Produce Activity Report – PEO – Copperbelt Province

During the period under review, imprest in the amount of K133,896 issued to one (1) officer to undertake supervision and monitoring activities was not supported with a monitoring report thereby making it not possible to ascertain whether the activity was undertaken.

xvi. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of various stores items costing K76,154 procured by various institutions during the year under review.

Province	Station	Amount K
Copperbelt	Mwambashi Primary School	11,500
Central	Mkushi DEBs	9,500
Northern	Chileshe Chepela	25,817
	Kasama College	12,470
	Provincial Library	12,879
	Mporokoso Special sch	3,988
Total		76,154

h. Management of National Implementation Frame work (NIF III) in the provinces

i. Copperbelt Province

- **Failure to Avail NIF fund Ledgers – Ndola DEB**

Project funds in amounts totalling K29,785 were comingled with other funds meant for recurrent department charges (RDCs). As at 31st August 2017, the DEB office could not provide expenditure ledgers pertaining to NIF activities thereby making it difficult to ascertain the actual expenditure incurred under the programme.

- **Failure to Disburse Grants by Ministry Headquarters**

During the year under review, amounts totalling K36,174 were disbursed by Ministry Headquarters to Holy Family Center and Malela Secondary School for sector budget support and OVCs respectively. A visit to the schools revealed that the amounts had not been received by the schools as at 31st August 2017. See table below.

Station	Name of School	Source of Funding	Amount K
Ndola	Holy Family School	HQ -DFID	34,283
Kitwe	Malela Secondary School	HQ - OVC	1,891
Total			36,174

ii. Lusaka Province - Lack of Documentation – Book Hut Limited

Although distribution schedules indicated that Book Hut Limited supplied a total of one hundred and twenty-seven thousand, four hundred and forty six (127,446) text books to Lusaka, Kafue, Luangwa and Chongwe districts, it was not possible to ascertain the value of the text books as details such as contracts and payment details were not availed.

Further, a visit to the selected District Education Boards (DEBS) and schools revealed that the text books had not been delivered as at 31st August 2017. See table below.

Subject	Lusaka	Kafue	Luangwa	Chongwe	Total Qty
Integrated Science	12,526	2,675	412	2,207	17,820
Expressive Art	11,752	1,524	105	1,964	15,345
S. Studies	20,950	4,190	1,647	1,456	28,243
Religious Education	20,950	4,190	1,647	1,456	28,243
Computer Studies	20,950	4,190	1,647	1,456	28,243
Commerce	5,233	586	264	251.0	6,334
Computer Studies	2,656	304	132	126.0	3,218
Totals	95,017	17,659	5,854	8,916	127,446

iii. Central Province - Irregular Bank Charges

Contrary to the standing arrangement between the Government and Commercial banks regarding the handling of donor funded accounts, bank charges totalling K8,398 were charged on NIF bank accounts maintained by two (2) DEB offices namely; Kapiri Mposhi and Mkushi. See table below.

Station	Name of Bank	Amount Charged K
Kapiri Mposhi Debs	Zanaco	3,654
Mkushi Debs	Zanaco	4,744
Totals		8,398

iv. Undelivered Science Apparatus - Muchinga Province

National Science Centre (NSC) distributed various laboratory equipment to schools in Muchinga Province. It was, however, observed that three (3) schools did not receive the laboratory equipment as per NSC delivery notes. See table below.

District	School	Description	Quantity Allocated	Quantity Received	Quantity not Received
Chinsali	Mulakupikwa Secondary	Pairs of Power Terminal	9	0	9
		Silicon Tubes	10	5	5
Shiwangáundu	Kabanda Secondary	Syphon Pump	5	4	1
		250ml Glass Beakers	10	0	10
		5A Ammeters	5	4	1
		248 Induction Coil	5	0	5
		496 Induction Coil	5	0	5
Mpika	Chiundaponde	250ml Round Bottomed Flask	5	3	2
		Glass Jars	5	2	3
		Spirit Lamps	5	4	1

v. **Western Province**

- **Failure to Follow Tender Procedures - Nalolo DEB Office**

According to the Public Procurement Act No. 12 of 2008, all procurements above K10,000 up to K50,000 should be authorised or approved by the Controlling Officer. Further, the Head of Department or Director can only authorise or approve payments up to K10, 000.

However, on 7th April 2016, the Nalolo District Education Board Secretary approved a payment of K22,000 paid on cheque No.1563 to Kashuwa Enterprise for transportation of teachers to various schools on deployment, which was above his threshold.

- **Distribution of Text Books of Subjects not Offered by the Schools**

During the year under review, Sioma DEB office distributed one hundred and four (104) text books valued at K2,005 to two (2) schools for subjects which were not offered by the schools. As at 31st August 2017, the books had not been reallocated to appropriate schools.

- **Distribution of Grade 3 Term 1 Silozi Books by ZEPH**

Zambia Education Publishing House was contracted by the Ministry of General Education to supply and deliver fifty thousand (50,000) grade 3 Term 1 Silozi text books. A visit to four (4) districts revealed that Sioma DEB office only received two thousand five hundred (2,500) books, Mongu DEB office received seven thousand (7,000) books while two (2) other districts did not receive any books. See table below.

District	Books Supplied
Mongu	7,000
Nalolo	-
Sesheke	-
Sioma	2,500
	9,500

- **Unaccounted for Books – Sioma DEB Office**

Contrary to Public Stores Regulation No. 16, the following were observed:

- Twelve (12) text books issued to a teacher, at Nakabunze Primary School could not be accounted for in that the teacher had no records of issue to pupils and the books were not found on hand.
- Eighty seven (87) text books delivered to two (2) Primary Schools in the district could not be accounted for in that there were no records of issue in stores and the books were not found on hand. See table below.

Name of School	Qty Collected from DEBS	Qty Accounted for	Unaccounted for text books
Matebele Primary School	80	0	80
Sankandi Primary School	120	113	7
Total	200	113	87

- **Failure to use Computers**

A physical inspection of three (3) schools in two (2) districts carried out in July, 2017 revealed that, twenty seven (27) desk top computers were not in use. See table below.

District	Name of the school	No. of Computers	Status
Sesheke	Ngambwe Primary School	9	No computer space, No electricity
Sioma	Nangweshi Primary School	9	Solar power not sufficient to power all the computers
	Sankandi Primary School	9	No computer space
	Total	27	

vi. Southern Province

- **Double Payment of Grants to Schools – Choma DEB Office**

In April 2016, Simaubi Primary and Airport Community schools received grants for the first quarter in amounts totalling K26,814 from the DEB office. A scrutiny of records revealed that the two schools should have received only K13,407 during the first quarter resulting in double payment of grants to the two (2) schools.

- **Non-Receipt of Funds from the Ministry - Monze DEB Office**

On 4th April 2016, the Ministry Headquarters disbursed an amount of K76,517 to Monze DEB office as sector pool grant. However, as at 31st August 2017, the funds had not been received by the DEB office.

vii. Northern Province - Failure to Mark Assets with GRZ Numbers

Contrary to Public Stores Regulation No. 154, assets purchased during the period under review at a cost of K44,500 were not marked with GRZ symbols as at 31st August 2017. See table below.

Station	No of Transactions	Amount K
Chileshe Chepela Special School	1	35,000
Provincial Library	2	9,500
Total		44,500

viii. North Western Province

- **Misapplication of Funds – Grants for Distribution of Books**

Amounts totalling K24,549 meant for distribution of education materials to Basic and Community schools in Kabompo and Mufumbwe districts were applied on unrelated activities such as payment of subsistence allowances and repair of motor vehicles.

Institution	Purpose of Funds	Amount K
Mufumbwe DEB	Distribution of Education Materials	19,504
Kabompo DEB	Distribution of Education Materials	5,045
Total		24,549

As a result of the misapplication, the DEB offices had not completed the distribution of text books as at 31st August 2017.

- **Irregular Payment of Subsistence Allowances - Kasempa DEB Office**

According to Cabinet Office Circular Minute of 2015 dated 30th December 2015, subsistence allowance was not to be paid to officers working within the boundary district. It was observed however that on 29th November 2016, Kasempa DEB office paid subsistence allowance in the amount of K13,040 to a teacher for the distribution of educational materials to schools within the District.

i. Management of National Science Centre

i. Contract for Construction of a Wall Fence - Ya Investments Limited

In paragraph 42 (m) of the Auditor General's Report for the financial year ended 31st December 2015, a mention was made on delay by the contractor to complete the project and failure to evoke clause 46 of the contract and charge the contractor liquidated damages for the delay or terminate the contract.

A review of the situation carried out in August 2017 revealed that no further works had been done since the last audit inspection carried out in July 2016.

Although the Ministry terminated the contract on 7th April, 2017, no new contractor had been engaged as of August 2017 to continue with the project. Further, there was no evidence that the Ministry had evoked Clause 46 of the contract and charged the contractor liquidated damages.

ii. Construction of Administration Block - October First Enterprises

In paragraph 42 (n) of the Auditor General's Report for the financial year ended 31st December 2015, a mention was made about weaknesses pertaining to the contract entered into between the Ministry of Education, Science, Vocational Training and Early Education and October First enterprises for the construction of an Administration Block at National Science Centre at a contract sum of K4,989,629.

In particular, a mention was made about the delay by the contractor to complete the project, which had even been abandoned as at 31st September 2016 and failure to evoke clause 46 of the contract and charge the contractor liquidated damages for the delay or terminate the contract.

A review of the situation carried out in August 2017 revealed that the contract had been extended to 31st August 2017 and the contractor was on site. However, as at 31st August 2017, the project had not been completed. The remaining works included; flooring, glazing, painting and external works among others. See picture below.



Administration block under construction at National Science Centre

iii. Procurement of Apparatus and SWAP Chemicals

In September 2016, the Ministry of General Education awarded contracts to three (3) suppliers namely, Southern Lite Suppliers Limited, Midrands Business Systems Limited and Lab – Galore Limited for the supply and delivery of Laboratory Equipment and Chemicals to Secondary Schools Countrywide under Sector Wide Approach Programme (SWAP) at a total contract sum of K1,499,499 with delivery periods of 8 to 12 weeks as shown in the table below.

Contractor	Lot No.	Amount K
Midrands Business Systems	1	405,754
	3	252,750
Southern Lite Suppliers	2	127,495
Lab-Galore Limited	4	713,500
Total		1,499,499

As at 31st August 2017, amounts totalling K593,956 had been paid to the contractors.

However, a review of accounting and other related documents revealed the following:

- In Lot 4, distillers costing K192,042 were rejected by National Science Centre as they did not meet the specifications and had not been replaced by the contractor as at 31st August 2017.
- In Lot 2, chemicals costing K127,494 had not been supplied as at 31st August 2017.
- In Lots 1 and 3, although the supplier delivered the science apparatus to National Science Centre, the apparatus had not been distributed to the secondary schools as at 31st August 2017.

iv. Distribution of Mathematical Graph Boards

During the period under review, the National Science Centre (NSC) was engaged to supply sixteen thousand (16,000) mathematical graph boards to schools in all the ten (10) provinces. However, as at 31st August 2017, ten thousand and fifty three (10,053) boards had been delivered to the Provincial Education Offices leaving a balance of five thousand nine hundred and forty seven (5,947) boards costing K2,081,450 outstanding. See table below.

Province	Quantity allocated	Quantity Supplied	Variance	Unit Cost K	Total K
Lusaka	1,600	833	767	350	268,450
Copperbelt	1,600	1,578	22	350	7,700
Western	1,600	1,255	345	350	120,750
Eastern	1,600	720	880	350	308,000
Muchinga	1,600	710	890	350	311,500
Northern	1,600	710	890	350	311,500
Southern	1,600	1,501	99	350	34,650
Central	1,600	1,450	150	350	52,500
NorthWestern	1,600	656	944	350	330,400
Luapula	1,600	640	960	350	336,000
Totals	16,000	10,053	5,947		2,081,450

Head: 80 Ministry of General Education

Departments: Regional Headquarters, District Education Offices, Secondary Schools and Primary Schools

Units: Various

Programmes: Various

Activities: Various

55. During the year under review, operational and school grants in amounts totalling K61,116,029 were released to eighty (80) institutions. In addition, several institutions collected user fees in amounts totalling K58,316,393 bringing the total available funds for expenditure to K119,432,422.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Education Offices (PEOs), District Education Board (DEB) offices, Colleges, schools and physical inspections of selected projects carried out from February to May 2017 revealed the following:

a. Failure to Maintain a Register of Accountable Documents - Masaiti Boarding Secondary School

Financial Regulation No. 103 states that every officer who is required to hold receipt forms shall maintain a Register of Accountable Documents in which the receipt and issue of all receipt forms shall be promptly entered. Contrary to the Regulation, the school did not maintain a register of accountable documents making it not possible to ascertain whether all receipt books received by the school were appropriately accounted for.

b. Failure to Collect Fees

During the period under review, amounts totalling K65,941,371 were expected to be collected as fees by thirty four (34) institutions. However, the institutions only managed to collect K52,248,447 leaving a balance of K13,692,924. See table below.

Province	Station	Expected Revenue K	Revenue Collected K	Uncollected K
Muchinga	Chinsali Girls	3,164,700	2,184,315	980,385
	Chinsali Day	898,870	474,625	424,245
	Chama Boarding	1,669,875	1,274,250	395,625
Eastern	Kasenegwa Secondary	1,353,300	1,222,537	130,763
	Petauke Boarding	2,894,400	2,183,740	710,660
	Lusuntha Day	646,200	367,105	279,095
Copperbelt	Milemu Secondary	1,856,700	1,415,283	441,417
	Masala Secondary	2,636,900	2,049,238	587,662
	Kayele Secondary	2,127,600	1,572,229	555,371
	Mpongwe Secondary	2,408,400	1,946,901	461,499
	Mushili Secondary	1,299,600	687,130	612,470
	Kitwe College of Education	18,489,640	16,153,319	2,336,321
	Masaiti Boarding Secondary	3,338,280	2,743,935	594,345
North Western	Solwezi Combined School	2,237,795	1,529,237	708,558
	Solwezi Technical	2,931,740	2,577,562	354,178
	Mwinilunga Secondary	1,620,492	863,217	757,275
	Solwezi College of Education	182,000	168,085	13,915
	Loloma Secondary	513,750	176,330	337,420
Lusaka	Feira Secondary	783,414	570,880	212,534
	Tubalange Primary School	64,500	34,650	29,850
	Mwembeshi Secondary	4,577,415	3,455,778	1,121,637
Southern	Charles Lwanga College of Education	430,160	-	430,160
Northern	Luwingu Secondary	2,457,850	2,376,516	81,334
	Mbala Secondary	2,586,630	2,228,611	358,019
Western	Mongu College of Education	4,417,910	3,808,198	609,712
	Sichili Day Secondary	353,250	184,776	168,474
	Total	65,941,371	52,248,447	13,692,924

c. Use of Revenue at Source

Financial Regulation No. 129 provides that all moneys received by any accounting officer should be deposited not later than the next business day following the day of receipt.

However, contrary to the Regulation, the schools' management in five (5) schools spent user fees in amounts totalling K580,738 before banking. See table below.

Province	Station	Amount K
Eastern	Lusuntha Day Secondary School	138,868
Copperbelt	Mushili Secondary School	14,080
North Western	Solwezi College of Education	135,100
	Kabompo Secondary School	5,040
	Loloma Day School	287,650
	Total	580,738

d. Delayed Banking of User Fees

Contrary to Financial Regulation No. 121 (1), which states that “Subject to the written direction of the Secretary to the Treasury in respect of the operation of any fund or working account established pursuant to section twenty five of the Act, all moneys received by any accounting officer shall be deposited not later than the next business day following the day of receipt,” fees in amounts totalling K53,875 which were collected by three (3) institutions were delayed to be banked by periods ranging from three (3) to eighty (80) days after collection. See table below.

Province	Station	Fees Collected K	Period Delayed Banking in Days
Western	Mongu College of College	27,465	5 -80
	Limulunga Day Secondary	17,140	6 - 37
North Western	Kabompo DEBS	9,270	3 - 38
	Total	53,875	

In addition, amounts totalling K303,506 of user fees collected by seven (7) institutions were not accounted for in that there was no evidence that the money was banked and there was no cash at hand as at 31st August 2017. See table below.

Province	Station	Amount K
Eastern	Lusuntha Day Secondary School	57,237
Copperbelt	Masaiti Boarding Secondary School	98,000
North Western	Kabompo Secondary School	98,705
	Solwezi College of Education	17,180
	Solwezi Technical Secondary School	15,524
Southern	Nalituwe Secondary School	10,060
Lusaka	Tubalange Primary School	6,800
	Total	303,506

e. Failure to Issue Receipts

Contrary to Financial Regulation No. 123, which states that a receipt form shall be issued by the receiving officer whenever a sum of public money is received, there were no

receipts issued for amounts totalling K996,663 deposited into three (3) school bank accounts. See table below.

Province	Station	Amount K
Eastern	Kasenengwa Secondary School	345,748
Copperbelt	Masaiti Boarding Sec School	630,615
Lusaka	Tubalange Primary School	20,300
Total		996,663

f. Failure to Collect Rental Income

i. Ndola PEO

The Provincial Education Office owns four (4) shops at Masala market in Ndola which are rented out at a monthly rental charge of K1,000 per shop. However, inquiries and review of documentation revealed that as of August 2017, rental income in amounts totalling K9,000 for two (2) shops had not been collected for the period from April to December 2016.

ii. Solwezi Technical Secondary School

On 1st October 2012, Solwezi Technical Secondary School entered into a lease agreement with MTN Zambia Limited to set up a Global System Mobile (GSM) communication base station on school premises at a rental charge of K1,500 per month. However, as of August 2017, rentals in amounts totalling K61,500 (K1,500 x 41 months) for the period from October 2013 to February 2017 had not been collected.

iii. Solwezi Urban Primary and Secondary School

During the period under review, nine (9) churches and two (2) business entities rented classrooms and shops at the schools at monthly rental charges of K200 and K150 respectively. However, as of August 2017, amounts totalling K15,700 had not been collected for periods ranging from two (2) to five (5) months.

g. Deposit of Funds into Private Entities' Accounts - Masaiti Boarding Secondary School

A scrutiny of documents at Masaiti Boarding Secondary School revealed that two (2) suppliers delivered building materials costing K86,100 to the school for the construction of pupils' dormitories as indicated below.

Name of Supplier	Delivered Date	Details of Materials	QTY	Unit Price	Amount K
Slykm Steel Limited	23.01.16	IT4 Roofing sheets x 6m	140	390	54,600
House of Luanshya	29.02.16	Cement x 50kg	420	75	31,500
Total					86,100

Inquiries with management on the method of payment revealed that pupils were to deposit money into the bank account for Slykm Steel Ltd while other pupils were to pay cash to House of Luanshya. However, the following observations were made:

- The school and suppliers failed to avail details of payments made to suppliers by the pupils as a result it was not possible to ascertain how much had been paid to them. In addition, there was no trail of payments made as of August 2017 and the mode of payment that was adopted was not backed by any regulation.
- It was also observed that there were no receipt and disposal details maintained by the school for the building materials purported to have been received from the suppliers.
- Further, it was not possible to ascertain whether the materials delivered were the ones actually paid for.

h. Unauthorised Printing of Receipts Books – North Western Province

Contrary to Financial Regulation No. 100 (2), which states that, in no circumstance shall any officer make arrangements for the printing or alteration of receipt forms other than through the Secretary to the Treasury, Solwezi College of Education and Mwinilunga Secondary School receipted amounts totalling K192,205 using ten (10) privately printed receipt books without authority. See table below.

Station	No. of receipt Books	Amount K
Solwezi College of Education	9	145,100
Mwinilunga Secondary School	1	47,105
Total	10	192,205

i. Over Charging of Centre Fees – North Western Province

On 28th January 2016, the Ministry of General Education issued a Circular Minute No. MOGF/101/4/2 directing all secondary schools to charge an amount of K100 per candidate for centre fees. However, a review of receipts maintained revealed that three (3) schools charged centre fees at rates ranging from K150 to K400 resulting in an overcharge in amounts totalling K59,750. See table below.

Station	No. of Transactions	Amount K
Solwezi Technical Secondary School	113	31,000
Mwinilunga Secondary School	173	13,850
Kabompo Secondary School	252	14,900
Total	538	59,750

j. Missing Original Receipt Forms - Lusaka Province

Contrary to Financial Regulation No. 113 (2), which states that counterfoils or copies of receipt forms shall contain exactly the same details as those appearing on the original receipt form, nine (9) original receipt forms were missing while the duplicate copies were blank. As such, it was not possible to estimate the amounts that could have been collected. See table below.

Institution	No. of Receipt	Receipt No.
Mwembeshi Secondary School	8	16668044
		16667513
		16668663
		16669746
		16669747
		16669748
		16669749
		16669750
Tubalange Primary School	1	15102500
	9	

k. Failure to Prepare Financial Statements - Charles Lwanga College of Education

Section 15.3 of the Charles Lwanga College of Education's Constitution of the Board of Management states that the Board shall cause financial statements to be prepared not later than three months after the end of the financial year. However, contrary to the Constitution, there were no financial statements prepared and produced for audit as at 31st August 2017.

l. Missing Payment Vouchers

Contrary to Financial Regulation No. 65 (1), which states that payment vouchers with supporting documents, and any other forms which support a charge entered in the accounts, shall be filled, secured against loss, and be readily available for audit, one hundred and twenty six (126) payment vouchers in amounts totalling K558,999 were not availed for audit.

m. Unsupported Payments

Contrary to Financial Regulation Nos. 45 and 52, which state that all payments by cheque or cash for goods, services and works shall be supported by cash sale receipts and that vouchers relating to purchases shall be supported by an official order and the supplier's invoices, five hundred and twelve (512) payments in amounts totalling K3,005,741 were not supported with relevant documents such as leave forms, transfer letters, quotations, cash sales receipts and Local Purchase Orders (LPOs). See table below.

Province	Station	No. of Transactions	Amount K
Muchinga	Chinsali PEO	3	8,886
Eastern	Kasenengwa Boarding School	4	14,365
Southern	Choma PEO	6	53,624
	Gwembe DEBS	8	45,355
	Charles Lwanga College of Education	21	224,628
	Nalituwe Secondary School	3	12,720
Copperbelt	Mpongwe Secondary School	1	8,050
	Kitwe College of Education	14	219,774
	Masaiti Boarding Secondary School	58	426,904
North Wersten	Solwezi College of Education	16	89,533
	Mwinilunga Secondary School	4	8,330
	Kabompo Secondary School	3	6,748
	Kabompo DEBS	7	20,846
	Manyinga DEBS	1	3,219
Lusaka	Tubalange Primary School	69	133,575
Luapula	Mwansabombwe DEBS	1	1,500
	Mwense Secondary School	3	8,135
Northern	Luwingu Secondary School	8	55,955
	St. Theresa Secondary School	99	776,498
Central	Kabwe PEO	25	114,755
	Kapiri DEBS	4	27,170
	Chibombo DEBS	12	57,060
	Kabwe DEBS	51	448,099
	Serenje DEBS	91	240,012
	Total	512	3,005,741

n. Misappropriation of Funds - Nalituwe Secondary School

During the period under review, amounts totalling K32,381 involving fifty five (55) transactions were authorised by responsible officers at the school for various activities. However, a scrutiny of bank statements and inquiries made with management revealed that the payments were drawn in the name of Justin Luya, the school's accounts assistant instead of the approved payees. It was also observed that instead of drawing amounts totalling K32,381, amounts totalling K178,181 were drawn resulting in amounts totalling K145,800 being overdrawn. As at 31st August 2017, no action had been taken by management.

o. Misapplication of Funds

Contrary to Financial Regulation No. 31 (1), which states that Treasury Authority should be obtained on varying funds, amounts totalling K2,528,050 meant for school grants, revolving fund and purchase of a minibus were applied on activities such as advances and loans, imprest, boarding requisites and sports activities, among others not related to the intended purposes. See table below.

Province	Station	No. of Transactions	Intended Purpose	Misapplied on	Amount K
Muchinga	Chinsali DEBS	7	Grants to Primary Schools	Settling in and repatriation allowances	29,000
	Nakonde DEBS	5	Grants to Primary Schools	Settling in and repatriation allowances	13,500
Southern	Choma PEO	26	Administrative activities, Grants for Luwingu DEBs, salary advances	Un budgeted for ECZ activities, Youth, labour day celebrations, settling in allowances	119,994
	Gwembe DEBS	1	Administrative activities	Unbudgeted Women's day	3,500
North Western	Kabompo DEBS	1	School Grants	Administration	14,740
Lusaka	Feira Sec Sch	15	Purchase of Bus	Transport and subsistence allowances, salary advances for new teachers, salaries for PTA employees and utility bills	21,881
Western	Mongu PEO	124	Revolving Fund	General Administration	1,760,770
Northern	Mungwi DEBS	87	School Grants	General Operations	564,665
	Total	266			2,528,050

It was also observed that on 27th March 2016, Kitwe College of Education purchased four (4) motor vehicle tyres costing K6,240 on cheque No. 003057 from Maxpriest Tyres Limited for the official motor vehicle registration No. GRZ 769CH belonging to the Kitwe District Administration Office. It was not clear why the college purchased tyres for the vehicle when the District Administration Office.

In addition, amounts totalling K134,700 borrowed from one account to another had not been reimbursed as at 31st August 2017 thereby impacting negatively on the smooth running of the institutions. See table below.

Province	Station	Borrowed from	Borrowed to	Amount K
Copperbelt	Ndola - PEO	Revolving Account	RDC Account	10,000
	Masaiti Boarding Secondary School	Grant Account	Boarding Account	35,000
	Masaiti Boarding Secondary School	PTA Account	Boarding Account	6,000
		Grant Account	PTA	10,000
Luapula	Mansa DEBS	RDC Account	Revolving Account	44,700
Central	Kabwe -PEO	Revolving Account	RDC Account	29,000
	Total			134,700

p. Failure to Produce Expenditure Returns for School Grants

Contrary to Financial Regulation No. 8, which states that “Controlling Officers shall submit such returns and reports as may be required by the Secretary to the Treasury, of revenue collected by them or funds expended under the head for which they are responsible,” five hundred and thirty (530) schools which received grants from the PEOs and DEBS in amounts totalling K2,215,444 did not submit returns to show how the grants were utilized and no action had been taken against the schools for non-submission of returns. See table below.

Province	Name of Institution	No. of Schools	Amount K
Muchinga	Chinsali DEBS	18	60,950
	Chama DEBS	68	175,794
	Nakonde DEBS	12	12,697
Copperbelt	Ndola DEBS	1	2,513
North Western	Kabompo DEBS	40	478,120
	Mwinilunga DEBS	3	162,453
	Slowezi PEO	15	41,545
Lusaka	Lusaka PEO	1	4,525
	Lusaka DEBS	36	76,563
	Luangwa DEBS	16	207,964
	Rufunsa DEBS	10	32,909
Western	Mulobezi DEBS	31	85,588
	Lukulu DEBS	51	50,122
	Kaoma DEBS	35	33,566
Central	Kabwe PEO	6	48,728
	Kapiri Mposhi DEBS	31	73,967
	Chibombo DEBS	46	203,736
	Kabwe DEBS	4	326,667
	Serenje DEBS	106	137,037
	Total	530	2,215,444

q. Failure to Disburse Grants to Schools

During the period under review, amounts totalling K16,896,258 were released to eighteen (18) institutions to cater for grants to community and primary schools. However, out of the released amount, only K10,061,565 was disbursed leaving a balance of K6,834,693 which was retained and used for operations at PEO and DEB offices. See table below.

Province	Name of Institution	Grants Received K	Grants Disbursed K	Undisbursed Grants K
Muchinga	Chinsali DEBS	1,395,214	1,236,364	158,850
	Chama DEBS	1,027,448	420,796	606,652
	Isoka DEBS	1,013,552	795,732	217,820
	Nakonde DEBS	1,050,562	70,000	980,562
Eastern	Chipata PEO	906,583	348,815	557,768
	Lundazi DEBS	1,500,250	1,056,670	443,580
	Petauke DEBS	850,311	345,200	505,112
	Vubwi DEBS	888,146	283,959	604,187
Southern	Choma PEO	356,375	242,227	114,148
Copperbelt	Ndola PEO	2,433,748	2,417,743	16,005
	Masaiti DEBS	700,111	540,477	159,634
Luapula	Mansa DEBS	540,234	-	540,234
	Mwansabombwe DEBS	763,292	374,106	389,185
	Chienge DEBS	714,561	307,568	406,993
Northern	Luwingu DEBS	1,304,315	975,089	329,226
Western	Mulobezi DEBS	372,624	111,625	260,999
	Mitete DEBS	421,677	111,596	310,081
	Kaoma DEBS	657,255	423,600	233,655
	Total	16,896,258	10,061,565	6,834,693

r. Failure to Reimburse Borrowings Between Institutions

According to the Financial Regulation No. 139, no transfer of public monies shall be made between accounts at the same bank or in different banks without the written approval of the Secretary to the Treasury. However, contrary to the Regulation, amounts totalling K223,000 were transferred from one institution to another without authority thereby impacting negatively on the smooth running of the institutions. See table below.

Province	Borrowed by	Borrowed from	No. of Transactions	Amount K
Muchinga	Chinsali - PEO	Chinsali Day Secondary	2	2,600
	Chinsali - PEO	Chinsali Girls Secondary	1	1,200
	Chama DEBS	Chama Boarding Secondary	2	11,000
Southern	Livingstone - PEO	Namwala Sec. School	1	10,000
		Kalomo Sec. School	1	10,000
		David Livingstone College of Education	1	15,000
	Charles Lwanga College of Education	Various institutions	7	69,700
Northern	PEO-NP	Various institutions	19	103,500
		Total	34	223,000

s. Failure to Deduct Tax

Contrary to the Income Tax Act, settling in and teaching allowances in amounts totalling K2,393,937 were paid to eighty three (83) officers at seven (7) institutions without deducting Pay As You Earn (PAYE) as at 31st August 2017. See table below.

Province	Station	No. of Officer	Amount K
Southern	Gwembe DEBS	10	84,140
	Charles Lwanga	3	23,330
Copperbelt	Luanshya DEBS	2	6,000
	Kitwe College of Education	40	2,209,055
Luapula	Mansa College of Education	23	39,697
Northern	Mbala DEBS	2	11,000
	Luwingu DEBS	3	20,715
	Total	83	2,393,937

t. Failure to Remit Tax

Contrary to Income Tax Act, Pay As You Earn tax in amounts totalling K132,613 deducted from settling in allowances paid to forty four (44) officers had not been remitted to the Zambia Revenue Authority as at 31st August 2017. See table below.

Province	Station	No. of Officers	Amount K
North Western	Solwezi PEO	4	9,610
	Kabompo DEBS	4	16,306
	Manyinga DEBS	2	4,000
	Mwinilunga DEBS	2	11,480
Copperbelt	Ndola DEBS	8	22,751
Northern	Mbala Sec Sch	1	5,455
	Mbala DEBS	2	9,959
Central	Kabwe PEO	6	4,089
	Chibombo DEBS	8	28,337
	Kabwe DEBS	2	6,650
	Serenje DEBS	5	13,977
	Total	44	132,613

u. Claims without Obtaining Prior Authority

During the period under review, amounts totalling K 277,993 involving one hundred and fourteen (114) transactions were paid to forty six (46) officers as refund for using their personal money on government activities such as procurement of goods, fuel and claims of subsistence allowance, among others. However, it was observed that there was no prior authority to enable the officers undertake Government activities using their personal money. See table below.

Province	Station	No. of Officers	No. of Transactions	Amount K
Central	Chibombo DEBS	5	22	58,120
	Kabwe DEBS	9	10	64,961
	Serenje DEBS	29	78	136,866
North	Solwezi College of education	2	3	16,681
Western	Kabompo Secondary School	1	1	1,365
	Total	46	114	277,993

v. Irregular Payment of Subsistence and Meal Allowances

Contrary to Cabinet Circular Minute of 2015 dated 30th December 2015, which disallows the payment of subsistence and meal allowances for activities undertaken within the district boundary, two hundred and sixty seven (267) officers were paid amounts totalling K968,328 in respect of subsistence allowances (K406,740) and meal allowances (K561,588) for activities undertaken within the district boundaries. See table below.

Province	Station	No. of Officers	No. of Transactions	Subsistence Allowances K	Meal Allowances K	Total K
Muchinga	Chinsali PEO	2	3	-	20,650	20,650
	Isoka DEBS	4	12	49,030	-	49,030
	Nakonde DEBS	10	17	60,260	8,290	68,550
	Chinsali Girls Secondary School	13	15	-	13,670	13,670
	Chinsali Day Secondary School	19	24	-	15,400	15,400
Northern	Mungwi DEBS	5	6	56,301	-	56,301
Southern	Charles Lwanga College of Education	2	3	14,180	-	14,180
North Western	Solwezi College of Education	52	9	9,850	20,687	30,537
	Solwezi Technical Secondary School	5	6	-	2,875	2,875
	Kabompo DEBS	34	67	124,338	28,063	152,401
	Kabompo Secondary	11	21	-	18,345	18,345
	Manyinga DEBS	8	11	6,880	7,418	14,298
	Mwinilunga DEBS	7	15	51,831	-	51,831
	Mwinilunga Secondary	5	19	-	19,225	19,225
Central	Serenje DEBS	5	5	16,620	1,425	18,045
	Chibombo DEBS	1	1	6,000	-	6,000
	Kapiri Mposhi DEBS	1	1	11,450	-	11,450
	Kabwe DEBS	1	1	-	1,500	1,500
Copperbelt	Ndola DEBS	42	26	-	93,726	93,726
	Luanshya DEBS	28	16	-	71,828	71,828
	Kaye Sec School	1	1	-	2,411	2,411
	Kitwe College of Education	6	5	-	215,825	215,825
Lusaka	Lusaka DEBS	5	5	-	20,250	20,250
	TOTAL	267	289	406,740	561,588	968,328

w. Irregular Payment of Subsistence Allowances – Solwezi PEO

Contrary to Cabinet Circular No. 01 of 2010, which states that out of pocket allowance is paid to an officer to cover the additional expenses she / he 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 sponsored, subsistence allowances in

amounts totalling K26,151 were paid to four (4) officers who attended various sponsored workshops instead of out of pocket allowances resulting in an overpayment of K29,951.

x. Purchase of a Laptop – Kitwe College of Education

On 15th July 2016, the college procured a laptop at a cost of K14,000 on cheque No. 013307 from Eskayarts Stationers Limited. However, inquiries made in March 2017 with various other suppliers of laptops with same specifications revealed that the prices ranged from K4,000 to K8,000 thereby making the price at which the laptop was bought questionable.

y. Wasteful Expenditure – Solwezi College of Education

In February 2016, Solwezi College of Education procured a system for student management from Sitali C Simasiku at a cost of K8,500 and the system was delivered and installed. However, although the system was installed, it never functioned thereby making the expenditure wasteful. As at 31st August 2017, management had not taken any action.

z. Irregular Payment of Hotel Bills for Officers on Transfer - Kabwe DEBS

Terms and Conditions of Service for the Public Service No. 154 states that when on transfer between stations an officer can claim subsistence allowance at the appropriate single or married rate for the last two nights and the first two nights spent at the old and new stations, respectively. However, contrary to the Terms and Conditions of Service, it was observed that during the period under review, an amount of K15,120 had accrued to Masananga guest house by the District Education Board office in respect of two (2) officers who were transferred to Kabwe district. As at 31st July 2017, K10,000 was paid against the bill leaving a balance of K5,120.

aa. Irregular Payment of Funeral Grant – Solwezi PEO

Contrary to Public Service Management Division (PSMD) Circular No.B12 of 2012 which abolished the payment of funeral grants, it was observed that an amount of K5,000 was paid to the Accountant on 15th April 2016 as funeral grant.

bb. Irregular Payment of Administrative Allowances

Contrary to Cabinet Circular No.11 of 2013, which abolished all administrative allowances payable to officers in the Public Service, except for allowances in line with the Terms and Conditions of Service for the Public Service, it was observed that nine (9) institutions paid administrative allowances amounting to K3,183,374 to two hundred and twenty nine (229) officers for activities conducted during working hours such as marking

exams, setting exams, teaching afternoon classes and teaching parallel classes among others. See table below.

Province	Station	No. of Officers	Amount K
North Western	Solwezi College of Education	9	959,499
	Solwezi Combined School	24	301,802
	Solwezi Technical Secondary School	61	236,290
	Mwinilunga Secondary School	8	18,914
	Kabompo Secondary School	15	33,400
	Loloma Secondary School	15	62,300
Copperbelt	Milemu Secondary School	17	295,628
	Masala Secondary School	61	860,130
	Kayele Secondary School	19	415,411
	Total	229	3,183,374

cc. Contract for Security Services – Kitwe College of Education

On 3rd January 2015, Kitwe College of Education entered into a contract with Metropolitan Security Services Company for the provision of security services at the institution at a cost of K8,500 per month for the period January 2015 to December 2016. A review of documents revealed that amounts totalling K149,500 had been paid as at 31st May 2017.

However, there was no evidence that the contract for security service was subjected to tender procedures.

dd. Overpayment of Lecturers Allowances – Kitwe College of Education

Cabinet Circular No. Co.53/2/1 of 2014 states that 20 % of the tuition fees paid by the students should be paid to lecturers as lecturers' allowances. During the period under review, tuition fees in amounts totalling K5,627,982 were received from students. The allowed 20% of the total fees was K1,125,596. However, it was observed that lecturers were paid allowances in amounts totalling K2,066,445 resulting in an overpayment of K940,849.

ee. Payments Made without Processing Payment Vouchers

Contrary to Financial Regulation No. 45 (1) (b), which states that all payments shall be vouched, one hundred and twenty four (124) payments in amounts totalling K332,685 were made during the period under review without raising payment vouchers. See table below.

Province	Name of School	No. of Transactions	Amount K
Northern	St. Theresa Sec School	9	90,900
Eastern	Lusuntha Day Secondary	46	108,210
Lusaka	Tubalange Primary School	69	133,575
Total		124	332,685

In addition, contrary to Financial Regulation No. 10 (n) which states that the responsibilities of the accounting officers shall be to produce all books and records or accounting documents in the accounting officer's charge when required to do so by the Secretary to the Treasury, the Controlling Officer or the Auditor General, there were no financial records such as bank statements, bank reconciliation statements, ledgers, cash books and receipt books availed for audit at Mwamba Primary School.

ff. Irregular Expenditure – Masaiti Boarding Secondary School

There were nine (9) payment vouchers in amounts totalling K16,519 that were irregular in that there were no details of expenditure indicated on the payment vouchers and there were no supporting documents to the payments making it not possible to ascertain the nature and authenticity of the payments.

gg. Unauthorised Training

During the period under review, seven (7) officers were paid amounts totalling K29,700 to enable them pay fees and travel expenses for exams. However, there was no evidence that PSMD had authorized their training. See table below.

Province	Station	No. of Officers	Amount K
North Western	Kabompo Secondary School	2	4,335
	Kabompo DEBS	2	4,900
	Mwinilunga DEBS	1	17,985
Northern	Luwingu Secondary School	2	2,480
Total		7	29,700

hh. Failure to Recover Subscriptions

Contrary to PSMD Circular No. B26 of 2015, which requires that subscription fees paid to professional bodies on behalf of government officers should be recovered in twelve (12) months, it was observed that amounts totalling K5,835 paid to two (2) institutions to cater for membership and subscription fees for three (3) officers had not been recovered as at 31st August 2017. See table below.

No.	Province	Station	No. of Officers	Amount K
1	North Western	Solwezi College of Education	2	4,035
		Kabompo Secondary School	1	1,800
	Total		3	5,835

ii. Questionable Payments – Chinsali PEO

In April 2016, the Provincial Education Officer was paid amounts totalling K25,745 on two (2) separate cheques (cheque No. 001501 - K6,199.91 and cheque No. 001513 – K19,545.00) to enable her buy spare parts for a motor vehicle in Lusaka. However, the payment was questionable in that there was no evidence that the spare parts were procured nor was there cash on hand as at 31st May 2017, twelve (12) months after the payments were made.

Further inquiries revealed that the cheques were signed by one (1) panel of signatories only and were issued as blank cheques to the Provincial Education Officer.

jj. Irregular Payment of Fuel Allowances

i. Charles Lwanga College of Education

During the period under review, fuel refunds in amounts totalling K14,020 involving twelve (12) transactions were paid to an officer who was transferred in October 2015 from Mazabuka DEB office to Charles Lwanga College of Education. The refunds were to cover his travel expenses as he had not relocated to Charles Lwanga. The payments were irregular in that the officer had already been paid settling in allowance amounting to K8,400 on cheque numbers 6369 and 6441 dated 15th February and 3rd June 2016 respectively and the officer was not entitled to be paid fuel allowances by the college.

ii. Lusaka DEB Office

During the period under review, a total amount of K54,895 was paid as transport refunds for undertaking various activities. However, the payments were not supported by fare receipts to indicate the trips undertaken.

kk. Questionable Payment of Subsistence Allowances – Solwezi College of Education

On 27th September 2016, the Assistant Accountant was paid an amount of K6,240 on cheque No. 008693 to facilitate the procurement of live cows in Mwinilunga. However, a review of stores records and inquiries made with management revealed that no live cows were received by Solwezi College of Education during the period under review, rendering the payment questionable.

ll. Questionable Payments of Allowances – Nalituwe Secondary School

During the period under review, allowances in amounts totalling K4,118 involving two (2) transactions were paid. However, the periods, rates used and details of allowances that were paid were not disclosed rendering the payments questionable.

mm. Questionable Payments – PEO Central Province

Payments in amounts totalling K12,309 involving five (5) transactions were made to various officers for procurements of various items and imprest to carry out various activities. However, the items that were being purchased or activities to be undertaken were not specified thereby rendering the payments questionable.

nn. Irregular Payment of Water Bills – Solwezi College of Education

On 27th September 2016, an amount of K5,924 was paid to North Western Water and Sewerage Company on cheque No. 000504 in respect of water bills for house number five (5) at Masters Compound. However, it was observed that the occupant of the house was not entitled to have his water paid for.

oo. Unaccounted for Funds

i. Lack of Expenditure Details - Lusuntha Day Secondary School

During the period under review, funds amounting to K218, 504 were paid to ten (10) officers to carry out various activities. However, the funds were not accounted for in that expenditure details such as payment vouchers, imprest retirements and receipts among others, were not made available for audit and no cash was found on hand.

ii. Advance to the Tuck Shop - Solwezi College of Education

In October 2015, Solwezi College Administration advanced the college tuck shop amounts totalling K17,386 on cheque numbers 008566 and 008567. The tuck shop subsequently paid back cash in amounts totalling K18,386 in six (6) instalments from November 2015 to June 2016. However, an examination of accounting records revealed that the funds had not been banked and no cash was found on hand.

pp. Un-acquitted Funds

During the period under review, payments in amounts totalling K39,840 involving eight (8) transactions were paid to various officers to facilitate payment of allowances to other officers. However, it was observed that the payments were not supported with acquittal sheets. As a result, it was not possible to ascertain whether the officers were paid the allowances and there was no cash on hand. See table below.

Province	Institutions	No. of Transactions	Amount K
Eastern	Kasenengwa Secondary	1	4,200
	Vubwi DEB	2	20,600
Southern	Gwembe DEBS	3	12,700
Northern	St. Theresa Secondary	2	2,340
	Total	8	39,840

qq. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K336,920 issued to forty two (42) officers had not been retired as at 31st August 2017. As a result, it was not possible to ascertain whether the activities paid for were actually undertaken. See table below.

Province	Station	No. of Officer	No. of Transaction	Amount K
Eastern	Kasenengwa Boarding Secondary	2	3	8,555
Southern	Choma - PEO	4	8	42,377
	Gwembe DEBS	5	19	72,207
Copperbelt	Mpongwe Secondary School	1	1	1,000
	Masaiti Boarding Sec School	10	28	68,913
North Western	Solwezi College of Education	3	3	30,250
Lusaka	Luangwa DEBS	8	8	31,181
	Mwembeshi Secondary School	4	10	21,820
Northern	St. Theresa Secondary School	5	18	60,618
	Total	42	98	336,920

rr. Failure to Produce Activity Reports

During the period under review, imprest in amounts totalling K1,012,842 was issued to one hundred and thirty four (134) officers to carry out various activities. However, there were no activity reports produced to confirm whether the activities were undertaken. See table below.

Province	Station	No. of Transactions	Amount K
Southern	Choma PEO	5	40,014
	Gwembe DEBS	2	4,100
	Charles Lwanga College of Education	11	232,686
North Western	Kabompo DEBS	1	3,944
	Solwezi College of Education	1	48,100
Northern	St. Theresa Secondary School	3	8,065
Central	Kabwe PEO	4	22,153
	Kapiri Mposhi DEBS	24	176,826
	Chibombo DEBS	21	122,174
	Kabwe DEBS	30	277,502
	Serenje DEBS	32	77,278
	Total	134	1,012,842

ss. Irregular Procurement of Goods and Services Using 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.

It was however observed that accountable imprest in amounts totalling K1,575,660 was issued to one hundred and twenty five (125) officers to procure goods and services whose values were known at the time contrary to the Financial Regulation. See table below.

Province	Station	No. of Officers	No. of Transactions	Amount K
Eastern	Lusuntha Day Sec Sch	2	5	24,450
Southern	PEO – Choma	2	2	3,798
	Charles Lwanga College of Education	2	3	17,577
	Nalituwe Sec School	3	4	5,390
Copperbelt	Ndola DEBS	1	1	8,000
	Milemu Sec School	3	15	16,381
	Mpongwe Sec School	6	6	15,973
	Mushili Sec School	8	29	217,755
	Kitwe College of Education	5	20	141,376
	Masaiti Boarding Sec School	19	37	105,602
North Western	Solwezi Combined School	15	99	332,651
	Solwezi College of Education	10	26	201,113
	Solwezi Technical Sec Sch	8	12	59,250
	Mwinilunga Sec Sch	3	10	97,238
	Kabompo DEBS	8	11	11,510
Luapula	Mabumba Sec Sch		10	19,130
	Mwense Sec Sch		12	59,492
Western	Mongu College of Education	3	3	47,418
	Limulunga Day Sec Sch	5	9	52,580
Central	PEO - Kabwe	4	4	11,790
	Kapiri Mposhi DEBS	2	2	10,524
	Chibombo DEBS	3	4	14,555
	Kabwe DEBS	4	6	37,957
	Serenje DEBS	6	8	25,942
Northern	St. Theresa Sec Sch	3	7	38,208
	Total	125	345	1,575,660

tt. Holding of Workshops Outside Government Facilities Without Authority

Contrary to Cabinet Circular No. 9 of 2012, which requires government institutions to seek authority from the Secretary to Cabinet before holding of workshops, seminars and conferences outside Government facilities, it was observed that amounts totalling

K174,960 were spent on conference facilities by two (2) institutions without evidence of authority. See table below.

Province	Station	No. of Transaction	Amount K
Copperbelt	Kitwe College of Education	7	168,636
North Western	Solwezi Technical Secondary School	1	6,324
	Total	8	174,960

uu. Failure to Report Motor Vehicle Accident – Charles Lwanga College of Education

Stores Regulation No. 122D (3) states that the driver, or the officer who had charge of the vehicle when the vehicle was involved in an accident shall make a preliminary report on the Preliminary Accident Report Form M. E. 1 (b) within forty-eight hours of the accident and shall submit Traffic Accident Form No. M. E. 1 (a) Parts I and II to the Board or the committee concerned within seven days of the submission of the Preliminary Accidents Report Form M. E. 1 (b). It was however observed that the college spent amounts totalling K87,096 involving seven (7) transactions repairing a Toyota Land cruiser Registration Number GRZ 140BS which was involved in a road traffic accident without reporting the accident to the accident committee. Further, it was observed that the motor vehicle was not insured.

vv. Irregular Procurement of Second Hand Computers - Mwinilunga DEB Office

On 22nd January 2016, the Provincial Procurement Committee awarded Himz Computer Solution a contract to supply forty (40) brand new computers and DNMK Telecoms Ltd to supply twelve (12) printers to Mwinilunga DEB office. However, it was observed that DNMK Telecom Ltd supplied sixty (60) second hand desktop computers at a cost of K150,000 instead of brand new computers. In addition, DNMK supplied nine (9) printers costing K28,800 instead of twelve (12) printers. There was no evidence authorising the supply of second hand computers instead of brand new computers and variations in quantities supplied. It was also observed that both computers and printers were supplied by DNMK who was engaged to supply printers only. Further, no authority from the Procurement Committee was availed authorising DNMK to also supply computers.

ww. Unaccounted for Computers – Masaiti Boarding Secondary School

During the period under review, the school procured forty five (45) computers costing K178,000. However, a physical inspection carried out in April 2017 revealed that there were only thirty three (33) computers costing K130,680 at the school resulting in twelve (12) computers costing K47,520 unaccounted for.

xx. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, which states that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain records of the receipt and issue of such public stores, stores items costing K6,393,575 comprising general stores (K6,202,831) and fuel (K190,745) involving eight hundred and fifty eight (858) transactions had no receipt and disposal details such as stores ledgers, stock control cards, GRV, GIVs among others. As a result, it was not possible to ascertain whether the stores items procured were actually received and used for the intended purpose. See table below.

Province	Station	No. of Transactions	General Stores K	Fuel K	Total K
Muchinga	Chinsali PEO	1	3,733	-	3,733
	Chinsali DEBS	1	6,452	-	6,452
	Chinsali Girls Sec Sch	5	19,090	6,007	25,097
Eastern	Vubwi DEBS	13	46,969	-	46,969
	Kasenegwa Sec Sch	50	458,570	-	458,570
	Lusuntha Day Sch	17	45,140	-	45,140
Southern	Gwembe DEBS	13	-	69,850	69,850
	Charles Lwanga College of Education	25	103,104	26,000	129,104
	Nalituwe Sec School	5	10,925	-	10,925
Copperbelt	Mpongwe Sec School	3	43,714	-	43,714
	Masaiti Boarding Sec School	459	4,061,454	-	4,061,454
North Western	Solwezi College of Education	10	161,451	-	161,451
	Mwinilunga Sec Sch	7	31,382	548	31,930
	Kabompo Sec Sch	1	13,045	-	13,045
	Kabompo DEBS	2	1,813	770	2,583
Northern	Luwingu Sec. Sch.	16	40,144	5,255	45,399
	Mbala DEBS	1	9,000	-	9,000
	St. Theresa Secondary School	130	895,977	38,336	934,313
Western	Mongu College of Education	3	17,400	-	17,400
	Mongu DEBS	8	37,738	-	37,738
	Limulunga Day Sec Sch	10	35,890	-	35,890
	Kaoma DEBS	2	9,000	-	9,000
Central	PEO – Central Province	5	7,810	-	7,810
	Kapiri Mposhi DEBS	5	15,563	-	15,563
	Chibombo DEBS	6	15,635	3,000	18,635
	Kabwe DEBS	13	77,418	-	77,418
	Serenje DEBS	47	34,414	40,979	75,393
	Total	858	6,202,831	190,745	6,393,575

yy. Procurement of Food Rations in Excess of Budget – Masaiti Secondary School

During the period under review, the school had a budget of K542,882 for procurement of foodstuff for seven hundred and eighty eight (788) pupils during 2015. However, a review of records revealed that the school purchased food stuffs costing K1,076,075 resulting in excess expenditure on foodstuff amounting to K533,193. The over expenditure was not explained by management. See table below.

Food type	Budget K	Actual Purchases K	Variance K
Rice	201,745	411,500	209,755
Samp	81,243	248,200	166,957
Beans	259,894	416,375	156,481
Total	542,882	1,076,075	533,193

Further, the food stuffs procured costing K1,076,075 could not be accounted for in that there was no receipt and disposal details maintained.

zz. Fuel Drawn by Motor Vehicles Not on Institutional Fleets

During the period under review, fuel costing K46,836 involving sixty one (61) transactions was drawn by motor vehicles which were not on the fleets owned by the institutions. See table below.

Province	Station	No. of transactions	Amount K
Copperbelt	Masaiti DEBS	12	20,000
	Luanshya DEBS	6	1,769
Southern	Gwembe DEBS	4	2,583
	Charles Lwanga	39	17,032
Central	Chibombo	13	5,452
	TOTAL	61	46,836

aaa. Fuel Not Recorded in Log Books – Kapiri Mposhi DEBS

During the period under review, fuel costing K21,758 drawn by various motor vehicles had not been entered in the motor vehicle log books making it not possible to ascertain whether the fuel was utilized for the intended purposes.

bbb. Overpayments Due to Wrong Distances Used in the Computation of Fuel Imprest – Kitwe College of Education

According to Cabinet Circular No. 7 of 2012 and PSMD Circular No. B. 23 (3) of 2012, fuel imprest must be issued using the prescribed Government formulae. It was observed that fuel imprest in amounts totalling K19,582 was issued to two (2) officers on 22nd March 2016 for the Teacher Education Sports Association (TESPAA) tour to Kasama using wrong distance calculations when they should have been paid amounts totalling K11,073. As a result, they were overpaid by an amount of K8,509, which is recoverable from the officers. See table below.

Vehicle Type	Registration No.	The distance used from Kitwe to Kasama (KM)	Amount based on wrong distance K	The actual distance from Kitwe to Kasama (KM)	Amount based on correct distance K	Over payment K
Toyota Hilux	GRZ 547 CL	1389	5,249.86	799	3,019.90	2,229.96
Small Bus	GRZ 330 BC	1339	5,060.88	799	3,019.90	2,040.98
Big Bus	GRZ 141 CM	2453	9,271.36	799	5,033.17	4,238.19
			19,582.10		11,072.97	8,509.13

ccc. Failure to Follow Tender Procedures

i. Payments Above Threshold

Zambia Public Procurement Act No. 12 of 2008 stipulates that the Head of Department can approve payments up to K10,000. However, contrary to the Act, payments in amounts totalling K4,843,879 involving two hundred and seventy six (276) transactions to various suppliers for procurement of goods and services were authorized by Heads of Departments when they were above their thresholds. See table below.

Province	Institution	No. of Transactions	Amount K
Muchinga	Chinsali Secondary School	7	168,210
Copperbelt	Masala Secondary School	5	30,222
	Mpongwe Secondary school	28	520,569
	Masaiti Secondary School	121	2,045,732
	Mushili Secondary School	10	162,415
North Western	Solwezi College of Education	66	1,184,302
	Mwinilunga Secondary School	7	123,600
	Kabompo Secondary School	1	20,000
Luapula	Mwense Secodary School	2	20,000
Northern	St. Theresa Secondary School	29	568,829
	Total	276	4,843,879

ii. Mongu College of Education (MOCE)

On 1st April, 2016, Mongu College of Education signed a credit sale agreement with Trident Automotive Limited for procurement of a fifty six (56) seater Yutong Bus at a cost of K525,000.

A review of accounting and other records revealed that the bus had been delivered and the whole amount was paid to the supplier.

However, it was observed that contrary to Circular No. 1 of 2011 dated 24th January, 2011, which requires procuring entities to seek a 'No Objection' from the Zambia

Public Procurement Authority for procurements above K500,000, the College did not obtain a ‘No Objection’ for the procurement.

ddd. Uninsured Motor Vehicles

The Roads and Road Traffic Act Cap 464 of the Laws of Zambia, section 133, requires that all motor vehicles using public roads must have a minimum of third party insurance cover. However, it was observed that nineteen (19) motor vehicles belonging to various institutions were not insured as at 31st August 2017 thereby risking institutions not making good of any indemnifiable loss that may be suffered. See table below.

Province	Station	Type of motor vehicle	Reg No	Cost K	Date of expiry of insurance policy	Condition
Western	Western PEO	Toyota Hilux	GRZ 858CE	120,000	09.01.15 - 31.12.15	Runner
	Mongu DEBS	Toyota Landcruiser	GRZ 442CB	80,000	2014	Runner
		Tata Pick Up	ABV 6357	80,000	2014	Runner
	Lukulu DEBS	Landcruiser	GRZ 443CB	120,000	2014	Runner
	Kaoma DEBS	Toyota Landcruiser	GRZ 446CVB	80,000	September, 2014	Runner
Muchinga	Chama Boarding Sec Sch	Hino	GRZ 349 CJ	Not Availed	Not Availed	Runner
Northern	Northern Region	Landcruiser	GRZ 492CB	180,000	Not Availed	Runner
		Landcruiser	GRZ 438CB	180,000	Not Availed	Runner
		Ranger	ABJ 2633	85,000	Not Availed	Runner
		Patrol	GRZ 709CA	180,000	Not Availed	Runner
		Euro Truck	GRZ 581BR	670,000	Not Availed	Runner
		Hino	AAP 4470	340,000	Not Availed	Runner
		Landcruiser	GRZ 767 CB	180,000,000	Not Availed	Runner
		Hilux	GRZ 463CH	195,500,000	Not Availed	Runner
		Ford	ALD 4405	195,000	Not Availed	Runner
		Toyota Landcruiser	ABZ 1151	270,000.00	Not Availed	Runner
		Toyota Landcruiser	GRZ 491 CL	380,000.00	Not Availed	Runner
		Hilux	GRZ271 CL	195,500	Not Availed	Runner
Isuzu	ABJ 392	85,000	Not Availed	Runner		

eee. Failure to Maintain an Asset Register – Luwingu Secondary School

Contrary to Public Stores Regulation No. 90 (2), which states that there shall be recorded in the plant, tools and equipment control ledger (Misc. form 59) the serial number, make, type and model of each machine, the Department having charge of the machine and the station at which it is located, there was no asset register for inventory list made available for audit for assets costing K59,060 procured during the year under review.

fff. Failure to Inscribe Government Assets

Contrary to Public Stores Regulation No. 154, which states that, “all furniture and equipment belonging to the government must be clearly marked with distinguishing letters of ‘GRZ’ in an inconspicuous part of the asset to identify it as a government property”, one hundred and sixty four (164) assets costing K816,226 had no identification marks. See table below.

Province	Institution	No. of Transactions	No. of Items	Amount K
Muchinga	Chama Boarding Secondary School	1	1	10,000
Southern	PEO - Choma	4	5	15,820
Copperbelt	Masala Secondary School	3	9	40,305
	Kitwe College of Education	3	8	98,920
	Masaiti Boarding Secondary School	17	17	318,795
North Western	Mwinilunga Secondary School	1	3	6,420
	Manyinga DEBS	2	2	23,200
Northern	Mbala Secondary School	8	8	60,000
	Luwingu Secondary School	6	5	59,060
	Mbala DEBS	5	3	24,600
	St. Theresa Secondary School	4	8	27,500
Western	Mongu College of Education	5	57	38,909
	Mitete DEBS	4	30	61,650
Central	Kabwe DEBS	2	2	9,500
	Serenje DEBS	4	6	21,547
	Total	69	164	816,226

Furthermore, a review of asset registers revealed that the assets were not recorded in the asset registers at Masaiti Boarding Secondary School.

ggg. Outstanding Bills

A review of documents pertaining to outstanding bills revealed that amounts totalling K50,301,282 in respect of utility bills and other personal emoluments from eight (8) institutions had not been paid as at 31st August 2017. See table below.

Province	Name of Institution	Type of Bills	Amount K
Luapula	Mansa Debs	Personal Emoluments, utilities bills and capital	20,260,951
	Mwansabombwe Debs	Personal Emoluments, office rentals and stationery	3,448,140
Copperbelt	Kitwe College of Education	Nkana Water and Sewerage Company - Water utility bill	3,622,544
Muchinga	Isoka Debs	Personal emoluments	6,765,363
	Nakonde Debs	Personal emoluments	3,385,679
	Chama Debs	Personal emoluments	4,519,050
	Chinsali Debs	Personal emoluments	6,898,237
	Chinsali PEO	Personal emoluments	1,401,319
	Total		50,301,282

hhh. Failure to Recover Loans and Salary Advances

The Terms and Conditions of Service for the Public Service No. 92 states that an advance of salary shall be repaid within a reasonable period of time but not exceeding six (6) months. However, loans and salary advances in amounts totalling K97,150 issued to thirty two (32) officers had not been recovered as at 31st August 2017. As a result, other officers that were in need of advances and loans could not be paid. See table below.

Province	Station	No. of Transactions	No. of officers	Amount K	
				Loans	Salary Advances
Southern	Choma PEO	7	6	-	12,500
	Charles Lwanga College of Education	6	6	2,000	10,000
North Western	Solwezi Technical	1	1	-	1,650
	Solwezi College of Education	1	1	-	1,500
	Kabompo Secondary	2	2	-	2,500
Central	Kabwe PEO	24	16	53,500	13,500
	Total	41	32	55,500	41,650

iii. Unaccounted for Funds – Solwezi Technical Secondary School

On 28th January 2016, a class teacher, was paid an advance of K3,000 on cheque No. 000469. However, it was observed that the teacher paid back the advance in cash on GRZ Receipt No.19005347. However, there was no evidence that the funds were deposited into the school bank account and no cash was found at hand.

jjj. Irregular Procurements from Members of Staff

Contrary to Public Procurement Regulation No.73 (1), which states that a public officer, or a public officer's close relative, shall not participate 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, payments in amounts totalling K266,995 involving forty nine (49) transactions for purchases of

stationery, food stuff, text books among others were made to companies owned by members of staff or their close relatives such as accountants, teachers and their wives.

It was also observed that some quotations used to support the payments were forged with exaggerated prices so as to make quotations from members of staff appear to be fair and consequently preferred.

Further, there was no evidence available for audit to show that the procurements were advertised in the public media inviting eligible bidders to express interest in the tenders to supply various goods and services to the institutions.

In addition, Reset Enterprises, a company owned by the wife to the Accounts Assistant for Luwingu had also supplied goods to Mungwi Technical Secondary School where the Accounts Assistant worked before transfer to Luwingu. See table below.

Province	Institution	No. of Transactions	Amount K
Northern	Mungwi Technical Secondary School	46	250,495
	Luwingu Secondary School	3	16,500
	Total	49	266,995

kkk. Procurements Supported by Forged Quotations – Mungwi Technical Secondary School

In the year under review, Mungwi Technical Secondary School, procured various goods and services costing K62,707 from various suppliers. However, a scrutiny of the payments revealed that quotations that supported the payments were forged in that although they had some particulars of existing companies that were even registered with PACRA, the quotations were just forged and not issued by the said companies.

III. Procurement of Sick Bay Medicines from Unlicensed Dealer – Mungwi Technical Secondary School

The Medicines and Allied Substance Act of 2013 section 14 (i) (a) states that a person shall not sell by retail or wholesale in a place other than a pharmacy, health facility or an animal health facility except with approval from the authority and Pharmacy and Poison Act Part II (4) which states that no one shall carry out the business of Pharmacist unless registered. It was however observed that on 26th January and 14th September 2016, the school procured sick bay medicines costing K12,258 from Tusa General Dealers, a company that was not a registered pharmacist or chemist to supply the medicines. A physical inspection of the company (Tusa General Dealers) revealed that the vendor was trading in stationery.

mmm. Irregular Payment for DSTV Subscription – Luwingu Secondary School

On 16th September 2016, an amount of K2,600 was paid on cheque No. 803949 to Cryptus General Dealers for DSTV subscription, a company that was purported to be an agent of DSTV. It was however observed that the company was not a DSTV appointed agent. Further, a search at PACRA on the ownership of Cryptus General Dealers revealed that the company was owned by an Accounts Assistant at Lunte Girls Technical Secondary School.

nnn. Irregular Drawing of Fuel – St. Theresa Secondary School

A scrutiny of fuel records revealed that 2,604 litres of fuel costing K28,196 were drawn and used on vehicles that did not belong to the School. A further scrutiny of records showed that 225 litres of fuel costing K2,221 had also been drawn using containers. However, there were no records to show how the fuel was utilized.

ooo. Irregular Procurement of a Motor Vehicle – St. Theresa Secondary School

During the period under review, the school purchased a second hand motor vehicle, Toyota Corolla registration No. ALV 6701 at a cost of K40,000. As of August 2017 the whole amount had been paid.

However, the following observations were made:

- The payments for the motor vehicle were paid as imprest to the School Accounts Assistant instead of paying directly to the supplier. No explanation was given for using this mode of payments.
- The letter of sale signed between the school authorities and the seller did not indicate the price of the motor vehicle and the date when the agreement was entered into.
- The ownership of the motor vehicle had not changed as records pertaining to the vehicle were still bearing the names of the seller.
- There was no evidence that authority to purchase a second hand motor vehicle was obtained from the Plant, Vehicle and Equipment Committee (PVEC).
- A physical inspection of the motor vehicle conducted in August 2017, revealed that the vehicle had broken down and was parked at the school administration block.

ppp. Project Management

During the period under review, amounts totalling K771,889 were released for infrastructure development in three (3) provinces out of which amounts totalling K623,739 were spent leaving a balance of K148,150. See table below.

Province	District	Name of Institution	Amount Released K	Amount Spent K	Balance K
Copperbelt	Kitwe	Kitwe College of Education	467,714	361,706	106,008
Central	Chibombo	Shimukuni Primary School	240,000	197,858	42,142
Northern	Kasama	St. Theresa Secondary School	64,175	64,175	-
Total			771,889	623,739	148,150

i. Hardened Cement

On 8th August 2016, Shimukuni Primary School bought six hundred (600) pockets of cement at a total cost of K32,400 (K54 per pocket) from CPAESS on cheque No. 000025.

A physical verification of the cement conducted in March, 2017 revealed that out of the three hundred and eighty (380) bags that were still in stock, one hundred and fourteen (114) bags of cement costing K6,156 had gone to waste in that it had hardened or caked rendering the expenditure wasteful.

ii. Infrastructure Management

Province	District/ Institution	Scope of Works	Contractor	Date of signing contract	Contract Period	Contract Sum (Labour based only)	Amount paid to the contractor to date	Amount spent on building materials & Incidental costs	Remarks/observations
Central	Chibombo/ Shimukuni Primary School	Construction of 2 Staff Houses	Azareal Construction and General Dealers	26 th August, 2016	52 weeks (1 year)	K50,600	K16,112	K167,045	<p>A physical inspection carried out on 25th March, 2017 revealed the following:</p> <p>Staff House No 1. – The super structure had been constructed and roofed. Door frames and window frames had been fitted. Outstanding Works included: Flooring, plastering and spoon drains. Fitting doors, locks and shelves in the store rooms.</p> <p>Staff House No 2. – The house was at slab level and the rest of the works were outstanding.</p> <p>On 8th August 2016, Shimukuni Primary School bought six hundred (600) pockets of cement at a total cost of K32,400 (K54 per pocket) from CPAESS on cheque No. 000025.</p> <p>A physical verification of the cement conducted in March, 2017 revealed that out of the three hundred and eighty (380) bags that were still in stock, one hundred and fourteen</p>

									(114) bags of cement costing K6,156 had gone to waste in that it had hardened or caked rendering the expenditure wasteful.
Copperbelt	Kitwe/ Kitwe College of Education	brick work and block work, roofing, carpentry and joinery, iron monger, structural steel work, electrical installation, floor, wall and ceiling finishes, plain sheet finishing to ceiling, glazing and painting and decorating	Chikweni Investments Zambia Ltd	25.05.15	12 Weeks	K467,714	K361,706		As of July 2017, the project had not been completed. The outstanding works included: Flooring, spoon drain, fixing glass panes and window handles, fitting shelves, chalk and notice boards, painting, constructing door steps and fitting air vents, fitting door stoppers and fitting of doors with mortice locks. The following other observations were made: <ul style="list-style-type: none"> • The evaluation report to show how the contractor was selected was not availed for audit. • The contract signed between the two parties did not have the contract terms and conditions. • Progress reports prepared by the supervisor for the works were not availed for audit.
Northern	St., Theresa Secondary School - Kasama	Construction of a Dormitory	Shula Chshimba (Labour based)			K9,800	K9,800	K54,375	The following were observed: <ul style="list-style-type: none"> • The works had stalled and the contractor was not on site. • Cracks had developed on the slab.

Head: 85 Ministry of Lands, Natural Resources and Environmental Protection

Units: Various

Programmes: Various

Activities: Various

56. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K232,364,377 was made to cater for the implementation of various activities at the Ministry against which a total amount of K113,901,699 was released resulting in an under funding of K118,462,678.

As at 31st December 2016, the Ministry had spent amounts totalling K113,528,837.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry carried out from January to March 2017 revealed the following:

a. Failure to Deduct Tax

Contrary to Income Tax Act No. 323, settling in allowances in amounts totalling K77,718 were paid to five (5) officers without deducting Pay As You Earn (PAYE).

b. Failure to Reimburse Borrowed Funds

During the period under review, a total amount of K267,453 was transferred in July and August 2016 from Land Development Fund account to Recurrent Departmental Charges (RDCs) Account to facilitate operations of the Ministry's printing press. However, a scrutiny of relevant records revealed that no reimbursement had been done as of May 2017. As a result, the implementation of planned and funded land development activities were adversely affected.

c. Theft of two (2) Motor Vehicles (Toyota Land Cruisers)

A review of Transport Management records revealed that two (2) motor vehicles, Toyota Land cruisers registration numbers GRZ 419 CL (costing K382,042) and GRZ 640 CF (costing K338,102) belonging to Survey Department were stolen in September and November 2017 respectively. However, only the theft of motor vehicle registration number

GRZ 640 CF was reported to Police as evidenced by the Police report. No report was availed for the other motor vehicle.

Further, the indemnification by the insurer namely Zambia State Insurance Corporation (ZSIC) Ltd had not been done as of May 2017 on account of unsettled premiums amounting to K1,230,035. As a result, the loss of the motor vehicle could not be made good of.

In addition, although outstanding premium stood at K1,230,035, the ledgers maintained for each motor vehicle indicating how much premiums was owed for each vehicle were not availed for audit and no explanations were given on how the Ministry intended to settle the outstanding debt. It was therefore not possible to ascertain how the outstanding premiums were arrived at.

Head: 86 Ministry of Fisheries and Livestock
Departments: Various
Units: Various
Programmes: Various
Activities: Various

57. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K438,044,833 was made to cater for various activities in the Ministry against which amounts totalling K197,142,628 were released resulting in an under funding of K240,902,205.

As at 31st December 2016, the Ministry had spent amounts totalling K167,238,047.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry carried out in February and March 2017 and physical inspections of selected projects revealed the following:

a. Misapplication of Funds

i. Tsetse Fly Aerial Spray Funds

Contrary to the Appropriation Act of 2015, amounts totalling K2,962,559 meant for implementation of Surveillance Tsetse Aerial Spraying activities were spent on activities such as payment of allowances to officers for the 2017 budget preparation (K542,483),

Payment for telephone units (K32,604), payment for electricity units (K12,000), payment for motor vehicle mechanical services and tyres (K217,570), payment for conference facilities (K53,800) and loading and offloading allowances (K6,400), among others, activities not related to Tsetse Control Aerial Spraying without authority from the Secretary to the Treasury.

Consequently, the aerial spraying against Tsetse flies had not been undertaken as of June 2017.

ii. Artificial Insemination Centre

Contrary to the Appropriation Act of 2015, amounts totalling K142,197 released for the procurement of equipment for the Artificial Insemination Centre at Kabwe Veterinary Office were applied on unrelated activities such as payment of allowances to officers, servicing of motor vehicles. Consequently, as at 31st August 2017, the artificial insemination centre had not been commissioned.

b. Unsupported Payments

Contrary to Financial Regulations No. 45 and 52, two (2) payments in amounts totalling K44,240 made during the period under review were not supported with relevant documents such as cash sale receipts.

c. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K91,505 issued to an officer to facilitate for activities for sixteen (16) days of gender activism had not been retired as at 31st August 2017.

d. Irregular Use of Accountable Imprest to Procure Goods

Contrary to Financial Regulations No. 86, it was observed that imprest in amounts totalling K25,778 was issued to four (4) officers for the procurement of goods such as Labour Day attires and equipment for agriculture and commercial shows, instead of buying directly from the suppliers.

e. Irregular Payment of Allowances

i. Irregular Payment of Subsistence Allowance

On 20th July 2016, an amount of K200,454 was paid as imprest to an officer to facilitate payment of subsistence allowances to forty six (46) officers to prepare expenditure returns in Chongwe at Mika Convention Centre/Hotel for a period of ten (10) days. An examination of the imprest retirement documents revealed that an amount of K179,800 was paid out as subsistence allowance to officers while K19,454 and K1,200 were paid as fuel refund and communication respectively for the officers who were purported to have worked on the first quarter expenditure returns.

Enquiries made with Mika Convention Centre revealed that the full conference package is charged at K220 per person per day comprising the conference room/hall, tea, water, lunch and stationery. A review of the invoice amounting to K11,994 dated 19th August 2016 obtained from the imprest holder revealed that the attendance was as indicated below.

Day	Total Number of participants paid	Number of Officers in attendance	Variance
1	46	15	31
2	46	5	41
3	46	8	38
4	46	8	38
5	46	2	44
6	46	5	41
7	46	2	44
8	46	2	44

In this regard, the payment of subsistence allowance and fuel refunds to officers who did not participate in the exercise and for which the full cost was paid for by the Ministry was irregular.

ii. Irregular Payment of Allowances to Officers within the District

Contrary to the Terms and Conditions of Service for the Public Service No. 154 (a) which states 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”, fuel and subsistence allowances in amounts totalling K48,850 were irregularly paid to officers who were operating within the District boundary.

iii. Over Payment of Subsistence Allowances

During the period under review, subsistence allowance in amounts totalling K205,769 was paid to thirty five (35) officers to enable them undertake various activities in North Western, Lusaka and Western Provinces. However, the officers were overpaid by a total amount of K63,035 and the overpayment had not been recovered as at 31st August 2017.

f. Unaccounted for Fuel

Contrary to Public Stores Regulation No. 16, fuel costing K43,313 procured during the period under review was unaccounted for in that there were no disposal details.

g. Infrastructure Development

In the Estimates of Revenue and Expenditure for the financial year ended 31st December, 2016, a budget provision of K6,518,384 was made to cater for infrastructure development such as construction and/ or rehabilitation of dip tanks, livestock breeding centres, artificial insemination centres, office blocks and milk collection centres. In this regard, amounts totalling K2,980,963 were paid to twenty four (24) contractors for various infrastructure development projects.

A scrutiny of records and physical inspection of selected projects carried out in March 2017 revealed the following:

i. Construction of an Office Block at Fiyongoli Aquaculture Research Station in Mansa District, Luapula Province

On 9th February 2016, the Ministry entered into a contract with Chalapat General Dealers to construct an office block at Fiyongoli Aquaculture Research Station in Mansa District at a contract sum of K499,665 with a completion period of twelve (12) weeks and an expected completion date of 30th June 2016.

The scope of works included the construction of a sub-structure, concrete work, brick and block work, roofing, carpentry joinery, and ironmongery, metal work, structural steel work, plumbing installation, electrical installation, finishing, glazing and painting and decoration. As at 31st August 2017, the contractor had been paid amounts totalling K189,451 for certified works.

- **Project Status**

A physical inspection of the site carried out in April 2017, revealed that the works had not been completed.

- **Outstanding Works**

The super structure had been constructed and roofing works were ongoing with the following works still outstanding:

- Metal works including the completion of roofing and installing window frames and door frames and doors, fitting of a ceiling, plumbing works, electrical works.
- Tiling of floors, plastering the internal and external walls, glazing, painting and decoration on the inside and outside.



Incomplete Office Block at Fiyongoli Aquaculture Research Station

- ii. **Construction of Milk Collection Centre in Njolwe, Chongwe District, Lusaka Province**

On 10th November 2015, the Ministry entered into a contract with Guru General Dealers to construct a Milk Collection Centre in Njolwe, Palabana camp in Chongwe District at a contract sum of K1,016,101 with a completion period of nine (9) weeks from 10th November 2015 to 11th January 2016.

The scope of works included constructing a sub-structure, concrete work, brick and block work, roofing, carpentry joinery, and ironmongery, metal work, structural steel work, plumbing installation, electrical installation, floor and wall finishing, glazing and, painting and decoration.

As at 31st August 2017, the contractor had been paid amounts totalling K254,025 for certified works.

A physical inspection and verification of records revealed that the project was incomplete with the following works outstanding:

- Painting the internal and external walls
- Fitting doors and window panes/glazing
- Fitting of terrazzo floor tiles inside the main structure and along the corridor
- Plumbing and electrical works.

iii. Failure to Utilise a Milk Shed in Kanakantapa, Chongwe District, Lusaka Province

The Ministry engaged Anson Enterprises to construct a Milk Shed in Kanakantapa area in Chongwe district at a contract sum of K305,442. The contractor completed the works and handed over the project in March 2016.

As at 31st August 2017, the contractor had been paid amounts totalling K121,502 (K45,141 in the year 2015 and K76,361 in the year 2016) for certified works.

Although the shed was handed over to the Ministry in March 2016, the shed remained un-used as at 31st March 2017 twelve (12) months after it was handed over.



Completed Milk Shed in Kanakantapa But Not in Use

iv. Construction of a Satellite Artificial Insemination Centre at Shiwang’andu Boma in Shiwang’andu District, Muchinga Province

On 10th December 2014, the Ministry entered into a contract with MKP Contractors to construct a Satellite Artificial Insemination Centre in Shiwang’andu District at a contract sum of K478,698 with a completion period of four (4) months from 17th December 2014.

The scope of works included the construction of a sub and super structures, ring beam, plastering, roofing/ceiling board, fittings, painting inside and outside, spoon drainage, electrical installations, septic tank and soak away and water reticulation. As of August 2017, the contractor had been paid amounts totalling K375,038.

A physical inspection and verification of records revealed that as at 30th April 2017, the superstructure had been constructed and the following works were outstanding:

- Completion of ceiling board fitting
- Completion of electrical works
- Painting internal and external walls
- Plumbing works
- Construction of a soak away and septic tank
- Water reticulation including drilling and installing a borehole, submersible pump, and tank stand.
- Window glazing of one (1) window frame

The following defects were observed:

- Cracks had developed in places along the dish drain
- Fascia boards used for roofing were not treated with wood preservative

v. Construction of a Dip Tank at Mwika in Ilondola in Shiwang’andu District, Muchinga Province

On 10th December 2014, the Ministry entered into a contract with Dethrom Contractors to construct a 14,000 litre Dip Tank at Mwika in Ilondola Agriculture Camp in Shiwang’andu District at a contract sum of K183,510 with a completion period of six (6) weeks from 10th December 2014 to 20th January 2015. The scope of works included the construction of a 14,000 litre concrete Dip Tank, crush and holding pen, water trough, waste pit and drilling of a borehole equipped with a lift pump. As of August 2017, the Ministry had paid the contractor amounts totalling K112,400.

A physical inspection carried out in April 2017 revealed that the project had stalled and the contractor was not on site with the following works outstanding:

- Roofing of the concrete Dip Tank,
- Construction of crush and holding pens including the bath and draining races
- Water trough, Waste pit and Drilling of a borehole equipped with a lift pump

vi. Construction of a Dip Tank at Chibalange/Matumbo Agriculture Camp in Shiwang’andu District, Muchinga Province

On 1st July 2015, the Ministry entered into a contract with C. N. C. General Dealers to construct a 14,000 litre Dip Tank at Matumbo in Shiwang’andu District at a contract sum of K218,438 with a completion period of six (6) weeks from 1st July 2015 to 11th August 2015. According to the contract, the scope of works included the construction of a 14,000 litre concrete Dip Tank, crush and holding pens, water trough, waste pit and drilling a borehole equipping it with a lift pump.

As at 31st August 2017, the Ministry had paid the contractor amounts totalling K134,885 in the year 2016.

A physical inspection carried out in April 2017 revealed that the project had stalled and the contractor was not on site with the following works outstanding:

- Roofing of the concrete Dip Tank,
- Construction of crush and holding pens including the bath and draining races
- Water trough, waste pit and drilling of a borehole and equipping it with a lift pump

vii. Construction of two (2) Farrowing and Fattening Houses at Keembe Pig Breeding Centre in Chibombo, Central Province

On 5th May, 2015, the Ministry entered into a contract with Sarzam Contractors Ltd to construct one (1) farrowing and one (1) fattening house/Pens at Keembe Pig Breeding Centre in Chibombo District of Central Province at a contract sum of K613,421 with a completion period of sixteen (16) weeks from 11th June 2015.

As at 31st August 2017, the Ministry had paid the contractor amounts totalling K105,770.

A physical inspection carried out in May 2017 revealed that the project had stalled and the contractor was not on site with the following works outstanding:

- Plastering internal and external walls of the super structure
- Plumbing and drainage works, electrical wiring and fittings
- Fitting of metal doors on the pens and entrances of both the farrowing and fattening houses, painting internal and external walls

viii. Construction of Dip Tanks at Namakolongo and Kalasa in Chibombo District, Central Province

On 13th October, 2014, the Ministry entered into a contract with Jehu Construction Enterprises Ltd to construct two (2) 14,000 litres capacity Dip Tanks at Namakolongo and the other at Kalasa in Chibombo district of Central Province at a contract sum of K263,308 with a completion period of ten (10) weeks from 13th October 2014.

The scope of works included the construction of a 14,000 litre concrete Dip Tank, crush and holding pens, water trough, waste pit and drilling a borehole and equipping it with a mono/lift pump at each of the locations.

As at 31st August 2017, the Ministry had paid the contractor amounts totalling K161,082.

A physical inspection carried out in May 2017 revealed that the project had stalled and the contractor was not on site with the following works outstanding:

- Roofing of the concrete Dip Tanks,
- Plastering splash walls, raising splash walls
- Fixing of plunks on the force/crush, drip/draining race and holding pens.
- Construction of a discharge soakaway for the dip tank chemicals
- Construction of drainage and soakaway for the borehole and soakaway.
- Construction of concrete slab around the borehole/mono pump
- Construction of Pre-Mix tank and rain/storm drains for the dip tank

ix. Construction of Milk Collection Centre at Mpima Diary Scheme in Kabwe District, Central Province

On 15th August, 2014, the Ministry entered into a contract with Ebsa Investment Ltd to construct one (1) Milk Collection Centre at Mpima Diary Scheme in Kabwe district of

Central Province at a contract sum of K403,496 with a completion period of twelve (12) weeks.

The scope of works included the construction of sub and super structures, metal works, roofing, drainage and plumbing works, plastering, painting, electrical wiring and fitting and electrical installation, water reticulation among others.

As at 31st August 2017, the Ministry had paid the contractor amounts totalling K51,418.

A physical inspection carried out in May 2017 revealed that the project had stalled and the contractor was not on site with the following works outstanding:

- Fitting of two (2) grille doors on the two (2) doors to the milk collection centre
- Water reticulation and electrical works

Head:	86	Ministry of Fisheries and Livestock
Department:		Provincial Fisheries and Livestock Coordinating Offices (PFLCOs) District Fisheries and Livestock Coordinating Offices (DFLCOs) Ranches
Units:		Various
Programmes:		Various
Activities:		Various

58. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a total provision of K51,062,858 was made to cater for various activities at thirty seven (37) institutions in the Provinces and Districts against which amounts totalling K2,344,470 were released resulting in an underfunding of K48,718,387. See table below.

Province	Station	Provision	Releases	Under Funding
		K	K	K
Copperbelt	Ndola PFLCO	17,676,443	347,678	(17,328,765)
	Ndola DFLCO	838,168	26,957	(811,211)
	Luanshya DFLCO	735,000	26,624	(708,377)
	Kitwe DFLCO	362,500	26,624	(335,877)
	Masaiti DFLCO	2,649,294	26,632	(2,622,662)
	Mpongwe DFLCO	819,737	25,925	(793,812)
Lusaka	Lusaka PFLCO	949,572	233,764	(715,808)
	Lusaka DFLCO	683,777	28,830	(654,947)
	Luangwa DFLCO	521,824	28,830	(492,994)
	Shibuyunji DFLCO	1,018,303	128,832	(889,471)
	Rufunsa DFLCO	837,744	28,830	(808,914)
Western	Mongu PFLCO	1,303,138	209,648	(1,093,490)
	Mongu DFLCO	474,741	35,100	(439,641)
	Kaoma DFLCO	593,002	29,178	(563,824)
	Luampa DFLCO	460,291	29,184	(431,107)
	Nkeyema DFLCO	767,592	29,184	(738,408)
	Mwandi DFLCO	473,232	29,184	(444,048)
	Sesheke DFLCO	1,268,370	29,184	(1,239,186)
Luapula	Mansa PLFCO	1,059,286	48,486	(1,010,800)
	Samfya DFLCO	592,830	58,511	(534,319)
	Chembe DFLCO	440,830	36,512	(404,318)
	Kawambwa DFLCO	1,567,830	26,511	(1,541,319)
Southern	Choma PLFCO	1,102,077	50,455	(1,051,622)
	Gwembe DFLCO	788,787	45,605	(743,182)
	Kazungula DFLCO	389,576	30,046	(359,530)
	Livingstone DFLCO	387,740	31,046	(356,694)
	Sinazongwe DFLCO	1,347,447	51,601	(1,295,846)
Muchinga	Chinsali PLFCO	1,537,740	270,386	(1,267,354)
	Chinsali DFLCO	974,000	44,899	(929,101)
	Mpika DFLCO	2,200,314	33,132	(2,167,182)
	Chama DFLCO	733,239	39,263	(693,976)
	Nakonde DFLCO	701,854	44,763	(657,091)
	Shiwang'andu DFLCO	1,165,303	44,762	(1,120,541)
	Mbesuma Livestock Breeding Centre	750,000	40,000	(710,000)
Central	Kapiri Mponshi DFLCO	1,020,050	43,436	(976,614)
Northern	Mwinilunga DFLCO	1,499,111	44,405	(1,454,706)
Western	Kalumbila DFLCO	372,116	40,463	(331,653)
	Total	51,062,858	2,344,470	(48,718,388)

Accounting and Other Irregularities

An examination of financial and other related records maintained at the Provincial Fisheries and Livestock Coordinating Offices (PFLCOs), District Fisheries, Livestock Coordinating Offices (DFLCOs), Ranches and physical inspections of selected projects carried out during the period from March to July 2017 revealed the following:

a. Unsupported Payments

Contrary to Financial Regulation No. 52, which states that vouchers relating to purchases shall be supported by an official order and the supplier's invoices, twenty one (21) payments in amounts totalling K28,411 were not supported with relevant documentation such as bills and receipts. See table below.

Name of Institution	No. of Transactions	Amount K
Mpika DFLCO	10	13,761
Sinazongwe DFLCO	2	1,200
Sinazongwe Fish Training Institute	2	6,000
Mongu PFL	1	500
Mongu DFLCO	3	2,270
Kaoma DFLCO	1	1,400
Luampa	2	3,280
Total	21	28,411

b. Payment of Subsistence Allowance on First Appointment

Section 155 (a) of the Terms and Conditions of Service for the Public Service states that 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 when on transfer between stations. However, contrary to the requirement, three (3) officers who were on first appointment were irregularly paid subsistence allowances in amounts totalling K6,000 for four (4) nights. See table below.

Station	No. of Officers	Amount K
Kaoma DFLCO	1	2,000
Mwandi DFLCO	2	4,000
Total	3	6,000

c. Payment of Meal Allowances Within the Normal Duty Station

Cabinet Office Circular No. 11 of 2013 states that meal allowance shall be paid to an officer who travels for work away from his/ her normal station of duty on official duty for eight (8) hours or more but not including an overnight stay.

Contrary to the circular, meal allowances in amounts totalling K18,125 were paid to seventeen (17) officers for activities undertaken within their normal station of duty. See table below.

Station	No. of Officers	Amount K
Chinsali PFLCO	1	1,875
Chinsali DFLCO	2	975
Chama DFLCO	1	450
Nakonde DFLCO	4	2,400
Mpika DFLCO	3	4,975
Shiwañgandu DFLCO	5	4,700
Masaiti DFLCO	1	2,750
Total	17	18,125

d. Payments of Subsistence Allowance for Working Within the Normal Duty Station

Terms and Conditions of Service for the Public Service No. 154 (a) states that Subsistence allowance shall be paid to an officer to cover the additional expenses he or she has to meet when travelling on duty away from his or her normal station of duty.

Contrary to the requirement, amounts totalling K44,240 were paid to eighteen (18) officers as subsistence allowances to enable them undertake various activities. However, it was observed that the activities were carried out within the district. See table below.

Station	No. of Officers	Amount K
Chinsali DFLCO	7	13,540
Chama DFLCO	4	15,900
Nakonde DFLCO	5	10,100
Mpika DFLCO	2	4,700
Total	18	44,240

e. Failure to Provide Activity Reports – Sinazongwe DFLCO

During the period under review, imprest in amounts totalling K3,600 was issued to two (2) officers to cater for various activities such as monitoring of inventory and disease surveillance. However, there were no reports availed for audit to confirm that the activities were undertaken.

f. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, various stores items costing K9,661 (general stores - K1,071 and fuel - K8,590) procured during the period under review were not accounted for in that there were no receipt and disposal details. See table below.

Institution	General Stores K	Fuel K	Total K
Chinsali DFLCO	-	2,000	2,000
Mpika DFLCO	1,071	6,590	7,661
Choma PFLCO	1,515	-	1,515
Mongu PFLCO	2,120	-	2,120
Mongu DFLCO	1,070	9,300	10,370
Kaoma DFLCO	1,185	1,000	2,185
Luampa DFLCO	5,838	-	5,838
Nkeyema DFLCO	3,939	-	3,939
Lusaka PFLCO	6,500	2,000	8,500
Total	23,238	20,890	9,661

g. Failure to Insure Motor Vehicles

Contrary to Section 133 of the Roads and Road Traffic Act, Cap 464 of the Laws of Zambia, which requires that all motor vehicles using public roads must have a minimum of third party insurance cover, ten (10) motor vehicles and three (3) motor cycles were not insured during the period under review. See table below.

Station	No. of motor Cars	No. of Motor Cycles
Provincial Office	1	0
Ndola District Office	1	0
Kitwe District Office	1	0
Masaiti District Office	1	0
Chama DFLCO	0	3
Mbesuma LBC	4	0
Kawambwa DFLCO	2	0
Total	10	3

h. Management of Ranches

i. Chishinga State Ranch – Kawambwa DFLCO

The objectives of the Chishinga Ranch were among others to:

- To provide quality and affordable pure breeding stock for vulnerable small holder farmers (female headed households, orphans and people living with HIV, whose livelihood is dependent on agriculture and livestock production).
- To attain and ensure sustainable profitable livestock led farming systems aimed at improving production and quality of livestock.
- To transform skills and information to farmers through training to the vulnerable groups (female headed households, orphans, people living with HIV, youths and households depending on agriculture and livestock).
- To improve the vulnerable groups through development of livestock interventions to ensure food security.

However, the following were observed:

- **Failure to Meet Objectives**

A physical inspection carried out in April, 2017 revealed that none of the above objectives had been met in that although the Ranch had a source of Boran and

Brahman breeding stock, there were no records produced to show that animals had been made available to small scale farmers.

It was also observed that there were no farmer training facilities or office block to help meet the objectives and ease the running of administrative operations of the Ranch.

- **Lack of Livestock Service Centre**

The main objective of the Livestock Service Centre is to facilitate animal husbandry practices such as deworming, dipping, branding and other animal management services. However, it was observed that the ranch did not have a Livestock Service Centre.

- **Under Utilisation of a Tractor**

In Paragraph 66 u (ii) of the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2014, mention was made on the non-utilisation of a tractor which was procured in August 2014, at a cost of K360,000 for use at the ranch.

A review of the situation in April 2017, revealed that out of 44,000 hectares of land owned by the ranch, only one (1) hectare had been cultivated as part of the pasture development for animals hence, under-utilising the tractor.

ii. Failure to Insure Animals

During the period under review, nine hundred and forty eight (948) animals were not insured. See table below.

Station	No. of Animals
Mbesuma Breeding Centre	403
Kanyama Livestock Breeding Centre	304
Jiwundu Livestock Breeding Centre	32
Chishinga Livestock Breeding Centre	209
Total	948

Due to the failure to insure the animals, the Ministry could not be compensated for the twenty two (22) animals (Mbesuma Livestock Breeding Centre – 13, Kanyama Livestock Breeding Centre – 5 and Chishinga Ranch - 4) that died during the period under review.

iii. Unaccounted for Animals - Mbesuma Livestock Breeding Centre

A review of cattle stock/daily counts books revealed that the ranch had a total of four hundred and ten (410) animals. However, a physical count carried out in March 2017 revealed that there were only four hundred and three (403) animals resulting in a shortfall of seven (7) animals which management could not account for.

iv. Failure to Inscribe Assets – Mbesuma Livestock Breeding Centre

Contrary to Public Stores Regulation No. 154, various assets belonging to Mbesuma Livestock Breeding Centre whose costs could not be ascertained were not inscribed with government markings. *See table below.*

S/No.	ASSET NOT INSCRIBED
1	Chopper
2	Two-disc harrow
3	Mower
4	Neck clamp
5	Laptop
6	Invertor
7	Fridge
8	Water bowser
9	Projector
10	Generator set
11	Tool box
12	Water pump
13	Disc plough
14	Cattle crate
15	Livestock scale

i. Infrastructure Development

A review of documents and physical inspections carried out during the period from March to July 2017 revealed weaknesses in the management of projects in that there was poor workmanship, failure to complete projects on time and non-adherence to contract terms in respect of fifteen (15) projects on which expenditure of K1,992,031 was incurred as detailed below.

Province	District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid to Contractor K	Scope of Works	Remarks/Observations
Lusaka	Rufunsa	Construction of a dip tank at Tengama	Kumila Enterprises	10.11.15 – 12.01.16 8 weeks	277,731	75,720	Excavation and earthworks, concrete work, floor bed and side wall finishings, external drainage, structural steel fencing, roofing and painting.	<p>As at 31st July 2017, eighteen (18) months after the expected completion date, the side walls had been plastered with the following works outstanding:</p> <ul style="list-style-type: none"> • Completion of foot bath (partly done), • Construction of the forcing pens, collection pen, crash pen, roofing, structural steel fencing, painting and external works. <p>It was further observed that there was poor workmanship in that the side walls were not straight.</p>

								The contractor was last on site in January 2017.
		Rehabilitation of Dip Tank at Nangwenya	Samifran Engineering Zambia Limited	10.11.15 – 05.01.16 8 weeks	229,594	172,003	Concrete work, floor and internal wall finish, brickwork, formwork and external floor finish, structural steel fencing, roofing and painting.	As at 31 st July 2017, eighteen (18) months after the expected completion date, only the holding pens, walls, plaster and back flow race had been completed. Although the dip tank was in use, works on the construction of the crush pens and store room were still outstanding. The contractor was last on site in January 2016.
		Construction of a Dip Tank at Chilimba	Techland Enterprises Limited	10.11.15 – 02.02.16 (11 weeks)	328,051.48	116,544.10	Excavation and earthworks, concrete work, floor bed and side wall finishing, external drainage, structural steel fencing, roofing and painting	As at 31 st July 2017, seventeen (17) months after the expected completion date, the dip tank had been completed but not yet handed over. However, the following were observed: • The joint between the forcing pens and stone

								<p>paving was too sharp and could injure the animals</p> <ul style="list-style-type: none"> • Dip tank walls had several cracks
	Shibuyunji	Construction of a milk collection centre	Greenlake (Z) Limited	17.12.2015 to 04.02.2016 (6 weeks)	899 939	195,249	Excavation and earthworks, concrete works, brick work, roofing, carpentry, ceiling, joinery and Ironmongery, metal work, internal plumbing, installation of firefighting equipment and electrical installations and sanitary installations floor and wall finishings installation of door and window	<p>As at 31st July 2017, seventeen (17) months after the expected completion date, the structure was at roof level with the following outstanding works;</p> <p>plastering, painting, flooring, roofing, ironmongery, door frames, ceiling, plumbing, glazing and electrical fittings.</p> <p>The contractor was last on site in March 2016.</p>

							frames and glazing ,painting and decorating	
	Shibuyunji	Construction of a fisheries office at Chimbotela	Refrigeration Agencies Ltd	10.12.2014 to 10.03.2015 (12 weeks)	331 956	151,228	Construction of a sub structure excavations and earthworks, block work, painting and decorating, concrete works, roofing carpentry, joinery and ironmongery, metal and aluminum work, plumbing installations and sanitary fittings, electrical installations, floor and wall finishings glazing and painting.	As at 31 st July 2017, the office block had been completed and handed over. However, the following were observed: <ul style="list-style-type: none"> • Poor workmanship on the floor as it had several cracks and electrical works as wires were just hanging with several unfitted components such as bulb holders and sockets • Only one (1) coat had been done on the ceiling.

	Shibuyunji	Construction of a Goat Dip Tank at Mukulaikwa Breeding Center	Mierna Construction & General Dealers	15.10.2015 to 15.02.2016 (16 weeks)	145 443	95,334	Excavation and Earthworks, concrete footing of foundations dip tank, drain race and foot bath, floor bed and sidewall finishings, external drainage, swan formwork, structural steel fencing ,roofing and painting	<p>As at 31st July 2017, the dip tank had been completed and handed over.</p> <p>However, it was observed that the construction of the drainage, apron slab and stone pitching at the entrance had not been done.</p> <p>It was also observed that:</p> <ul style="list-style-type: none"> • Steel works were not firmly fitted in the walls • There were several cracks on the wall <p>A scrutiny of the BOQ and a comparison of the actual works done revealed that uncoated iron sheets were used instead of IBR pre-coated iron sheets.</p>
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	Shibuyunji	Construction of a Fence at Mukulaikwa Breeding Center	Endita Enterprises Ltd	15.10.2015 to 30.12.2015 (6 weeks)	488 995	141,448	Excavations and disposal of excavated materials, supply and installation of prime steel posts and stays, install fence gates	As at 31 st July 2017, eighteen (18) months after the expected completion date, the following were observed; <ul style="list-style-type: none"> • Fencing had not been completed • 4 Gates had not been fitted
	Luangwa	Construction of a Dip Tank at Kaunga and rehabilitation of Administration Block at Kaunga FTC	Chawe Investments Ltd	20.08.2014 to 15.12.2014 (8 weeks)	279,625	90,485	Construction of a Dip Tank Concrete work, floor and internal wall finish, brickwork, formwork and external floor finish, structural steel fencing, roofing and painting.	As at 31 st July 2017, the project was completed and handed over. However, the followings were observed; <p>Dip Tank</p> <ul style="list-style-type: none"> • Dip tank walls had several cracks • Width of crush pen spaces was 1 meter instead of the recommended 70 cm • Crush pen bars were falling off.

							<p>Rehabilitation of the Administration block;</p> <p>Tiling, plumbing, glazing, replacing doors, roofing, ceiling and painting</p>	<p>Administration Block</p> <ul style="list-style-type: none"> • Tile grout had not been applied on the floor tiles. • Hand wash basin had fallen off. • The roof had several leakages
		Extension of Fisheries office Block	Construction for Africa	10.11.2015 To 02.01.2016 (7 weeks)	330,097	176,681	Superstructure, substructure, roofing, plumbing, electrical, ceiling, painting, carpentry and ironmongery	<p>As at 31st July 2017, the structure had been completed and handed over.</p> <p>However, it was observed that there was poor workmanship on fitting of the tiles as they were not evenly fitted</p>
		Construction of Dip Tank at Chiyendeyende	SBK	15.10.2015 To 12.11.2015	320,846	229,000	<p>Construction of a Dip Tank</p> <p>Foundation, substructure, superstructure, iron monger, roofing, holding</p>	<p>The project was completed and handed over in October 2016.</p> <p>However, it was observed that the width of the crush pen was 90 cm instead of the recommended 70 cm</p>

				(4 weeks)			pens, foot bath, crush pans, entrance and exit	
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Province	District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid to Contractor K	Scope of Works	Remarks/Observations
Luapula	Kawambwa	Construction of a dip tank at Folotiya	Shalawambe General Dealers	03.12.14 To 02.03.15 (12 weeks)	149,914	149,914	Handling Facility <ul style="list-style-type: none"> - Excavation and Earth works - Concrete works and Reinforcements - Carpentry and joinery - Roofing Cattle dip tank <ul style="list-style-type: none"> - Substructure - Excavation and earthwork - Planking and strutting - Concrete works and reinforcements 	<p>As at 30th April 2017, the dip tank was in use. However, the following were observed:</p> <ul style="list-style-type: none"> • Poor quality planks were used on the drawing race, holding pen and foot bath resulting in breakages. • Wood preservative was not used on some planks on the splash ceiling. • Instead of steel poles to support the splash ceiling and the hand rail, concrete pillars were constructed using burnt bricks, contrary to the BOQ. • Rain drain and silt trap alongside the drawing race were not constructed. • Concrete floors were not constructed on the night paddock and the holding pen

		Construction of a dip tank at Muyembe	Shalawambe General Dealers	03.12.14 (12 weeks)	149,914	149,914	<p>Handling Facility</p> <ul style="list-style-type: none"> - Excavation and earth works - Concrete works and reinforcements - Carpentry and joinery - Roofing <p>14,800 Cattle dip tank</p> <ul style="list-style-type: none"> - Substructure - Excavation and earthwork - Planking and strutting - Concrete works and Reinforcements 	<p>As at 30th April 2017, the dip tank was in use. However, the following were observed:</p> <ul style="list-style-type: none"> • Wood preservative was either not properly applied or not applied at all on some planks on the splash ceiling and some poles used on the drawing race, holding pen and foot path resulting in some poles being attacked by termites and thereby falling off. • Instead of steel poles to support the splash ceiling, concrete pillars were constructed using burnt bricks contrary to the BOQ. • A hand rail and a cat walk alongside the dip tank had not been constructed. • Rain drain and silt trap alongside the drawing race had not been constructed. • There were several cracks on the concrete floors on the forcing pen, holding pen,
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								night paddock and drawing race.
		Rehabilitation of Dip Tank at Ntenke	Shalawambe General Dealers	24.12.14 (Contract period and completion date not specified in the contract)	K 70,000	70,000	<p>Sub- Structure</p> <ul style="list-style-type: none"> - Excavation, - Dislodging of cracks in the Pit - Plastering of internal Walls - Super -Structure Construction of collapsed wall and columns, plastering of internal and external walls <p>Roof -Structure</p> <ul style="list-style-type: none"> - Fitting iron sheets on wooden purlins <p>Carpentry, Joinery and Ironmongery</p> <ul style="list-style-type: none"> - Fit using softwood Rafters and purlins - Galvanized steel pipes for roof pillars - Fence the crush and holding pens using 	<p>As at 30th April 2017, the rehabilitation works had stalled and the contractor had abandoned the site.</p> <p>Further, the following were observed:</p> <ul style="list-style-type: none"> • The construction of night paddock, holding pen, the water and feeding troughs, rain drain and silt trap alongside the drawing race, a hand rail and a cat walk alongside the dip tank had not been done. • Poor quality planks were used on the drawing race and the foot bath resulting in breakages and planks falling off. • The splash ceiling had not been roofed • Concrete floors had several cracks due to poor workmanship.

							gum poles for posts and rails	<ul style="list-style-type: none"> The contract did not specify the completion date.
	Chembe	Construction of farmer's shelter – at Luo Livestock Service Centre	Wegos General Dealers	24.12.14 (Contract period and completion date not specified in the contract)	K 100,000	77,012	<p>Farmers Shelter with a store room and an office</p> <p>Sub- Structure</p> <ul style="list-style-type: none"> - Excavation and Earth works - Concrete works and Reinforcements <p>Super –Structure and Substructure</p> <ul style="list-style-type: none"> - Construction Walls - Plastering of External and internal walls - Carpentry and joinery <p>Roof -Structure</p> <ul style="list-style-type: none"> - Fitting Iron Sheets on wooden Traces 	<p>As at 30th April 2017, the farmer's shelter was in use. However, the following were observed:</p> <ul style="list-style-type: none"> • Several cracks on the wall, floor, spoon drain and benches. • Two (2) doors and two (2) door frames were fitted instead of three (3) as per BOQ • Two (2) windows and two (2) window frames were fitted instead of five (5) as per BOQ • Completion date was not specified
	Samfya	Rehabilitation of a Dip Tank and Handling Facility at Kaongwe Village	Sunset Logistics Limited	07.12.15 to 18.01.16 (6 weeks)	110,000.00	101, 500	<p>Dip Tank and Handling Facility</p> <p>Sub- Structure</p>	<p>As at 31st March 2017, the works had been completed. However, it was observed that the dip tank was not in use thirteen (13) months</p>

							<ul style="list-style-type: none"> - Excavation, mending of cracks in the pit, - Plastering of internal walls <p>Super –Structure</p> <ul style="list-style-type: none"> - Plastering of internal and external walls <p>Roof -Structure</p> <ul style="list-style-type: none"> - Fitting iron sheets on wooden purlins <p>Carpentry, Joinery And Iron Mongery</p> <ul style="list-style-type: none"> - Fence the crush and holding pens using gum poles for posts and rails 	<p>after the completion date. Further, the following were observed:</p> <ul style="list-style-type: none"> • the walls and the floor of the dip tank had developed some cracks • the plaster of the dip tank was peeling off.
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Head: 88 Office of the President – Muchinga Province

Unit: Various

Programme: District Administration

Activity: Various

59. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K2,710,395 was made to cater for various activities at seven (7) District Administration offices against which amounts totalling K844,000 were released resulting in an under funding of K1,866,395.

As of 31st December 2016, amounts totalling K755,572 had been spent.

Accounting and Other Irregularities

An examination of financial and other records maintained at the District Administration offices in Chinsali, Isoka, Mafinga, Shiwangáandu, Chama and Mpika revealed the following:

a. Misapplication of Funds

The Provincial Administration received a total amount of K844,000 to cater for operations at the District Administration offices. However, only an amount of K755,572 was disbursed to the District Administration offices while the balance of K88,428 was applied on office administrative operations at the Provincial Administration without obtaining authority from the Secretary to the Treasury.

b. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, various stores items costing K8,341 (General Stores - K3,408 and Fuel - K4,933) procured during the period under review were not accounted for in that there were no receipt and disposal details. See table below.

District	General Stores K	Fuel K	Total K
Isoka	940	4,933	5,873
Mpika	2,468	-	2,468
Total	3,408	4,933	8,341

c. Irregular Payments for Accommodation – Mafinga DC

During the period from 17th September 2015 to 26th January 2016, the newly appointed District Commissioner for Mafinga district was accommodated in a guest house and a total amount of K7,860 was incurred in respect of accommodation charges. As at 31st March 2017, a total amount of K5,000 had been paid to the guest house leaving a balance of K2,860 outstanding. However, it was observed that the payments were irregular in that the officer was not entitled as they were not supported by the Terms and Conditions of Service and the officer had been paid settling in allowance.

Head: 88 Office of the President – Muchinga Province

Unit: Various

Programme: General Administration

Activity: Various

60. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K16,830,158 was made to cater for various activities against which amounts totalling K6,654,517 were released resulting in an under funding of K10,175,641.

As of 31st December 2016, amounts totalling K6,602,267 had been spent.

Accounting and Other Irregularities

An examination of records maintained at the Provincial Administration carried out during the period from February to May 2017 revealed the following:

a. Irregular Payment of Refund

Contrary to Cabinet Officer Circular Minute of 2015, which required individual officers to bear the cost of graduation, the Chief Planner was paid K28,330 as a refund in respect of air tickets for attending a graduation ceremony in London.

b. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, various stores items costing K95,482 (General Stores - K77,075 and Fuel - K18,407) procured during the period under review were unaccounted for in that there were no receipt and disposal details.

c. Failure to Insure Government Assets

The Road Traffic Act of 2002 Section 86 (1-3) stipulates that no person shall use or cause or permit any person to use a motor vehicle or trailer on a road unless there's such a policy of insurance or such a security in respect of third party risks.

Contrary to the Act, fifty four (54) motor vehicles belonging to the Provincial Administration were not insured during the period under review.

Consequently, the Provincial Administration could not make a claim from an insurance company in respect of four (4) motor vehicles costing K983,894 which were involved in accidents during the period under review as they had not been insured.

Further, various Government assets such as buildings and office equipment whose values could not be ascertained had not been insured as at 31st July 2017.

d. Failure to Recover Costs of Damaged Vehicles

During the period under review, two vehicles belonging to the Provincial Administration were involved in road accidents as detailed below:

- i A Toyota Hilux registration number GRZ 234 CM costing K234,540 was involved in a road traffic accident on 3rd July 2016 while being driven by the Assistant Secretary. The vehicle was damaged beyond economic repair and was parked at Isoka Police Station.

According to the Police report, the driver lost control of the vehicle due to excessive speed and inexperience. Inquiries made with management revealed that the Assistant Secretary did not have a driving license or certificate of competence to drive a government vehicle. In this regard, the Provincial Standing Accidents Committee recommended that the officer be charged the total cost of the vehicle.

- ii A Toyota Hilux with registration number GRZ 257 CM costing K234,540 under Mafinga District Administration was involved in a road traffic accident on 17th August 2016. The

vehicle was being driven by an officer who did not have a certificate of competence to drive a government vehicle. As at 31st June 2017, the vehicle was still parked at Isoka Police Station.

The Provincial Standing Accidents Committee recommended that the driver be charged the total cost of the vehicle.

However, as at 31st July 2017, no recoveries had been made from the two officers in respect of the total costs recommended by the Standing Accidents Committee.

e. Outstanding Bills

The Provincial Administration had accrued amounts totalling K4,163,640 in respect of personal emoluments (K4,141,950) and utility bills (K21,290) as of 31st December 2016. However, the outstanding bills had not been paid as at 30th June 2017.

Head: 88 - Office of the President – Muchinga Province

Unit: Various

Programme: General Deposit Account (GDA)

Activity: Various

61. The Provincial Administration maintains a General Deposit Account into which third party funds are deposited. The funding to the account includes amounts that various departments under the Provincial Administration receive from their respective ministries for specific purposes.

During the period under review, amounts totalling K1,534,298 were received by the Provincial Administration for various activities as shown in the table below.

Source	Activity	Amount K
Ministry Of Chiefs HQ	Facilitate elections of members of House of Chiefs	102,739
Cabinet Office	Presidential Visits	1,040,000
Bank of Zambia	Refund of funds which were mopped in December 2014	138,479
Ministry of Agriculture and Livestock	Verification of FRA maize stocks	35,979
Ministry of Lands, Natural Resources and Environmental Protection	Survey of 481 properties	50,104
Cash deposits	Sale of Property	40,000
Cash deposits	Independence Day celebration and Imprest retirements	42,752
Ministry of Gender and Child Development	Establishment of Anti Gender Based Violence Task Force	74,245
Ministry of Gender and Child Development	Hosting of Provincial Women Economic Exposition	10,000
Total		1,534,298

In addition, amounts totalling K262,716 were brought forward from 2015 for the construction of Chinsali Sports complex and Chiefs Palaces bringing the total funds available to K1,797,014.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration carried out during the period from March to May 2017 revealed the following:

a. Irregular Payment of Subsistence Allowance

Contrary to Cabinet Office Circular Minute of 2015 dated 30th December 2015, which disallowed the payment of subsistence allowances for activities undertaken within the district, two (2) officers from the Mpika District Office were paid amounts totalling K1,200 in respect of subsistence allowances for an activity that was undertaken within the district. As at 31st July 2017, the irregularly paid subsistence allowances had not been recovered.

b. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, various stores items costing K3,713 procured during the period under review were not accounted for in that there were no receipt and disposal details.

c. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K28,231 issued to two (2) officers during the period under review had not been retired as at 31st July 2017.

d. Irregular Payment of Allowances

A scrutiny of retirement details and acquittal sheets revealed that amounts totalling K61,525 were paid to nineteen (19) officers in respect of subsistence allowances. However, a review of activity reports revealed that the meeting was attended by fourteen (14) officers who were paid amounts totalling K41,892 in respect of subsistence allowance. In this regard, the payment of amounts totalling K19,633 in respect of subsistence allowance and fuel to five (5) officers who did not participate in the activity was irregular and recoverable. As at 31st July 2017, the funds had not been recovered.

e. Overpayments of Training Allowances

Contrary to Guidelines on Rates and Conditions for Government Sponsored Training and Development issued in April 2014, which stipulated rates of subsistence and lunch allowances for government sponsored students, an officer who was on government sponsorship and was entitled to a total amount of K500 in respect of subsistence allowance was instead paid an amount of K11,705 resulting in an overpayment of K11,205. As at 31st June 2017, no recoveries had been made.

Head: 89 Ministry of Agriculture

Units: various

Programmes: various

Activities: various

62. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a total provision of K185,798,216 was made to cater for operations at the Ministry Headquarters against which amounts totalling K99,465,635 were released resulting in an underfunding of K86,332,581. See table below.

Code	Programme	Budget Provision K	Released K	Variance K
1001	General Administration	3,442,665	2,691,719	750,946
1002	Events	2,239,044	1,644,304	594,740
1003	Capacity building	1,260,810	327,793	933,017
1005	Grants to Institutions	83,051,000	76,281,954	6,769,046
1010	Financial Management & Accounting	989,999	969,354	20,645
1012	Infrastructure Development	16,494,870	1,329,122	15,165,748
1063	Food Security	7,580,470	7,100,000	480,470
1192	Budget & consolidation of MTEF	877,286	692,000	185,286
	Miscellaneous	69,862,072	8,429,389	61,432,684
	Total	185,798,216	99,465,635	86,332,581

As at 31st December 2016, amounts totalling K98,132,082 had been spent.

Accounting and Other Irregularities - Infrastructure Development

An examination of accounting and other records maintained at the Ministry Headquarters carried out from January to March 2017 revealed that during the period from November 2014 to June 2016, the Ministry awarded eleven (11) contracts in contract sums totalling K3,487,752 for various infrastructure projects. As at 31st May 2017, the contractors had made claims in amounts totalling K3,487,752 out of which payments in amounts totalling K2,610,345 were made leaving a balance of K877,407. See table below.

District	Activity	Contract Date	Contract Sum K	Claim to Date K	Amount Paid K	Balance K
Ndola	Construction of camp house at Kafubu block	13.03.2015	244,133	91,427	55,937	35,491
Luanshya	Construction of farmers shelter and VIP toilets- Kafubu block, Chilabula and Kampelembe	06.09.2015	209,647	198,297	114,718	83,579
Masaiti	Rehabilitation of a camp house at Mukolwe	02.10.2015	93,300	88,884	26,000	62,884
Lufwanyama	Construction of a camp house in at the Boma	28.11.2014	342,593	159,377	92,551	66,826
Lufwanyama	Rehabilitation of Dormitory Mibenge Farmers Training Centre; Lufwanyama	03.06.2015	100,000	95,482	82,185	13,297
Luwingu	Completion of executive dormitory FTC in Luwingu district	07.01.2016	244,514	105,000	90,400	14,600
Kasama	Construction of staff ablution block for Misamfu Researce Centre	08.01.2015	80,322	80,322	23,000	57,322
Kasama	Construction of storage & mill housing facility at Misamfu; Kasama	20.03.2015	185,137	185,137	162,989	22,148
Mpika	Construction of lecture theatre room	17.07.2015	1,772,484	1,671,622	1,281,531	390,091.00
Katete	Construction of farmers shelter at Matunga	24.12.2014	99,098	99,098	99,098	-
Rufunsa	Construction of an office block for DACO	14.12.2015	1,343,663	713,105	581,936	131,169
Total			4,714,891	3,487,752	2,610,345	877,407

The following were observed:

i. Camp House at Kafubu Block – Ndola District

On 13th March, 2015 the Provincial Procurement Committee engaged M. C. Zondie Investments to construct a camp house in Ndola Kafubu block at a contract sum of K244,133 with a completion period of fourteen (14) weeks from 27th March to 30th June. The contractor took possession of the site in March 2015. As at 30th April 2017, the contractor had made total claims in amounts totalling K91,427 out of which K55,937 had been paid leaving a balance of K35,491.

A visit to the site in April 2017 revealed that the contractor was not on site and the project had stalled due to delayed payment of his claims. In December 2016, the contractor applied for a variation of the contract sum due to inflation and passage of time which was about 100 weeks as at 30th April 2017 from the date of estimated completion. However, there was no record on file to show that the variation had been approved.

ii. Construction of Farmers Shelters and VIP Toilets – Luanshya District

On 6th October, 2015 the Provincial Procurement Committee engaged Mwaa Auto Spares and General Supplies Limited to construct a farmers' shelter and VIP toilet at Kafubu block Chilabula and Kampelebe in Luanshya District at a contract sum of K209,647 with a completion period of 16 weeks from 15th October 2015 to 30th January 2016. The contractor took possession of the site on 15th October, 2015. As at 30th April 2017, the contractor had made a claim of K198,297 and was paid amounts totalling K114,718 leaving a balance of K83,579.

A physical inspection of the project revealed that the contractor had completed the works but had not handed over the project due to non-payment of his claim.

iii. Rehabilitation of a Camp House at Mukolwe – Masaiti District

On 2nd October, 2015 the Provincial Procurement Committee engaged Messrs Eunemec to rehabilitate a camp house at Mukolwe in Masaiti District at a contract sum of K93,300 with a completion period of 8 weeks from 19th October to 11th December 2015.

The scope of works included construction of a veranda, replacement of asbestos roofing sheets, wiring and painting of the house and construction of spoon drain among others.

The contractor took possession of the site in October, 2015. In November 2015, the contractor made a claim of K88,884. In this regard, an amount of K26,000 was paid in July, 2016 leaving a balance of K62,884. The contractor completed the works and handed over the house on 12th November 2016.

A physical inspection of the project carried out in April, 2017 revealed that although the house was handed over, the following were outstanding:

- The roofing timber costing K3,400 was not replaced
- Thick grade C25 spoon drain costing K3,120 was not done
- Construction of a new veranda costing K9,000 was not done



Camp house veranda and internal roofing

It was further observed that the house had no sanitary facilities as a result a makeshift toilet was being used. *See picture below.*



Existing toilet facilities

iv. Construction of a Camp house at the Boma – Lufwanyama District

On 31st March 2015 the Provincial Procurement Committee engaged Messers Lopher Investments Limited for the construction of a camp house in Lufwanyama District at a contract sum of K342,593 with a completion period of sixteen (16) weeks from April to August 2015.

The contractor took possession of the site in April, 2015. As of April 2017, the contractor had claimed a total amount of K159,377 out of which K92,551 had been paid leaving a balance of K66,826.

The house was at wall plate level and the contractor was not on site due to non-payment of the claim.



Incomplete camp house structure

v. Rehabilitation of a Dormitory at Mibenge Farmers Training Centre

On 3rd June 2015 the Provincial Procurement Committee engaged Messers Miswa Investments Limited to rehabilitate a dormitory at Mibenge Farmers Training Institute at a contract sum of K100,000 with a completion period of six (6) weeks from 22nd June to 3rd August 2015. The contractor took possession of the site in June, 2015.

The scope of works included demolitions and block work, carpentry, electrical installations and paintings. As at 30th April 2017, the contractor had made claims in amounts totalling K95,482 out of which K82,185 was paid leaving a balance of K13,297.

A physical inspection of the project carried out in April 2017 revealed that despite the works being completed, the project had not been handed over and the contractor was awaiting the final payment.

vi. Completion of Executive Dormitory at the Farmers Training Centre – Luwingu District

On 7th January 2016 the Provincial Procurement Committee engaged True Firm Investments Limited to complete an Executive dormitory at Luwingu Farmers Training Institute at a contract sum of K244,514 with a completion period of six (6) weeks from July to August 2016. The contractor took possession of the site in July, 2016. As at 30th April 2017 the contractor had made claims totalling K105,000 out of which K90,400 had been paid leaving a balance of K14,600.

As at 30th April 2017, and the contractor was not on site and the works had not been completed with the works such as tiling, painting and fitting of four (4) interior and six (6) outside doors still outstanding. See Pictures below.



Incomplete Dormitory structure

vii. Construction of Storage and Mill Housing Facility at Misamfu – Kasama District

On 20th March, 2015 the Provincial Procurement Committee engaged E Bolton Building Contractor Limited for the construction of a storage and mill housing facility at Misamfu Livestock Research Centre in Kasama at a contract sum of K184,937 with a completion period of ten (10) weeks from 8th April 2015 to 20th June 2015. The contractor took possession of the site on 8th April 2015.

As at 30th April 2017, the contractor had made claims in amounts totalling K185,137 out of which a total amount of K162,989 had been paid leaving a balance of K22,148. A physical verification revealed that the contractor had completed the works and the building was in use.

viii. Staff Ablution Block for Misamfu Research Centre – Kasama District

On 8th January 2015, the Provincial Procurement Committee engaged Dove Enterprises Limited to construct an ablution block at Misamfu Research Centre at a contract sum of K80,322 with a contract period of eight (8) weeks from February to March 2015. The contractor took possession of the site in February 2015. As at 30th April 2017, the contractor had made claims in amounts totalling K80,322 out of which K23,000 had been paid leaving a balance of K57,322.

A physical inspection of the project revealed that the works had been completed but the block was not in use because no soak-away was constructed as it was omitted in the bills of quantities.

ix. Construction of a Lecture Theatre – Mpika District

On 17th July, 2015 the Provincial Procurement Committee engaged M C Chewe Building and General Contractors to construct a lecture theatre at Mpika School of Agriculture at a contract sum of K1,772,484 with a contract period of twelve (12) months from July 2015 to June 2016. As of April 2017, the contractor had made claims in amounts totalling K1,671,622 out of which a total amount of K1,281,531 had been paid leaving a balance of K390,091.

A physical inspection of the project revealed that the contractor had completed the works and handed over the building. However, the following were observed:

- The three phase generator procured at a cost of K50,000 had not been installed; and
- Whereas the Bill of Quantities specified installation of a total of six (6) midway carrier range costing K7,200, only five (5) were installed.

x. Construction of an Office Block – Rufunsa

On 14th December, 2015 the Provincial Procurement Committee engaged Sarzam Contractors Limited to construct an office block at a contract sum of K1,343,663 for a period of six (6) months from March to September 2016. As at 30th April 2017, the contractor had made claims totalling K713,105 out of which K581,936 had been paid leaving a balance of K131,169.

A visit to the site carried out in April 2017 revealed that the building was at gable and the contractor was not on site.

Head: 89/09 Ministry of Agriculture – Agribusiness and Marketing Department

Unit 4 Agriculture Finance and Credit Management

Programmes: 1253 Farmer Input Support Programme (FISP)

1377 FISP Electronic Voucher Pilot

Activities: Various

63. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a total authorised provision of K1,903,753,710 was made for the purchase and distribution of inputs

under the Farmer Input Support Programme (FISP) against which amounts totalling K1,903,550,810 were released.

As at 31st December 2016, amounts totalling K1,890,307,597 had been spent.

Background

The Government through the Ministry of Agriculture has been implementing the Farmer Input Support Programme (FISP) in order to improve access to inputs by small scale-holder farmers and to stimulate the participation and competitiveness of the private sector in the supply and timely distribution of agricultural inputs. In this regard, the Ministry supported and facilitated the implementation of FISP to small scale but viable farmers to access inputs for 2016/2017 farming season through conventional and E-Voucher programmes.

The total targeted small scale farmers who were to benefit in the 2016/17 season were 1,602,521 (1,000,000 under conventional and 602,521 under E – Voucher Programme).

Conventional FISP Programme

Under the conventional FISP programme, Government planned to support 1,000,000 small scale farmers with 195,414.58 metric tonnes of inputs as indicated in the table below.

S/N	Input Type	Metric Tonnes (MT)
1	Fertilizer	184,067.95
2	Maize	8,071.75
3	Rice	260.32
4	Sorghum	119.10
5	Ground-nuts	1,357.10
6	Orange maize	336.42
7	Soya beans	776.50
8	cotton	155.30
9	Beans	232.86
10	Sunflower	37.28
Total		195,414.58

E-Voucher FISP Programme

Under the E voucher FISP Programme, Government planned to support 602,521 small scale farmers in thirty nine (39) districts as shown in the table below.

Province	District	Targeted Beneficiaries
Central Province	Chibombo	22,408
	Serenje	20,274
	Chisamba	17,428
	Kabwe	24,928
	Kapiri Mposhi	27,780
	Mumbwa	16,925
Copperbelt Province	Chililabomwe	9,016
	Chingola	9,099
	Kitwe	9,021
	Luanshya	9,021
	Mufulira	7,442
	Ndola	8,609
Lusaka Province	Rufunsa	12,142
	Lusaka	15,780
	Chilanga	8,088
	Kafue	15,373
	Chongwe	17,792
Southern Province	Zimba	7,186
	Chikankata	13,238
	Choma	25,364
	Kalomo	28,328
	Mazabuka	12,724
	Monze	28,586
	Pemba	8,855
Eastern Province	Katete	26,869
	Petauke	28,683
	Chipata	47,736
Western Province	Mongu	521
	Kaoma	9,860
	Limulunga	417
Northern Province	Kasama	22,721
	Mungwi	15,021
North Western	Mwinilunga	8,338
	Solwezi	13,550
Luapula Province	Mansa	13,549
	Samfya	7,296
Muchinga Province	Chinsali	8,466
	Isoka	12,174
	Nakonde	11,913
Grand total		602,521

The objectives of the E-voucher programme were:

- i. To expand markets for private sector input suppliers/dealers and increase their involvement in the distribution of agricultural inputs in rural areas, thereby reducing direct role of Government.
- ii. To ensure timely, effective and adequate supply of agricultural inputs to targeted small scale farmers.

- iii. To improve access of small-scale farmers to agricultural inputs.
- iv. To ensure competitiveness and transparency in the supply and distribution of inputs.
- v. To serve as a risk-sharing mechanism for small-scale farmers to cover part of the costs for improving agricultural productivity.
- vi. To facilitate the process of farmers' organisation, dissemination of knowledge and creation of other rural institutions that will contribute to the development of the agriculture sector.
- vii. Promote agricultural diversification.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters, Provincial Agriculture Coordinating Offices (PACOs), District Agriculture Coordinating Offices (DACOs) and physical inspections of selected Co-operatives and Warehouses carried out during the period from March to May 2017 revealed the following:

a. Conventional FISP Programme - Procurement of Inputs - Contracts Awarded for the Supply and Delivery of Fertiliser

During the period under review, the Ministry engaged four (4) suppliers to supply and deliver 173,253.15 metric tonnes of fertiliser costing K1,608,879,740. As at 31st May 2017, a total amount of K276,003,966 had been paid to the suppliers. See table below.

Name of Contractor	Quantity		Contract Sum		Amount Paid K	Balance K
	MT-Comp D	MT-UREA	K	US\$		
NCZ	96,093		821,467,634	-	16,345,535	805,122,100
Neria Investments Ltd		44,867	395,505,385	41,632,146	207,850,000	187,655,385
Zambian Fertilizers		11,251	101,130,365	10,645,302	21,000,000	80,130,365
Nyiombo		21,042	290,776,355	30,608,037	30,808,432	259,967,923
Totals	96,093	77,161	1,608,879,740	82,885,485	276,003,966	1,332,875,773

On 10th June 2016, the Ministry engaged Nyiombo Investments to supply 21,042 metric tonnes of Urea fertiliser at a contract sum of K290,776,355. According to the General Conditions of Contract (GCC) clause number 14.5, unpaid invoices which remained outstanding for more

than one hundred and twenty (120) days were to attract interest at a rate applicable for lending by a commercial bank as determined by the Bank of Zambia.

Although the supplier delivered all the fertiliser within the contract period, as at 31st August 2017 the Ministry had only paid K70,808,432 leaving a balance of K219,967,923. Consequently, on 30th November 2016 the supplier claimed interest charges amounting to K7,752,757.

b. Unsupported Claims - Contracts Awarded for the Supply of Seed

During the period under review, the Ministry engaged five (5) companies to supply 5,917.27 metric tonnes of seed at total contract sum of K204,709,151. As at 31st May 2017, the Ministry had paid an amount of K637,500 leaving a balance of K204,071,651. See table below.

Company	Contract Number	Contract quantities	Contract Amount US\$	Contract Amount K	Payments K	Balance K
MRI Seed	MoA/MPC/0254/2016	1,130.48	-	32,949,887	-	32,949,887
MRI Seed	MoA/MPC/0254/2016	35.00	-	630,000	-	630,000
Panner	MoA/MPC/0254/2016	1,504.81	4,768,306	54,835,523	-	54,835,523
Seed Co	MoA/MPC/0254/2016	137.75	196,294	2,257,378	-	2,257,378
Seed Co	MoA/MPC/0254/2016	1,746.04	5,156,303	59,297,490	-	59,297,490
Pioneer Dupont	MoA/MPC/0254/2016	1,282.26	4,581,856	52,691,344	-	52,691,344
Klein Karoo	MoA/MPC/0254/2016	80.93	-	2,047,529	637,500	1,410,029
Total		5,917.27		204,709,151	637,500	204,071,651

Although the five (5) suppliers were claiming payments in amounts totalling K204,071,651 the claims were not supported by invoices.

c. Unaccounted for Funds – Luangwa District

A comparison of Authority to Deposit (ATD) forms and bank statements revealed that a total amount of K239,580 was authorised for deposit. However, only amounts totalling K165,330 were banked while the balance of K74,250 could not be accounted for.

d. Weaknesses in Management of Inputs

According to FISP Implementation guidelines, the procedure for collecting and distribution of inputs is as follows:

- i. The cooperative with its paid members' list applies for inputs to the Camp Agricultural Committee (CAC),
- ii. CAC approves the application by appending a signature of CAC Chairperson and CAC Secretary on FISP form 2, which is then sent to DACO's Office,
- iii. DACO processes and signs the Authority to Deposit (ATD) which the representative of the Cooperative produces at the bank when making a deposit,
- iv. A copy of the deposit slip from the bank is presented to the DACO who then processes the Authority To Collect (ATC),
- v. Authority to Collect (ATC) is then presented to the warehouse manager for issue of inputs,
- vi. Warehouse manager issues the fertilizer and seed on a Goods Issued Voucher (GIV) to the representative of the Cooperative who in turn issues the inputs to each farmer who applied and paid for the inputs.

However, the following were observed:

i. Late Distribution of Inputs to Farmers

A review of records for the 2016/2017 farming season at two (2) DACOs revealed that there was late distribution of inputs to farmers in that the distributions were done between 6th December 2016 and 31st January 2017 despite the farming season running from October to mid-December. See table below.

District	Total K	Period Delivered
Livingstone	92,195	6/12/16-31/01/17
Mwense	115,200	4/01/16-31/01/17
Total	207,395	

ii. Unacquitted for Farming Inputs

Contrary to the FISP Implementation guideline No. 8.2.4, which requires that all inputs issued be signed for by the beneficiaries, it was observed that farming inputs costing K50,800 were issued to one hundred and twenty seven (127) farmers without being signed for. See table below.

District	No. of Farmers	Cost K
Livingstone	113	45,200
Kasempa	14	5,600
Total	127	50,800

iii. Questionable Acquittals of Inputs

Contrary to FISP implementation guideline No. 8.2.4, which states that each person should collect his/her own pack, a total of 939 packs costing K375,600 were signed for by persons other than the actual beneficiaries. See table below.

District	No. of Packs	Amount K
Mpika	695	278,000
Shiwangandu	244	97,600
Total	939	375,600

iv. Issuance of Inputs to Unqualified Farmers – Shiwangáundu DACO

Contrary to FISP Guideline No. 6.1.2, which requires individual beneficiaries to be members of a registered farmer organisation, inputs costing K42,000 were issued to one hundred and five (105) farmers who were not registered with any farming organisation in their respective areas.

v. Failure to Distribute Inputs

Physical and site inspections of the warehouses in Kazungula and Luangwa districts carried out in July 2017 revealed that various inputs such as maize, groundnuts and sorghum costing K422,270 procured during the period under review were not distributed to the beneficiaries. See table below.

District	Amount K
Kazungula	223,380
Luangwa	198,890
Total	422,270

Further, at the Luangwa warehouse, it was observed that 279 x 10kgs bags of white maize seed costing K25,110 which were not distributed from 2015/2016 farming season were destroyed after failing the defect test carried out by Seed Control and Certificate

Institute of Zambia (SCCI). In addition, 17x50kg D compound costing K1,700 was damaged while 17 x 50kg and 40 x 50kgs Urea fertilizer costing K5,700 had caked in the warehouse.

vi. Failure to Replace Damaged Inputs

During the period under review, inputs costing K179,270 were damaged in transit and had not been replaced by the suppliers as at 31st August 2017. See table below.

District	Supplier	Input Type	Quantity Damaged	Unit Price K	Total Cost K
Shiwangandu	Nyiombo	Fertiliser (50kg bags)	570	90	51,300
Kazungula	NCZ	Fertiliser (50kg bags)	27	90	2,430
Senanga	Seedco	Maize seed (10kg bags)	627	40	25,080
Kasempa	NCZ	Fertiliser (50kg bags)	186	90	16,740
Mufumbwe	NCZ	Fertiliser (50kg bags)	609	90	54,810
	Nyiombo	Fertiliser (50kg bags)	27	90	2,430
	Kamano Seedco	Orange Maize	662	40	26,480
Total					179,270

e. Electronic Voucher - FISP Programme

During the period under review, the Ministry disbursed a total amount of K803,760,000 to five (5) participating banks to enable the farmers access the funds using the E-voucher VISA cards. See tables below.

Date	Zanaco K	UBA K	ECO Bank K	Barclays K	Banc ABC K	Total K
09.12.16	90,000,000	48,000,000	27,000,000	27,000,000	108,000,000	300,000,000
19.12.16	20,000,000	44,000,000	18,000,000	18,000,000	100,000,000	200,000,000
30.12.16	34,200,000	18,240,000	10,260,000	10,260,000	30,800,000	103,760,000
09.02.17	70,000,000	32,000,000	18,000,000	18,000,000	62,000,000	200,000,000
Total	214,200,000	142,240,000	73,260,000	73,260,000	300,800,000	803,760,000

The following were observed:

i. Failure to Provide Bank Statements

Although a total amount of K803,760,000 was disbursed to participating banks for the E-voucher programme, it was difficult to verify the number of VISA cards that were loaded with the required amounts of K2,100 per card as no bank statements or reports were availed for audit.

ii. Unreconciled Revenue

During the period under review, seven (7) selected E-voucher districts had expected revenue of K55,001,600 from 137,504 beneficiaries. However, it was difficult to ascertain the actual revenue that was collected because the bank statements and revenue reconciliation statements were not availed for audit. See table below.

District	Targeted Farmers	Expected Revenue K
Choma	22,524	9,009,600
Kalomo	22,260	8,904,000
Monze	28,586	11,434,400
Kasama	22,721	9,088,400
Solwezi	23,100	9,240,000
Chongwe	17,792	7,116,800
Mongu	521	208,400
Total	137,504	55,001,600

iii. Deposits Not Reflecting on Bank Statements

During the period under review, various Authority To Deposit (ATD) forms were issued and subsequently amounts totalling K1,798,400 were deposited as per deposit slips. However, as at 31st August 2017, the amount of K1,798,400 purported to have been deposited was not reflecting on the bank statements. See table below.

District	Amount Deposited K
Lusaka	1,307,600
Katete	19,200
Chibombo	471,600
Total	1,798,400

iv. Irregular Deposits - Monze

According to the FISP Electronic Voucher Implementation manual No.5.2, all beneficiary farmers were required to pay their farmer contribution before their cards were activated for use. Each beneficiary farmer was allocated one (1) card.

During the period under review, there were eleven (11) farmers who deposited twice, resulting in benefiting more than once in the farming season contrary to the guideline.

v. Failure to Load E-Voucher Cards

FISP Guidelines No. 2. (iii) and (iv), stipulates that the total amount of money that will be loaded on the card will be K2,100 and the E-voucher cards will be activated after farmers pay their contributions at participating commercial banks.

During the period under review, 42,460 farmers made contributions in amounts totalling K16,984,000 and were eligible to have their E-voucher cards loaded with amounts totalling K89,166,000. However, as at 31st August 2017, the E-voucher cards for the 42,460 farmers had not been loaded. See table below.

District	Number of Cards	Amount K
Petauke	1,169	2,454,900
Katete	4,864	10,214,400
Chipata	763	1,602,300
Mongu	149	312,900
Limulunga	25	52,500
Choma	11	23,100
Kalomo	2,715	5,701,500
Chingola	685	1,438,500
Kitwe	440	924,000
Ndola	623	1,308,300
Chongwe	37	77,700
Lusaka	71	149,100
Kabwe	6,212	13,045,200
Chibombo	1,213	2,547,300
Kapiri mposhi	6,149	12,912,900
Kasama	5,750	12,075,000
Mansa	3,669	7,704,900
Samfya	1,117	2,345,700
Mazabuka	517	1,085,700
Chikankata	356	747,600
Monze	4,680	9,828,000
Chinsali	1,245	2,614,500
Total	42,460	89,166,000

vi. Beneficiaries with E-Voucher Cards Bearing Same Numbers

FISP guideline No. 5 (ii) stipulates that all beneficiary farmers will be required to pay their farmer contribution before their cards are activated for use. Each beneficiary farmer is allocated one (1) card. However, it was observed that every two (2) of the five hundred and twenty six (526) farmers had been issued with E-voucher cards bearing same numbers. Consequently, only 263 farmers had their cards loaded with amounts

totalling K552,300 while the other 263 farmers did not have their cards loaded with the same amount. As at 31st July, 2017, the anomaly had not been rectified. See table below.

District	Number of Farmers	Amounts that should have been paid K	Amounts actually paid K
Chipata	254	533,400	266,700
Chingola	28	58,800	29,400
Kitwe	225	472,500	236,250
Mungwi	19	39,900	19,950
		-	
Total	526	1,104,600	552,300

vii. Delayed Delivery of E-Voucher Cards

The planting season for most crops is from October to mid-December within which farmers would need inputs. However, it was observed that 74,118 cards were delivered during the period from 21st December 2016 to 25th April 2017. This was despite the cards expiring on 30th March 2017. See table below.

District	Number of Cards	Delivery Dates
Monze	1,908	5.04.17
Chikankata	229	28.02.17
Chongwe	987	16.02.17
Lusaka	15,780	21.12.16
Mansa	5	25.12.16
Samfya	585	25.12.16
Petauke	28,246	21.01.17
Katete	26,378	8.01.17
Total	74,118	

viii. Unqualified Farmer Groups/Co-operatives

According to FISP Guideline No. 6.1, co-operatives/farmer groups must be duly registered, be active for at least one year, operate a bank account and have written by-laws among others. However, there were seventy five (75) co-operatives/farmer groups that were issued with E- voucher cards in amounts totalling K1,465,800 who did not provide all the required documentation to show that they were eligible to participate in the E-voucher programme. See table below.

District	No. of Cooperatives	Amount K
Kitwe	8	1,092,000
Chinsali	67	373,800
Total	75	1,465,800

ix. Drawing of Cash from an ATM using E-Voucher Cards – Mungwi District

FISP guideline No. 9.1.7 (c) stipulates that “Each beneficiary farmer will visit the nearest registered agro dealer and swipe for agricultural, livestock or fisheries inputs of their choice equivalent to the total value of the E-voucher card”. Contrary to this requirement, thirty one (31) farmers in Mungwi district drew cash in amounts totalling K4,420 from ZANACO Automated Teller Machine (ATMs) instead of swiping at the specific point of sale machines held with authorized Agro dealer shops.

x. Over Loading of Cards

FISP guidelines No. 2 (iii) stipulates that the amount of money that will be loaded on the card will be K2,100 and guideline no. 9.1.7 (C) stipulates that each beneficiary farmer will visit the nearest Agro dealer or input supplier of their choice and swipe for Agricultural, livestock or fisheries inputs of their choice equivalent to the total value of E-voucher card. Contrary to these guidelines, during the period under review 1,819 cards were loaded with K8,275,981 instead of K3,819,900 resulting in the cards being loaded with an excess amount of K 4,456,081. See table below.

District	No. of Farmers	Amounts that should have been loaded K	Amounts actually loaded K	Amounts overloaded K
Ndola	30	63,000	77,700	14,700
Katete	1,789	3,756,900	8,198,281	4,441,381
	1819	3,819,900	8,275,981	4,456,081

xi. Insufficiently Loaded E – Voucher Cards - Mansa

According to FISP Electronic Voucher Implementation Manual guideline No. 2 (iii) and (iv), each beneficiary farmer was to contribute K400 upon which the card could be loaded with a total amount of K2,100 to enable the farmer access inputs. A review of loading reports and other documents obtained from the Mansa DACO’s office revealed that four (4) cards were loaded with amounts ranging from K760 to K1,250.

xii. Un-acquitted for Cards - Solwezi

Contrary to the FISP E Voucher Implementation guideline No. 11, which requires that all cards issued be signed for by the beneficiaries, it was observed that cards loaded with amounts totalling K69,300 were issued to thirty three (33) farmers in Solwezi district without being acquitted by respective farmers. See table below.

xiii. Failure to Replace Cards

A review of records at seven (7) DACOs revealed that a total of 534 cards involving K1,121,400 had been reported by farmers to be either lost, burnt or that pin codes had been misplaced.

However, the cards had not been replaced by the ZNFU during the 2016/2017 farming season. See table below.

District	No. of cards	Amount K
Choma	232	487,200
Katete	83	174,300
Chipata	20	42,000
Kabwe	9	18,900
Kapiri mposhi	56	117,600
Chibombo	101	212,100
Kasama	33	69,300
	534	1,121,400

xiv. Retention of E-Voucher Cards by Agro Dealers

FISP Electronic Voucher Implementation Manual Guideline No. 9.1.7 (a) and FISP Memorandum of Understanding Article 111 on obligations of selected Agro Dealers/Input Suppliers, states that no Agro dealer or input supplier is allowed to collect and withhold a beneficiary's E-Voucher card, it was observed that various Agro-dealers had withheld 1,193 E-Voucher cards for inputs collected by farmers from Agro dealers on credit. See table below.

District	No. of cards withheld
Petauke DACO	389
Katete DACO	804
Total	1,193

Head: 89 Ministry of Agriculture

Unit: Various

Programme: Personal Emoluments

Activity: Various

64. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a total provision of K234,957,639 was made to cater for personal emoluments and related costs against which amounts totalling K478,663,031 were released resulting in an over funding of K243,705,397. As at 31st December 2016, the whole amount of K478,663,031 had been spent.

Accounting and Other Irregularities

An examination of payroll records at the Ministry of Agriculture Headquarters, Provincial and District Agriculture Coordinating Offices and Agriculture Training Institutions for the financial year ended 31st December 2016 revealed the following:

a. Misplacement of Payroll Area

A reconciliation of the payroll and staff returns at the Ministry Headquarters and the Provincial Offices revealed that there were eight hundred and seventy (870) officers who drew salaries in amounts totalling K41,524,367 during the period under review, from pay points which were different from their stations. See table below.

Province	No. of Officers	Amount K
Headquarters	809	38,434,409
Copperbelt	4	230,532
Western	5	713,903
Northern	52	2,145,523
Total	870	41,524,367

As at 31st August 2017, no corrective measures had been taken to address the matter.

b. Employees on Wrong Salary Scale

During the period under review, twenty two (22) officers were paid K928,252 instead of K766,113 as a result of being placed on wrong salary scales resulting in an overpayment of

K162,139. As at 31st August 2017, the overpaid amounts had not been recovered. See table below.

Province	No. of Officers	Salary Paid K	Expected Salary K	Overpayment K
Copperbelt	5	175,583	135,905	39,678
Lusaka	17	752,669	630,208	122,461
TOTAL	22	928,252	766,113	162,139

c. Irregular Payment of Rural and Remote Hardship Allowances

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be remote shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

However, the following were observed:

i. Payment of Hardship Allowances to Ineligible Employees

During the period under review, amounts totalling K305,405 were paid as Rural Hardship allowances (K220,189) and Remote Hardship allowances (K85,216) to thirty four (34) officers who were not eligible to receive the allowances as they were working at stations which did not qualify for the allowances. See table below.

Province	No. of Officers	Rural Hardship K	Remote Hardship K	Total K
Copperbelt	5	30,735	-	30,735
Western	20	143,522	40,150	183,672
Northern	9	45,932	45,066	90,998
Total	34	220,189	85,216	305,405

ii. Payment of Remote instead of Rural Hardship Allowances – Muchinga Province

Twenty eight (28) officers who were entitled to Rural Hardship allowance of K233,722 were instead paid Remote Hardship allowance of K292,153 resulting in an over payment of K58,431.

d. Irregular Payment of Housing Allowances

Cabinet Office Circular No. B2 of 2010 (2) (b) states that Housing Allowances shall only be paid to Employees who are not accommodated by Government and that Employees accommodated in a standard house shall not qualify for the payment of Housing Allowance.

Contrary to the Circular, amounts totalling K333,446 were paid as housing allowances to forty six (46) officers who were accommodated in government quarters. See table below.

Province	No. of Officers	Amount K
Eastern	5	35,665
Luapula	5	41,813
Central	17	102,015
Southern	1	9,422
Northern	18	144,531
Total	46	333,446

e. Non Deduction of Statutory Contributions – Copperbelt Province

Contrary to the Pensions Act of 1996 and Income Tax Act (Cap 323), amounts totalling K211,297 were paid to fifty four (54) officers without deducting pension contributions and Pay As You Earn (PAYE).

f. Irregular Payment of Housing Allowance and Salary Arrears – Central Province

Amounts totalling K37,807 were irregularly paid to an officer in respect of housing allowance and salary arrears without authority.

g. Employees with Duplicate Bank Account Numbers - Headquarters

An analysis of the DDAC and Payroll records revealed that four (4) officers who drew salaries in amounts totalling K19,062 had the same bank account numbers. No satisfactory explanation was given why officers' salaries were being paid using same bank account numbers.

Head: 90/01 Office of the President – Lusaka Province

Department: Various

Programme: General Administration

Activities: Various

65. In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December, 2016, a provision of K60,533,931 was made to cater for various activities at the Provincial Administration

against which amounts totalling K54,988,455 were released resulting in an under funding of K5,545,476.

As of 31st December 2016, amounts totalling K54,932,032 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and selected District Commissioners' Offices carried out during the period from April to June, 2017 revealed the following:

a. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96(1), accountable imprest in amounts totalling K13,000 which was issued to four (4) officers to undertake various activities had not been retired as at 31st July 2017.

b. Irregular Use of Accountable Imprest to Procure Goods and Services

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. Contrary to the regulation, accountable imprest in amounts totalling K75,293 was issued to various officers for the procurement of stationery, motor vehicle parts and servicing of office equipment among others, items whose values could be ascertained on the market.

c. Disbursement of Loans from the Revolving Fund Account

Contrary to Public Service Management Division Circular No.B12 of 2012 which states that loan payments shall not be paid from the Revolving Fund account, during the period under review, amounts totalling K60,000 were paid to five (5) officers as household loans.

d. Failure to Recover Loans and Advances

According to the Terms and Conditions of Service for the Public Service No. 92, advances and loans paid to officers shall be repaid within a reasonable period of time but not exceeding six (6) months.

It was however observed that recoveries in respect of advances and loans in amounts totalling K93,200 paid to fourteen (14) officers during the period under review had not been effected as at 31st July 2017.

Head: 91/01 Office of the President – Copperbelt Province

Programme: 2 Personal Emoluments

Activities: Various

66. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a total provision of K48,643,358 was made to cater for personal emoluments against which amounts totalling K48,097,877 were released resulting in an underfunding of K545,481.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration carried out from April to May 2017 revealed the following:

a. Misplacement of Payroll Area

A reconciliation of the payroll and staff returns at the Provincial Administration, revealed that there were forty six (46) officers who had been transferred within and outside the province but their pay points were not updated. Consequently, the officers drew salaries in amounts totalling K2,244,986 from pay points that were different from their physical stations.

b. Payment of Acting Allowances for More Than Six Months

Terms and Conditions of Service No. 26 (b) (i) states that when an officer is appointed to act in a higher post with a view to awarding him/her substantive promotion, the effective date of such promotion shall be the date on which the officer commenced to act on the post. Officers selected for promotion shall normally be appointed by the Service Commission or the responsible officers to act for a period of not less than 6 months with a view to establishing their suitability for substantive promotion.

Contrary to the Terms and Conditions of Service, forty four (44) officers acted for periods longer than six (6) months without authority from the Public Service Management Division (PSMD). In this regard, the officers were paid acting allowances in amounts totalling K517,270.

c. Failure to Deduct PAYE

Contrary to the Income Tax Act, salaries in amounts totalling K117,536 were paid to twenty one (21) officers without deducting Pay As You Earn (PAYE).

d. Failure to Deduct NAPSA Contributions

Contrary to the NAPSA Act of 1996, salaries in amounts totalling K1,198,812 were paid to twenty three (23) officers without deducting pension contributions.

e. Irregular Payment of Rural and Remote Hardship Allowance

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

During the period under review, amounts totalling K189, 619 were irregularly paid as rural and remote hardship allowances to seventeen (17) employees who were not entitled to the allowances as they were stationed in urban areas. See table below.

Details	No. of Officers	Amount K
Rural Hardship	16	178,675
Remote Hardship	1	10,944
Total	17	189,619

f. Irregular Payment of Salaries to an Officer Absent from Duty without Leave

Terms and Conditions of Service No. 60 (a) and (b) requires that an officer absent from duty without leave for a continuous period of ten (10) or more working days shall be liable for dismissal. Further, the officer shall not be paid a salary for the period he/she is absent from duty without leave.

Contrary to the Terms and Conditions, no disciplinary action had been taken against an officer who had been out of station for 128 months from September, 2006 to June, 2017 without authority and the officer remained on the payroll during the said period. It was not possible to ascertain the total amount that was paid to the officer for the whole period she was absent from duty due to lack of records for period from September 2006 to March 2010. However, during the period from April 2010 to June 2017 the officer was irregularly paid salaries in amounts totalling K224,564.

g. Failure to Conclude Staff Disciplinary Cases

There were two officers who had been placed on suspension in September 2006 and March 2008 respectively due to absenteeism from duty. As of June 2017 the two officers' disciplinary cases had not been resolved and they were still receiving half salaries. It was not possible to ascertain the total amounts that were paid to the officers for the whole period they were on suspension due to lack of records for period from September 2006 to March 2010. However, for the period from April 2010 to June 2017, the officers received salaries in amounts totalling K545,212 as shown in the table below.

Name	Depart	Period officer has been on suspension	No. of Months	Amount Paid K
Stephen Chewe	Forestry	5 Sept. 2006 to June 2017	129	186,145
Portipher Lungu	Labour	28 Mar. 2008 to June, 2017	110	359,067
Total				545,212

h. Revolving Fund Account

i. Non recovery of advances

Contrary to Terms and Conditions of Service No.92, recoveries in respect of salary advances in amounts totalling K49,399 paid to twenty (20) officers during the period under review had not been effected as at 31st June 2017.

ii. Misapplications of Funds

Contrary to the Appropriation Act of 2015, amounts totalling K235,486 meant for salary and tuition advances were spent on activities such as payment for parliamentary sessions, purchase of fuel and payment of settling in allowances without obtaining authority from the Secretary to the Treasury.

Head: 91/01 Office of the President – Copperbelt Province

Programme: General Administration

Activities: Various

67. In the Estimates of Revenue and Expenditure for the year ended 31st December 2016, a provision of K16,351,329 was made to cater for various activities under Recurrent Departmental Charges against which amounts totalling K7,205,660 were released resulting in an underfunding of K9,145,669.

Further, K16,635 was brought forward from the previous year bringing the total available funds for expenditure to K7,222,295.

As of December 2016, a total amount of K6,885,571 had been spent.

Accounting and other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and five (5) selected District Administration offices namely, Mufulira, Kalulushi, Lufwanyama, Masaiti and Mpongwe carried out from January to March 2017 revealed the following:

a. Failure to Account for Funds

In June 2016, the accountant at the Ndola District Administration office was paid an amount of K10,000. However, the funds were unaccounted for as there were no expenditure details availed for audit and no cash was found on hand.

b. Unsupported Payment Vouchers

Contrary to Financial Regulation Nos. 45 and 52, which state that all payments by cheque or cash for goods, services and works shall be supported by cash sale receipts and official order, ten (10) payment vouchers in amounts totalling K9,529 were not supported by relevant documentation. See table below.

Station	No. Of Transactions	Total K
Ndola DC	1	659
Kalulushi DC	2	5,550
Masaiti DC	7	3,320
Total	10	9,529

c. Unapproved Payments – Lufwanyama District Administration Office

Contrary to 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, thirteen (13) payments in amounts totalling K17,153 processed during the year under review at Lufwanyama District Administration Office were not signed by a responsible officer.

d. Unretired Accountable Imprest

Contrary to Financial Regulation No.96 (1), accountable imprest in amounts totalling K40,965 issued to twenty six (26) officers during the period under review had not been retired as at 31st July 2017. See table below.

Station	No. Of officers	Total K
Provincial Administration	15	35,695
Masaiti District Administration	6	3,000
Mpongwe District Administration	5	2,000
Total	26	40,695

e. Irregular use of Imprest to Procure Goods/services - Lufwanyama District Administration Office

Financial Regulation No. 86(c) states that accountable imprest should be 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 K18,765 issued to four (4) officers was used to procure goods and services whose values were obtainable on the market.

f. Questionable Retirement of Imprest

- i. In February 2016, the Senior Planner was issued with imprest amounting to K32,560 to facilitate for the project spot monitoring in the districts as shown below.

Item	No. of District Visited	Period	No. of nights	Rate K	Total Amount K
1 Officer	5	14-17 Feb 2016	3	1,000	3,000
6 Officers	8	14-19 Feb 2016	5	600	18,000
2 Drivers	8	14-19 Feb 2016	5	320	3,200
19 Officers -Meal Allowance				75	1,500
Fuel- 605km-3 vehicles					6,860
Total					32,560

The following were observed:

- According to the retirement details (Accounts form 44 A), the exercise took place from 14th to 19th February, 2016 (5 days) in eight (8) districts. However, a scrutiny of the log books for two (2) of the vehicles used during the exercise revealed that the trip was undertaken from 15th to 19 March, 2016 (4 days). In this regard the officers were paid a total amount of K3,640 in excess of their entitlement.
 - The retirement details indicated that amounts totalling K825 were paid to ten (10) officers in the districts as meal allowances (one (1) officers was paid twice), despite the officers carrying out the duties within their district boundary.
 - Three (3) vehicles were used during the exercise and were each allocated fuel costing K2,287 for an estimated total distance of 605km. However, one vehicle was only used for three (3) days in five (5) districts and then returned to Ndola. There was no evidence that the excess amount of K1,531 paid for fuel was retired.
- ii. The Senior Planner, was issued with imprest amounting to K13, 460 in February, 2016 to enable her facilitate the preparation of the 2015 Provincial annual progress report in Luanshya for three (3) days as shown below.

Date	Amount K	Details
10.2.16	13,460	K9,960 - Subsistence allowance for 5 officers and 1 driver
		K1,500 - Fuel
		K500 - Stationery
		K1,500 - Venue - Copper Lodge

The following were observed:

- According to the retirement details, the officers started off from Ndola on 21st February, 2016 using two (2) vehicles (GRZ 375 CJ and GRZ 483CB) and reached Luanshya the same day and returned to Ndola on 24th February, 2016 (3 days).

However, a scrutiny of the log books for the two vehicles revealed that the officers started off for Luanshya on 22nd March, 2016 and returned to Ndola on 23rd March 2016 one (1) night. The following day the officers went back to Luanshya and came back the same day. In this regards, the officers were paid an excess of K6,640 above their entitlement.

- A quotation No. 050 dated 22nd February, 2016 for K1, 500 in respect of hire of the conference room was obtained from Copper lodge in Luanshya. However, it was observed that a cash receipt No. 1770 indicated that the payment for the conference facilities was made on 19th February, 2016, three (3) days before the quotation was obtained. In addition, it was observed that the cash receipt had no name or the emblem of the lodge.
- Contrary to Cabinet Circular No. 7 of 2012 which requires that money for fuel should be paid in relation to distances covered when undertaking a trip, amounts of K1,500 for fuel were paid without the use of the fuel formula. In this regard, the officers were overpaid by K1,379 as they were entitled to be paid K121 as per formula.

g. Claims Without Prior Authority

Amounts totalling K28,543 were claimed as allowances by ten (10) officers who used personal funds to undertake government programmes. However, it was observed that there was no prior authority granted by the Controlling Officer to use personal funds. In this regard, the refunds were irregular.

h. Committing Government to Debt

A provision of K14,000 was made in the 2016 budget to cater for staff development out of which only K5,000 was released. However, it was observed that in September 2016, the Department of Child Development sponsored the Provincial Child Development Coordinator to undertake a four (4) weeks course in Diplomatic Practice at Zambia Institute of Diplomacy and International Studies at a total cost of K24,600 resulting in over commitment of K10,600.

i. Failure to Insure Motor Vehicles

Contrary to section No.86 of the Road Traffic Act of 2002 which requires all motor vehicles using public roads to be insured, thirty two (32) motor vehicles belonging to various departments under the Provincial Administration, whose costs could not be ascertained, were not insured during the period under review.

j. Unauthorized Swapping of Motor Vehicle Engines- Departments of Labour and Factories

In September 2016, the Department of Labour and Factories engaged Mitsutuka Motors to swap the engines from a Nissan Hard Body, registration number GRZ 550BX Engine No. ZD 30-

070674k into a Nissan Patrol registration number GRZ 650BR Engine No. ZD30-067217A at a cost of K4,500.

It was observed that the swapping of engines from one vehicle into another was done without authority from the Ministry of Works and Supply and no correspondence was done with the Road Traffic and Safety Agency.

A physical inspection carried out in May 2017 revealed that the two vehicles were still marooned at the garage. The replaced engine and the gear-box that were removed from the vehicle were negligently kept in an open air environment.

k. Questionable Cash Transactions - Lufwanyama District Administration Office

In February 2016, Lufwanyama District Administration opened a savings bank account with the National Savings and Credit Bank (NATSAVE) in Lufwanyama. The bank account was used to deposit funds received from well-wishers for public events in the district.

The following were observed:

- The bank account was opened without the authority of the Accountant General.
- The bank account was managed and controlled by the District Commissioner and details of signatories were not made available for audit.
- The Administration did not issue general revenue receipts to donors for various donations received. In this regard, it was not possible to ascertain whether deposits in amounts totalling K47,200 made in the account were the actual monies received.
- Amounts totalling K47,100 were withdrawn during the year under review. However, there were no expenditure records to show how the cash drawn was used.
- A cash book was not maintained and consequently reconciliation statements were not prepared.

Head: 91/01 Office of the President - Copperbelt Province

Programme: General Deposit Account

Activities: Various

68. The Provincial Administration Office maintains a General Deposit Account in which third party funds are deposited. The funding to the account includes amounts that various departments under Provincial Administration receive from their respective ministries for specific purposes.

During the Financial year ended 31st December, 2016, amounts totalling K 4,396,759 were received by the Provincial Administration into the General Deposit account to cater for various activities such as presidential visits, construction of Chiefs' Palaces, Chiefs' Retainers' wages, constitution signing ceremony and state funeral among others.

In addition, an amount of K885,106 was brought forward from 2015 bringing the total funds available to K 5,281,864

As of December 2016, a total amount of K 4,926,899 had been spent, leaving a balance of K354,966.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and physical inspection of selected projects carried out in June, 2017 revealed the following:

a. Misapplication of Funds

During the year under review, the Provincial Administration misapplied funds totalling K12,421 meant for the rehabilitation works at Fatima Girls Secondary School. The funds were misapplied on general administration activities which were not related to the General Deposit Account activities. Consequently, no rehabilitation works were undertaken at the school.

b. Construction of Chief's Palaces

In paragraph 63 of the report of the Auditor General for the financial year ended 31st December 2015, mention was made of the Provincial Administration's failure to undertake the construction of Chief's palaces due to misapplication of funds. The palaces that were to be constructed were that of Chief Shimukunami in Lufwanyama, Chief Mwinuna in Mpongwe and Chief Nkambo in Masaiti.

A review of the situation during the period under review, revealed that K655,525 had been spent on the activity. The following were observed.

i. Construction of Chief Mwinuna's Palace – Mpongwe District.

On 27th June 2015, the Provincial Administration entered into a labour based contract with Kabcom Enterprises Limited to construct Chief Mwinuna's Palace in Mpongwe District up to slab level only at a contract sum of K70,796. The contract was for a period of seven (07) months from 27th October 2015 to 30th May 2016.

As at 31st December 2016, the contractor had been paid the whole amount of K70,796.

A physical inspection carried out on 22nd March 2017 revealed that although the slab had been completed the works done were of poor quality in that the constructed slab was crumbling and in some areas the insect trap was not constructed.

ii. Construction of Chief Nkambo's Palace – Masaiti District.

On 27th June 2015, the Provincial Administration entered into a labour based contract with LWP Enterprises Limited to construct Chief Nkambo's Palace in Masaiti District up to slab level only at a contract sum of K64,896. The contract was for a period of seven (07) months from 27th October 2015 to 30th May 2016. As of December 2016, the contractor had been paid the whole amount of K64,896.

A physical inspection carried out on 23rd March 2017 revealed that although the slab had been completed the works done were of poor quality in that the constructed slab was crumbling in most parts.

Head:	92	Office of the President – Central Province
Department:	46	Physical Planning & Housing
Programme:		Various
Activity:		Various

69. In the Estimates of Revenue and Expenditure for the year ended 2016 a provision of K1,506,070 was made to cater for the operations of the department against which amounts totalling K1,212,867 was released resulting in the underfunding of K293,203.

As at 31st December, 2016 the department had spent an amount totalling K1,212,207.

Accounting and other Irregularities

An examination of accounting and other records maintained at the Provincial Administration office carried out in March 2017 revealed the following:

a. Irregular Collection of Fees and Usage

During the period under review, the department collected and used a total of K576,899 from members of the public as fees for scrutinising development plans and site inspections for the approval of development and subdivisions among others. However, the charging and usage of the fees was irregular as the department did not have the mandate to do so.

b. Irregular Recruitment of Planners

In April 2016, the Provincial Planner recruited two (2) officers to fill the positions of Planners under the Department of PPH on six month renewable contracts. Subsequently the officers were paid Honorarium (fees) amounts totalling K50,400. However, the recruitment of the officers was irregular as there was no authority for the recruitment from the Public Service Commission. In this regard, the payment of the Honorarium of K50,400 was irregular.

c. Weaknesses in Imprest Management

i. Unretired imprest

Contrary to the Financial Regulation No. 96, Imprest in amounts totalling K42,234 issued to one (1) officer during the year under review was not retired as at 30th June 2017.

ii. Irregular use of Accountable Imprest for Procurements

Financial regulation No. 86 (c) requires the issuance of accountable imprest to facilitate the purchase of goods and services whose value cannot be ascertained at the time. However, a total of K20,160 was drawn as accountable imprest and used for the purchase of goods whose values were readily available at the time.

iii. Imprest to report to new station

An amount of K4,182 was drawn as imprest by the Provincial Planner to enable him travel to Solwezi to report at his new station following his transfer. However, the payment was irregular as the officer was only entitled to loading and offloading allowance, transportation of goods and settling in allowances.

iv. Unaccounted for Stores

Contrary to Public Stores Regulations No. 16, there were no receipt and disposal details in respect of store items costing K38,934 (general stores - K25,450 and fuel – K13,484) procured during the period under review.

d. Payment of House Rentals

In January 2016 the Department of PPH received a VSO Volunteer, Mr Patrick Warren, a volunteer to work as an Urban & Regional Planning advisor at the Department of PPH. The department of PPH paid for his accommodation to GM Nakapila Auto Centre as house rentals for a two (2) month period commencing 18th January 2016 for K6,000.

A further examination of the payment and related documents revealed the following;

- i. The terms and conditions signed in Memorandum of understanding between the Ministry of Local Government and VSO Zambia for the volunteer were not made available for audit verification.
- ii. No valuation of the house was carried out to establish the economic rent for the said property.

Head: 92 **Office of the President – Central Province**
Department: 01 **Human Resource and Administration Unit**
Programme: 2 **Personal Emoluments**
Activities: **Various**

70. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K47,354,899 was made to cater for Personal Emoluments at the Provincial Administration and the whole amount was released.

As at 31st December 2016, the whole amount of K47,354,899 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration carried out from February to May 2017 revealed the following:

a. Officers Placed on Incorrect Salary Scales

During the period under review, there were seventeen (17) officers who were placed on lower salary scales in relation to their positions. Consequently, they were under paid amounts totalling K15 804. As at 31st July 2017, the anomalies had not been corrected.

b. Failure to Deduct Statutory Contributions

Contrary to the National Pensions Scheme Authority (NAPSA) and the Income Tax Acts, there were no deductions of NAPSA contributions and PAYE from six (6) officers who drew salaries in amounts totalling K249,906. See table below.

No. of Officers	Statutory Contributions	Basic Pay K
2	PAYE	14,490
4	NAPSA	235,416
6		249,906

c. Irregular Payment of Housing Allowances

Contrary to the provision of Cabinet Circular No. B.6 of 2010, which states that all employees accommodated in standard houses shall not qualify for payment of housing allowances, fifteen (15) officers who were occupying institutional houses received housing allowance in amounts totalling K88 348 during the period under review.

It was further observed that although the Provincial Administration in Kabwe had a house meant for the accommodation of the Deputy Permanent Secretary, the former Deputy Permanent Secretary who was retired from the Service in 2015 continued occupying the house. In this regard, a sum of K36,732 was paid in the year under review as housing allowance to the current Deputy Permanent Secretary who is not accommodated.

Although in his response dated 6th June 2017, the Controlling Officer stated that deductions had been effected in respect of the fifteen (15) officers who were receiving housing allowance while occupying institutional houses and that the case of the former Deputy Permanent Secretary had been referred to the Office of the Attorney General for action, no documentary evidence was availed for verification.

d. Irregular Payment of Remote and Rural Hardship

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

It was however observed that during the period under review, amounts totalling K1,451,090 were paid as rural and remote hardship allowances to one hundred and forty (140) officers who were not eligible to receive the allowances as they were stationed in urban areas. See table below.

Details	No. of Officers	Amount K
Rural	117	334,155
Remote	23	1,116,935
Total	140	1,451,090

Head : 92 Office of the President – Central Province

Department: Various

Programme: General Administration

Activity: Various

71. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a total provision of K64,656,749 was made to cater for operations of the Office of the President -

Provincial Administration, Central Province. In this regard, the Ministry of Finance released a total amount of K59,064,675 resulting in under funding of K5,592,074. The funding represented 91.35% of the total budget.

As at 31st December 2016, a total amount of K54,054,209 had been spent.

Accounting and Other Irregularities

A review of accounting and other records maintained at the Provincial Administration carried out from March to May 2017 revealed the following;

a. Misapplication of Funds

Contrary to the Appropriation Act of 2015, a total amount of K193,697 was misapplied on unrelated activities such as payment of subsistence allowances for parliamentary sessions and familiarisation tours among others without obtaining authority from Secretary to the Treasury.

b. Inadequately Supported Payments

Contrary to Financial Regulations No. 45 and 52, which state that all payments by cheque or cash for goods, services and works shall be supported by cash sale receipts and that vouchers relating to purchases shall be supported by an official order and the supplier's invoices, fourteen (14) payments in amounts totalling K71,866 made during the year under review were inadequately supported in that they lacked documents such as cash sale receipts, local purchase orders, transfer letters, arrival advice forms, appointment letters among others.

c. Questionable Refunds/Claims

A scrutiny of payment vouchers and supporting documents revealed that amounts totalling K51,013 involving twelve (12) transactions were paid to officers as refunds and subsistence allowance claims for spending their personal monies on behalf of Government and working out of station of duty. However, there was no prior authority from the Controlling Officer to commit Government to these expenses.

d. Weaknesses in the Management of Imprest

i. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K86,068 issued to seven (7) officers had not been retired as at 31st July 2017.

ii. Questionable Imprest Retirements

Retirements of imprest in amounts totalling K59,897 issued to two (2) officers was questionable in that both the payments and retirements did not indicate the districts and places visited including the period taken for each assignment.

iii. Failure to Produce Activity Reports

A scrutiny of documents for imprest retirements revealed that amounts totalling K10,624 were issued to two (2) officers to facilitate the head count of officers, end of year sports tournament and Assistant Secretary's familiarisation tour among others. However, it was observed that no reports were produced, making it difficult to ascertain whether the activities were actually undertaken.

iv. 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, accountable imprest in amounts totalling K94,968 issued to twelve (12) officers to purchase various stores items such as cleaning materials, office stationery and attires for various events whose value was obtainable on the market.

v. Subsistence Allowance to report at new station

On 30th December 2016, the Chief Planner was transferred from Kabwe to Mansa and in this regard he was paid K2,800 as loading and offloading allowance. However, it was observed that in addition to the allowance, the officer was paid an additional amount of K2,800 as subsistence allowance for four (4) nights to facilitate the officer's travel to report in Mansa. The payment of the subsistence allowance was irregular in that there is no clause in the Terms and Conditions of Service that allows an officer to be paid subsistence allowance for reporting to the new station in addition to loading and offloading.

e. Irregular payment of Settling In Allowance

In February 2016, the Permanent Secretary was transferred from the Provincial Administration to the Ministry of Gender in Lusaka. In this regard, the Permanent Secretary was paid K59,033

being settling in allowance (K52,233) and loading and offloading allowances (K6,800). In addition, the officer was also paid K14,567 special imprest to facilitate her travel to her new station.

The following were observed:

- i. The payment of settling in allowance by the Provincial Administration was contrary to the Terms and Conditions of Service No. 165 which provides that settling in allowance was payable at the new station. Further, a check on the IFMIS system revealed that the officer had also been paid K58,433 in March 2016 by the Ministry of Gender her new station. As at 31st July 2017, the officer had refunded K54,000 leaving a balance of K5,033.
- ii. The payment of K14,567 special imprest was irregular in that there was no clause in the Terms and Conditions of Service that allows an officer to be paid subsistence allowance for reporting to the new station in addition to loading and offloading.

f. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, which requires stores officers to keep and maintain records of receipts and issue of public stores or public property, stores items costing K223,080 (general stores K196,906 and fuel K26,174) procured during the period under review were unaccounted for in that there were no receipt and disposal details.

g. Transport Management

i. Failure to Insure Motor Vehicles

Contrary to Section 86 of the Road Traffic Act of 2002, two (2) motor vehicles costing K426,000 belonging to the Provincial Planning Unit and the Provincial Buildings Engineer had not been insured as at 31st July 2017.

ii. Fuel Drawn by Unauthorized Motor Vehicles

During the period under review, fuel costing K11,259 was drawn by motor vehicles not belonging to the departments concerned without authority from the Controlling Officer.

Further, fuel costing K52,566 was drawn during the period from 20th March to 30th December 2016 without raising fuel requisitions.

h. Failure to Remit Tax

Contrary to the Income Tax Act, amounts totalling K117, 928 deducted as Pay as You Earn (PAYE) from payments made to four (4) officers in respect of settling in allowances and leave terminal benefits had not been remitted to the Zambia Revenue Authority as at 31st July 2017.

i. Payment of advances to Officers with Net pay less than 40%

Contrary to Public Service Management Division Circular No.B19 of 2007, which states that the net pay, after deductions, should not be less than 40 percent of the Basic pay, salary advances in amounts totalling K212,700 were paid to fifty (50) officers whose net pays were not eligible as their net pays fell below the 40% threshold once the deductions were effected.

j. Non Recovery of Salary and Tuition Advances

Contrary to the Terms and Conditions of Service for the Public Service No. 92, recoveries in respect of salary and tuition advances in amounts totalling K94,500 paid to various officers during the period under review had not been effected as at 31st July 2017.

It was further observed that four (4) officers where paid a total of K 18,500 in salary advances which were above their gross pay.

k. Irregular Payment of Salary Advances

Contrary to Terms and Conditions of Service for Public Service No 91(b) which states that “an officer may not get a salary advance while another advance is still outstanding”, it was observed that nine (9) officers with outstanding salary advances were paid additional salary advances in amounts totalling K32,000.

Head: 92 Office of the President – Central Province

Department: 01 Headquarters

Programme: General Deposit Account

Activities: Various

72. During the financial year ended 31st December, 2016, a total amount of K330,307 was received from line ministries and spending agencies to cater for presidential visits, state funerals, maize stock

verification and election of chiefs among others. In addition, K636,841 was collected from the sale of tender documents and sale of unserviceable equipment. Further, an amount of K1,154,509 was brought forward from the year 2015 bringing the total available funds to K2,121,658. As at 31st December 2016, amounts totalling K1,211,993 had been spent leaving a balance of K909,665.

Accounting and Other Irregularities

An examination of records pertaining to the General Deposit Account and a physical verification of projects carried out from March to August 2017 revealed the following:

a. Failure to Provide Funding Guidelines

During the year under review, Cabinet Office released funds amounting to K487,741 for presidential visits in Central Province. However, although the received funds were expensed by the Provincial Administration on allowances and fuel among others, it was observed that there were no instructions, guidelines or budgets from Cabinet Office to guide the application of these funds.

Although management in their response indicated that funds were sent after the visits by the President based on expenditure returns and ledgers, the expenditure returns and ledgers were not availed for audit scrutiny.

b. Misapplication of Funds

A total of K438,308 was varied from the construction of chiefs' palaces and a cultural village and was spent on unrelated activities such as payment of subsistence allowances for board of survey, familiarization tours and general administration among others without authority from Secretary to the Treasury. Consequently, works on Chief Moono and Chieftainess Serenje' Palaces and the cultural village had stalled as at 31st August 2017.

c. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96 (1), imprest in amounts totalling K47,815 issued to six (6) officers had not been retired as at 31st August 2017.

d. Failure to Prepare Activity Reports

During the period under review, imprest in amounts totalling K94,025 was issued to three (3) officers for them to conduct maize stock verifications and to facilitate the Provincial Minister

and Assistant Secretary's familiarisation tour of Central Province. However, there were no activity reports produced to confirm that the activities were undertaken.

e. Irregular Payments

i. Irregular Use of Imprest for Procurements

Contrary to Financial Regulation No. 86(c) which 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," a total amount of K11,068 was paid in April 2016 as accountable imprest to an officer to facilitate the purchase of a stove and a freezer for labour day awards.

ii. Irregular Issuance of Fuel Imprest

Two (2) payments in amounts totalling K123,147 were made as imprest for the verification of maize stocks. A scrutiny of the payments revealed that included in the amount drawn was a total amount of K50,972 that was drawn to meet fuel expenses without using the approved government formulae of determining the amount of fuel.

f. Lack of Record for the Extension of Programme

In April 2016, the Permanent Secretary attended a leadership development and team building workshop organized by the Ministry of Gender at Sandy's Creation in Lusaka. The workshop was reported to have been extended for two (2) days and consequently, an amount of K5,600 was paid to the Permanent Secretary, Senior Messenger and the Driver as subsistence allowances during the period of the extension.

It was however observed that there was no evidence of the extension of the workshop. In this regard, the issuance for the extra imprest was irregular.

g. Splitting of Payments

Circular No 1 of 2011 and Procurement Act of 2008 No. 42 (c) (d) states that a procuring entity shall plan its procurement in a rational manner and in particular shall avoid splitting of procurement to defeat the use of appropriate procurement methods and integrate its expenditure programme with the procurement plan.

However, contrary to these regulations, a total of K51,009 was split between two suppliers of building materials for the renovation of the presidential guest house thereby circumventing the

tender process as the amount involved was beyond the expenditure threshold for the Permanent Secretary.

h. Unaccounted for Foodstuffs - State Funeral for Victims to Kapiri Mposhi Road Traffic Accident

In April 2016, a Marcopolo bus belonging to Wada Chovu Bus Company was involved in a Road Traffic Accident where twenty four (24) people died and Government declared a state funeral for the accident victims. Consequently, a total of K150,000 was released by government to the Provincial Administration in Kabwe to support families during the funeral.

An examination of records for the utilisation of these funds revealed that contrary to Public Stores No.16, there were no receipts and disposal details in respect of food stuffs costing K81,158 procured for the state funeral.

i. Construction of Meteorological Office

In September 2014, an amount of K150,000 was released by government to the Provincial Administration for the construction of an office block for the metrological department in Serenje.

In 2016, the Provincial Administration engaged L.M Agencies Limited to construct an office block at the contract sum of K150,030 and the duration of sixteen (16) weeks. As at 31st December 2016, a total amount of K61,369 had been paid to the contractor.

A physical inspection of the project and enquiries made in March 2017 revealed the following:

i. Lack of Terms of Engagement

Although L.M Agencies were engaged to erect the structure, the terms of agreement for the construction of the office block, the structural drawings and the LPO on which the contractor was engaged were not provided for audit verification.

ii. Stalled Works

Although the super structure was completed the following works were still outstanding; electrical fittings, glazing, plumbing, plastering, fitting of ceiling board, fitting of air vents, flooring, building septic tanks and soak way among others and the contractor was not on site. See picture below.



Incomplete Office Block

j. Construction of Broken Hill Cultural Village

In 2013, the Ministry of Tourism released K150,000 for the construction of a cultural village in Kabwe. An examination of records and enquiries made revealed that the whole amount funded was spent on the project.

However, an inspection of the project in August 2017 revealed that the work had stalled and materials such as grass meant for thatching were going to waste.



Grass meant for thatching

Head: 92 Office of the President – Central Province

Department: 52 District Administration

Programme: Various

Activity: Various

73. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K3, 205,629.00 was made to cater for operations at District Administration offices against which amounts totalling K981,569 were released resulting into an under funding of K2,224,060.

As at 31st December 2016, amounts totalling K1,109,037 had been spent.

Accounting and other Irregularities

An examination of accounting and other records maintained at Mumbwa, Kapiri Mposhi, Serenje and Chitambo District Administration offices carried out in April 2017 revealed the following:

a. Failure to Provide Expenditure Details - Chibombo

During the period under review, the Provincial Administration disbursed amounts totalling K90,185 to Chibombo District Administration to cater for its operations. However, as of August 2017, no expenditure details had been availed for audit making it not possible to ascertain how the funds were utilised.

b. Unsupported Payments

Contrary to Financial Regulation Nos. 45 and 52, twenty seven (27) payments in amounts totalling K40,561 made during the period under review were not supported with relevant documents such as cash sale receipts and local purchase orders.

c. Lack of Prior Authority for Refunds

During the period under review, amounts totalling K39,045 were paid to various officers as refunds on meal allowance and procurements of office administration items as well as subsistence allowance claims resulting from using their personal monies on behalf of Government.

However, there was no prior authority from the responsible officers to commit Government to these expenses.

d. Questionable Payment - Serenje

On 11th February 2016, an amount of K6,851 was paid to an officer to enable her purchase office materials and pay allowances. However, the payment was questionable in that there were no details of the materials to be purchased and allowances to be paid.

e. Weaknesses in the Management of Imprest

i. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K3,050 issued to four (4) officers during the period under review had not been retired as at 31st August 2017.

ii. Irregular Retirements of Imprest - Ngabwe

Imprest in amounts totalling K8,062 issued to three (3) officers was irregular in that the retirements did not have details of what was procured while others that involved travelling out of station did not have evidence of vehicle movements in the log books.

iii. 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, accountable imprest in amounts totalling K41,764 was issued to various officers to purchase stores items such as cleaning materials, office stationery and attires whose value could be ascertained.

iv. Irregular Payment of Lunch Allowances

Contrary to Cabinet Office Circular No. 11 of 2013 and Terms and Conditions of Service for the Public Service No. 167 (f), amounts totalling K7,385 were paid as lunch allowances to five (5) officers who worked within their normal stations of duty.

f. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, various stores items costing K96,285 (K87,027- General Stores and K9,258 – Fuel) procured during the period under review were unaccounted for in that there were no receipt and disposal details.

g. Failure to Insure Motor Vehicles

Contrary to the Road Traffic Act of 2002, section 86 which stipulates that no person shall use or cause or permit any person to use a motor vehicle or trailer on a road unless there is such a policy of insurance or such a security in respect of third party risk, twenty six (26) motor

vehicles under Kabwe, Kapiri Mposhi and Mumbwa District Administration Offices were not insured as at 31st August 2017.

Head: 93/01 Office of the President-Northern Province

Programme: Revolving Fund Account

Activities: Various

74. The Revolving Fund Account is maintained by the Provincial Administration on behalf of various departments under their charge. The funds received in the Revolving Fund Account are recoveries from salary and tuition advances and staff loans paid to Government employees. In addition, PACU is supposed to use these funds specifically to pay loans and advances and maintain loans and advance ledgers to record movements of the funds.

During the financial year ended 31st December 2016, amounts totalling K800,768 were received.

In addition, amounts totalling K5,267 were brought forward from 2015 bringing the total funds available to K806,035.

As at 31st December 2016, amounts totalling K802,347 had been spent.

Accounting and other Irregularities

An examination of accounting and other records maintained at the Provincial Administration carried out in February 2017 revealed the following:

a. Bank Reconciliations

Ministry of Finance Circular No.1 of 2016, Part 8.28 stipulates that, Controlling Officers should ensure that financial institutions operate Government accounts with adequate procedures and controls in order to minimise the risk of errors relating to transactions appearing on bank account statements.

During the period under review, amounts totalling K8,450 were erroneously debited on the General Deposit Account held at ZANACO Kasama Branch.

As at 31st July 2017, the debited amount had not been reversed.

b. Questionable Payment of Imprest

On 8th September 2016, an amount of K10,613 was issued to an Accountant to cater for subsistence allowance to two (2) Officers, a Driver and fuel from Ministry of Justice who came to Provincial Administration-Northern Province. The Officers were following up the matter on Arbitration between Provincial Administration and Ruthern Engineering and Contractors Limited.

However, there was no written request or documentation from the Ministry of Justice for the officers to be paid allowances from Provincial Administration-Northern Province.

Head: 93/01 Office of the President - Northern Province

Programme: Recurrent Departmental Charges

Activities: Various

75. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K 15,858,590 was made to cater for various activities at the Provincial Administration and District Offices out of which amounts totalling K6,312,049 were released resulting in an under funding of K 9,546,541.

As at 31st December 2016, amounts totalling K6,312,049 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and District Commissioners' offices carried out during the period from February to May 2017 revealed the following:

a. Unretired Accountable Imprest

Contrary to Financial Regulations No. 96, accountable imprest in amounts totalling K17,700 issued to eight (8) officers had not been retired as at 31st July 2017.

b. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16 and 67 (b), various stores items costing K105,885 (General Stores - K61,190 and Fuel - K44,695) procured during the period under review were unaccounted for in that there were no disposal details.

c. Failure to Maintain an Asset Register

Contrary to Public Stores Regulation No. 99 and 154, the Provincial Administration did not maintain an assets register during the period under review. Consequently, furniture and IT equipment costing K29,860 procured during the period under review was not recorded. Further, the furniture and equipment was not inscribed with GRZ identification marks.

d. Failure to Insure Motor Vehicles

The Road Traffic Act of 2002 Section 86 (1-3) stipulates that no person shall use or cause or permit any person to use a motor vehicle or trailer on a road unless there's such a policy of insurance or such a security in respect of third party risks.

Contrary to the Act, twenty one (21) motor vehicles and ten (10) Motorcycles valued at K522,000 belonging to the Provincial Administration and the District Offices were not insured as at 30th June 2017.

Head: 93/01 Office of the President-Northern Province

Programme: General Deposit Account

Activities: Various

76. The Provincial Administration Office 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 Office receive from their respective ministries for specific purposes.

During the Financial Year Ended 31st December 2016, amounts totalling K5,587,464 were received by the Provincial Administration to cater for various activities.

In addition, amounts totalling K356,321 were brought forward from 2015 for the construction of Chief's Palaces bringing total funds available to K5,943,786.

As at 31st December 2016, amounts totalling K5,942,437 had been 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 during the period from February to May 2017 revealed the following:

a. Failure to Issue Receipt Forms

According to the Government Accounting and Financial Procedure Manual of 2010 Sections 12.2 and 12.6, whenever a sum of public money is received a receipt form must always be issued. Contrary to the requirement, the Provincial Administration Office received amounts totalling K1,132,346 for activities such as Presidential visits, Women expositions and Chiefs' orientation among others without issuing receipt forms.

b. Unaccounted for Stores and Fuel

Contrary to Public Stores Regulation No.16 and 67 (b), various stores items costing K24,767 (stores items K20,382 and fuel K4,385) were unaccounted for in that there were no disposal details.

c. Wasteful Expenditure – Construction of Chiefs' Palaces

In October 2015, the Provincial Administration procured various building materials costing K671,865 for the construction of Chiefs' palaces (Chief Shimumbi's palace - K373,997 and Chieftainess Chungu's palace – K297,868).

However, as at 31st July 2017, six hundred (600) pockets of cement costing K51,000 had since hardened due to poor storage rendering the expenditure wasteful. See table below.

Palace	Quantity (Pockets)	Cost K
Chief Shimumbi	190	16,150
Chieftainess Chungu	410	34,850
Total	600	51,000

Further, timber materials costing K8,130 procured for the construction of Chieftainess Chungu's palace were destroyed by termites.

Head: 93 Office of the President - Northern Province

Departments: Various

Programmes: Personal Emoluments

Activities: Various

77. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K41,060,988 was made to cater for Personal Emoluments at the Provincial Administration against which amounts totalling K37,078,895 were released resulting in an under funding of K3,982,093.

As at 31st December 2016, amounts totalling K37,078,895 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration carried out in July 2017 revealed the following:

a. Misplacement of Payroll Area - Employees not in the Province

A reconciliation of the payroll and staff returns at the Provincial Administration and selected District Administration offices revealed that there were forty one (41) officers who drew salaries in amounts totalling K1,205,937 from pay points which were different from their stations.

b. Failure to Deduct Statutory Contributions

Contrary to section 15(1) of the National Pensions Scheme Authority (NAPSA) Act of 2000 and the Pensions Act of 1996, there were no deductions of pension contributions from seven (7) officers who drew salaries in amounts totalling K300,311 during the period under review.

c. Irregular Payment of Rural and Remote Hardship Allowances

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time. In this regard, Public Service Management Division Circular No B6 of 2010 defined the rural and remote areas and eligibility criteria for the payment of rural and remote hardship allowances.

However, during the period under review, amounts totalling K704,072 were paid as Rural Hardship allowances to ninety one (91) officers and K254,644 as Remote Hardship allowance to twenty three (23) officers who were not eligible to receive the allowances in that their work stations were not declared rural or remote areas.

d. Failure to recover Salary Advances

Contrary to Terms and Conditions of Service for the Public Service No. 92, which states that an officer may obtain an advance of salary limited to a maximum of the officer's monthly gross salary and shall be repaid within a reasonable period of time but not exceeding six (6) months, recoveries of salary advances in amounts totalling K170,200 paid to forty one (41) officers during the year under review had not been effected as at 31st August 2017.

Head: 94 Office of the President – Western Province

Programme: Poverty Reduction Programmes

Activities: Various

78. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K3,974,500 was made to cater for various Poverty Reduction Programmes (PRPs) against which amounts totalling K225,000 were released resulting in an under funding of K3,749,500.

In addition amounts totalling K83,775 were brought forward from the previous year bringing the total funds available to K308,775.

Further, in August 2016, an amount of K200,000 was credited to the account in respect of a reversal for the purchase of fuel for the Construction of the Sichili – Nawinda Road under Rural Roads Unit (RRU).

As at 31st December 2016, amounts totalling K522,685 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration Office carried out during the period from January to March 2017 revealed the following:

a. Failure to Apply for Supplementary Provisional Warrant

The Provincial Administration brought forward amounts totalling K83,775 from 2015 as shown in the table below.

Department	Details	Budget K	Funding K	Balance Brought forward K	Total Funds Available for Expenditure K
Provincial Administration	Development Planning and Monitoring	400,000	-	1,314	1,314
	Publicity/ Camera & Video Editing Software	130,000	-	2,009	2,009
Buildings Department	Maintenance of Government Buildings	300,000	225,000	12,444	237,444
	Rehabilitation fo Guest Houses	100,000	-	2,533	2,533
Maritime	Clearing and Dredging of Canals	300,000	-	65,475	65,475
		1,230,000	225,000	83,775	308,775

However, no supplementary provisional warrant had been made as at 31st December 2016 to cover the retained funds contrary to Financial Regulation No.30.

b. Misapplication of Funds

- i. During the period under review, amounts totalling K241,400 meant for the maintenance of government buildings, dredging of canals, rehabilitation of guest houses, purchase of camera and video editing software were applied on activities not related to the purpose the funds were released for such as loading and offloading, settling in allowances, imprest for attending PAC sessions, leave travel benefits, wages to casuals and commutation of leave days.
- ii. During the period under review, amounts totalling K200,000 meant for the construction of the Sichili – Nawinda Road were applied on administrative activities such as payment of subsistence allowances, procurement of fuel and settling of utility bills.

Head: 94 Office of the President – Western Province

Programme: Personal Emoluments

Activities: Various

79. In the Estimates of Revenue and Expenditure for the Financial Year ended 31st December 2016, a provision of K50,590,164 was made to cater for personal emoluments against which amounts totalling K50,025,274 were released resulting in an underfunding of K564,890.

As at 31st December 2016, amounts totalling K50,025,274 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at Provincial Administration carried out in May 2017, revealed the following:

a. Failure to Deduct PAYE

Contrary to the Income Tax Act, during the period under review, salaries in amounts totalling K39,815 were paid to three (3) officers without deducting Pay As You Earn (PAYE).

b. Irregular Payment of Salaries to District Commissioners

In May 2016, two (2) District Commissioners from Sioma and Sikongo districts resigned from the service. It was however observed that the Commissioners drew salaries in amounts totalling K208,148 during the period from June to September 2016. As at 31st August 2017, the irregularly paid salaries had not been recovered.

c. Irregular Payment of Health Shift Allowance

Public Service Management Division Circular No. B10 of 2013, states that, health shift allowance shall be paid through the payroll at the rate of 15% of monthly basic salary to nurses, midwives and paramedical personnel. It was however observed that during the period from January to May 2016, amounts totalling K2,257 were paid over the counter to an Assistant Accountant who was not eligible to receive this allowance. As at 31st August 2017, no recoveries had been made.

Head: 94 Office of the President – Western Province

Programme: General Administration

Activities: Various

80. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K17,081,576 was made to cater for various activities against which amounts totalling K9, 006,240 were released resulting in an under funding of K8,075,336.

Out of the total released amount, a total of K1,159,072 was disbursed to District Commissioners Offices while the balance was retained at the Provincial Administration as shown in the table below.

District	Amount K
Kalabo	74,967
Kaoma	74,967
Limulungu	74,967
Luampa	68,967
Lukulu	67,967
Mitete	67,967
Mongu	69,967
Mulobezi	74,967
Mwandi	74,967
Nalolo	74,967
Nkeyema	74,967
Senanga	74,967
Sesheke	64,967
Shangombo	74,967
Sikongo	67,267
Sioma	77,267
Total	1,159,072

As at 31st December 2016, amounts totalling K8,980,091 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and selected District Commissioners' Offices carried out in February and March 2017, revealed the following:

a. Unsupported Payment

Contrary to Financial Regulation No. 45 (2), ten (10) payment vouchers in amounts totalling K97,622 made during the period under review were not supported with relevant documentation such as invoices, receipts and quotations, among others. See table below.

Stations	No. of Transactions	Amount K
Provincial Administration	5	84,922
Mongu DC	1	2,000
Lukulu DC	3	10,000
Shangombo DC	1	700
Total	10	97,622

b. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96(1), accountable imprest in amounts totalling K62,151 issued to twelve (12) officers during the period under review had not been retired as at 31st August 2017. See table below.

Station	No. of Officers	Amount K
Provincial Administration	8	25,377
Lukulu DC	1	15,200
Shangombo DC	1	3,394
Sioma DC	2	18,180
Total	12	62,151

c. Failure to Produce Activity Reports

During the period under review, imprest in amounts totalling K9,750 was issued to two (2) officers at two (2) stations in order to undertake monitoring of various activities. However, as at 31st August 2017, there were no activity reports availed for audit to confirm that the activities were undertaken. See table below.

Station	Amount K
Nkeyema DC	4,250
Sioma DC	5,500
Total	9,750

d. Irregular Use of Imprest

Financial regulation No. 86(c) states that, accountable imprest should be 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 K90,682 was issued to twenty nine (29) officers to procure various goods and services whose values were obtainable on the market. See table below.

Station	No. of Officers	Amount K
Mongu DC	2	7,350
Limulunga DC	4	6,831
Luampa DC	3	14,375
Nkeyema DC	1	5,500
Mitete DC	7	11,962
Shangombo DC	1	3,800
Sioma DC	2	18,150
Sesheke DC	4	4,535
Mwandi DC	5	18,180
Total	29	90,683

e. Failure to Obtain Authority for Paid Study Leave

Contrary to the Terms and Conditions of Service for the Public Service No. 121 (a), two (2) officers went on paid study leave, during the period under review, without obtaining authority from the Permanent Secretary, Public Service Management Division (PSMD). Consequently, the Provincial Administration irregularly paid amounts totalling K17,800 as tuition fees, travelling expenses and subsistence allowances.

f. Misapplication of Funds - Top Up on Procurement of Motor vehicles

On 1st March 2016, a Toyota Land Cruiser registration No. GRZ 296 CM was involved in a road traffic accident in Mangango along Lukulu - Kaoma road. According to the documents produced for audit, the motor vehicle was under lease between the Ministry of Transport, Works and Supply and Stanbic Bank Zambia and was comprehensively insured.

In this regard, an insurance claim of K520,519 was paid by the insurance company towards the motor vehicle.

Thereafter, the Ministry of Works and Supply resolved to procure two (2) Toyota Hilux Motor vehicles but requested that the Provincial Administration tops up K81, 549 to enable the ministry procure the two (2) Motor vehicles.

On 19th December 2016, the amount of K81,549 was paid to Stanbic Bank as top up towards the purchase of the two (2) Motor vehicles.

It was however observed that contrary to the Appropriation Act of 2015, the amount of K81,549 paid by the Provincial Administration towards the procurement of the motor vehicles was misapplied from funds meant for transport management without obtaining authority from the Secretary to the Treasury.

g. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, various stores items costing K222,955 (General Stores K214,458 and Fuel – K8,497) procured during the period under review could not be accounted for in that there were no receipt and disposal details. See table below.

Station	General Stores K	Fuel K	Total K
Provincial Administration	184,442	8,497	192,939
Mongu DC	5,070	-	5,070
Kaoma DC	15,116	-	15,116
Lukulu DC	9,830	-	9,830
Total	214,458	8,497	222,955

h. Questionable Claim for Fuel – Lukulu DC

During the period under review, claims of refund for fuel in amounts totalling K6,124 involving two (2) transactions were made by Lukulu District Commissioner for using personal funds. However, the claims were questionable in that there were no records of receipt and disposal for the fuel, the activities undertaken were not known and dates when activities were undertaken were not stated.

i. Failure to Inscribe Government Assets

Contrary to Public Stores Regulation No. 154 which states that, “all furniture and equipment belonging to the government must be clearly marked with distinguishing letters of ‘GRZ’ in an inconspicuous part of the asset to identify it as a government property”, various assets costing K11,700 procured during the period under review did not have identification marks. See table below.

Station	Amount K
Shangombo DC	4,350
Kaoma DC	7,350
Total	11,700

j. Failure to Remit Tax

During the period under review, Pay As You Earn (PAYE) in amounts totalling K43,030 deducted from payments of settling in allowance and salary arrears for six (6) officers had not been remitted to the Zambia Revenue Authority as at 31st March 2017.

Head: 96 Office of the President - Luapula Province
Unit: 1 Provincial Administration
Programme: 2 General Administration
Activities: Various

81. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2016, a provision of K16,309,514 was made to cater for various activities at the Provincial Administration and eleven (11) District Commissioners’ offices against which amounts totalling K8,030,914 were released resulting in an under funding of K8,278,600. See table below.

Station	Budget K	Releases K	Underfunding K
Provincial Administration-HQ	14,318,506	7,155,030	(7,163,476)
DCs Offices	1,991,008	875,884	(1,115,124)
Total	16,309,514	8,030,914	(8,278,600)

As at 31st December 2016, amounts totalling K8,028,072 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and District Commissioners Offices carried out in March 2017 revealed the following:

a. Lack of a Procurement Plan

Contrary to the Zambia Public Procurement Act No. 12 Section 42 (a, c and d) of 2008 and the Public Procurement Regulations of 2011, during the period under review, the Provincial Administration operated without a procurement plan.

b. Outstanding Personal Emoluments

As at 31st August 2017, the Provincial Administration had outstanding personal emoluments in amounts totalling K8,633,830 some of which have been outstanding from as far back as 2004. See table below.

Benefits	Outstanding Amount K
Acting Allowance	319,348
Settling In Allowance	1,847,081
Commutation of Leave Days	352,645
Leave Travel	272,277
Salary Arrears	297,596
Long Service Bonus	5,544,884
TOTALS	8,633,830

Head: 97 / 01 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 2016, a provision of K20,283,821 was made to cater for various administrative activities at the Province against which amounts totalling K6,839,709 were released resulting in an underfunding of K13,444,112.

As at 31st December 2016, the Provincial Administration had spent amounts totalling to K6,056,151.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration revealed the following:

a. Misapplication of Funds

Amounts totalling K1,288,933 meant for activities under Community Development, Forestry and Social Welfare Departments, among others were applied on unrelated activities such as field visits (tour to Mwinilunga and Ikelenge), attending budget workshop, capturing estimates in the SAP and attending Parliamentary session meetings.

Head: 97 / 01 Office of the President – North Western Province

Programmes: General Deposit Account

Activities: Various

83. The Provincial Administration Office maintains a General Deposit Account (GDA) into which third party funds are deposited. The funding to the account includes amounts that various departments under the Provincial Administration Office receives from their respective Ministries for specific activities.

During the financial year ended 31st December 2016, a total amount of K721,000 was received by the Provincial Administration Office for various activities.

In addition, an amount of K333,431 was brought forward from the year 2015 bringing the total funds available to K1,054,431 which had been spent as at 31st December 2016.

Accounting and other irregularities

An examination of financial and other records maintained at the Provincial Administration and a physical inspection of the three (3) projects carried out in May 2017 revealed the following:

a. Misapplication

During the period under review, amounts totalling K575,481 meant for the construction of Chiefs' Palaces and Grants were either borrowed and applied on Recurrent Departmental

Charges (RDCs) or on various activities not related to the purpose for which the funds were appropriated.

b. Construction of Chieftainess Ikelenge's Palace

The construction of the Palace was still at box level and the contractor was not on site. Further, the following were observed:

i. Wastage of Cement

A physical verification of materials on site revealed that one hundred and ten (110) bags of cement costing K8,800 bought between December, 2015 and January 2016 had hardened.

ii. Senior Chief Kalilele's Palace - Delayed Completion of the Project

On 22nd October 2015, the Provincial Administration awarded a labour only contract to WKP Enterprises to construct Chief Kalilele's Palace in Mushindamo District at a contract sum of K100,457 for a duration of 13 weeks. As at 9th May 2016, the contractor had been paid a total of K69,809 leaving a balance of K30,648.

A physical verification conducted in March, 2017 revealed that works had progressed to wall plate level from the three course level above the slab as reported in 2015. However, although it was agreed that construction works would be completed by end of January, 2016 (or 13 weeks), the project was still incomplete.

When the labour only contract between Provincial Administration and WKP Enterprises was signed on 22nd October, 2015, it was agreed that the completion would be completed by end of January, 2016 (or 13 weeks). Since then, fifty six (56) weeks have passed and the project is still far from completion in-spite of the adequate funding from the Ministry.



Senior Chief Kalilele's Palace

Head: 98 Office of the President – Southern Province

Programme: General Administration

Activities: Various

84. In the Estimates of Revenue and Expenditure for the financial year ended 31st December, 2016, a provision of K27,472,880 was made to cater for Recurrent Departmental Charges against which amounts totalling K6,670,694 were released resulting in an underfunding of K20,802,186.

In addition, amounts totalling K2,606 were brought forward from 2015 bringing the total available funds to K6,673,300.

As at 31st December 2016, amounts totalling K6,671,312 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and physical inspection of projects carried out during the period from March to June 2017 revealed the following;

a. Misapplication of Funds

Contrary to the Appropriation Act of 2015, amounts totalling K397,035 meant for RDCs were applied on unrelated activities such as transfers to various accounts as reimbursement of funds borrowed in the previous financial year without authority from the Secretary to the Treasury.

b. Inadequately Supported Payments

Contrary to Financial Regulation No. 45, payments in amounts totalling K67,729 processed during the period under review lacked relevant supporting documents such as receipts, competitive quotations and acquittals among others.

c. Failure to Produce Activity Reports

During the period under review, subsistence allowances in amounts totalling K63,241 were paid to various accounting officers to conduct monitoring of stores records and spot checks on Government employees in the district. However, as at 31st August 2017, there were no activity reports prepared in respect of the activities undertaken.

d. Weakness in the Management of Imprest

i. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96 (1), accountable imprest in amounts totalling K11,256 issued to an officer during the period under review had not been retired as at 31st August 2017.

ii. Questionable Retirements of Imprest

Accountable imprest in amounts totalling K266,430 was issued to eight (8) officers for them to carry out various activities. However, retirements in respect of imprest totalling K213,451 were questionable in that details of vehicles used were not indicated and/or vehicle log books were not provided, among others.

iii. Irregular Use of 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, contrary to the regulation, accountable imprest in amounts totalling K21,649 was issued to three (3) officers for procurement of toner cartridges and stationery whose value could be ascertained.

e. Weaknesses in the Management of Stores

i. Stores without Receipt And Disposal Details

Contrary to Public Stores Regulation No 16, there were no receipt and disposal records in respect of stores items costing K17,025 procured during the period review.

ii. Failure to Inscribe Assets

Contrary to Public Stores Regulation No.154, which states that all Government property must be clearly marked with distinguishing letters “GRZ” for identification purposes, various assets costing K12,650 procured during the period under review had no identification marks.

f. Weakness in Management of District Administration Funds

During the period under review, a total of K1,010,075 was remitted to thirteen (13) District Administration Offices for operations out of which expenditure returns totalling K546,507 were submitted to the Provincial administration leaving a balance of K463,567 as shown on the table below.

District	Funding K	Expenses K	Variance K
Chikankata	69,440	69,440	-
Choma	79,621	79,621	-
Gwembe	76,303		76,303
Kalomo	74,019	72,559	1,460
Kazungula	75,719	64,808	10,911
Livingsone	117,740	114,452	3,288
Mazabuka	78,224		78,224
Monze	66,400	35,454	30,945
Namwala	77,903		77,903
Pemba	80,056	34,427	45,629
Siavonga	75,746	75,746	-
Sinazongwe	51,580		51,580
Zimba	87,324		87,324
Total	1,010,075	546,507	463,567

The following observations were made:

i. Questionable Imprest - Collection of Expenditure Returns from Districts

During the period under review, special imprest in amounts totalling K4,000 was issued to four (4) officers to collect expenditure returns from Zimba, Gwembe and Sinazongwe districts. However, it was not possible to ascertain whether the activities were undertaken as there were no expenditure returns availed from the three (3) districts for audit.

ii. Inadequately Supported Payments

Contrary to Financial Regulation No. 45, payments in amounts totalling K127,234 processed from various District Administration Offices during the period were either inadequately supported or unsupported with relevant documents such as receipts,

contracts forms, quotations, LPOs, appointment/transfer letters and authorities among others.

g. Weakness in the Implementation of IFMIS

During the year 2015 (first and Second Quarter), the Integrated Financial Management System (IFMIS) was launched at Provincial Administration Office and by 2016 most users, including Accounts, Administration, Procurement and Internal Audit staff, had been trained on how to use their respective system modules.

However, the following were observed;

i. Failure to Include Details on Payments

Although the payment module provided fields for entering both short and long text in which a brief description of details of payment could be entered, a sample of thirty four (34) payments totalling K62,927 extracted from Capacity Building general ledgers had no details. As a result, the actual activities of the payments made could not be ascertained through the system.

ii. Failure to Update Assets on the System

Although the Assets Accounting Module provided for the client to maintain records of assets owned by the Institution, the module was not being utilised by the Provincial Administration despite the institution owning various assets.

h. Loan Revolving Account - Failure to Recover Salary and Tuition Advances

Contrary to the Terms and Conditions of Service for the Public Service No.92, recoveries in respect of salary and tuition advances in amounts totalling K81,000 paid to eighteen (18) officers during the period had not been effected as at 31st August 2017.

Head: 98 Office of the President – Southern Province

Programme: General Deposit Account

Activities: Various

85. The Provincial Administration Office 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 Office receive from their respective ministries for specific purposes.

During the financial year ended 31st December 2016, a total amount of K2,580,323 was received by the Provincial Administration Office for various GDA activities as shown in the table below.

Source of Funds	Purpose of Funds	Amount K
Various	Sale of Board of Survey Forms	47,300
Cabinet Office	Funding For Zambia Christian Nation Celebration	30,000
Southern Water & Sewerage Co	SWASCO-Siamambo Dev. Cup	6,500
Various	Independence Day Celebration Donations	11,000
Various	Labour Day Contributions	3,000
Mamba Collieries Ltd	Machine Handling Charges	25,044
Ministry of Chiefs & Traditional Affairs	Chiefs Affairs	168,598
Cabinet Office	Presidential Visits	1,391,182
Accounting Officers	Refunds on Imprest	55,785
OOP Recurrent Departmental Charges	Reimbursements From RDC	783,035
Various	Sale of Tender Documents	54,500
Various	Women's Day Contributions	4,380
Total		2,580,322

In addition, an amount of K149,587 was brought forward from 2015 for construction of Chief's palaces bringing the total funds available to K2,729,910.

As at 31st December 2016, a total amount of K2,708,181 had been spent leaving a balance of K21,729.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and physical inspection of projects carried out during the period from March to June 2017 revealed the following:

a. Failure to provide evaluation report

During the period under review, the Provincial Administration carried out a Board of Survey (BoS) for various assets in Southern Province. In this regard, amounts totalling K46,167 were spent on allowances for various officers who undertook the exercise. However, there was no evaluation report produced for the activity listing the items identified and disposed off. Further, there were no general receipt books and records of remittances of funds raised to the Ministry of Finance. In this regard, it was not possible to ascertain how much was realised from the activity.

b. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96 (1), imprest in amounts totalling K115,812 issued to three (3) officers during the period under review had not been retired as at 30th June 2017. Further, included in the figure of K115,812 was subsequent imprest in amounts totalling K15,169 issued to an officer who had unretired imprest of K30,998, contrary to Financial Regulation No. 91(i).

c. Construction of Chiefs' Palaces

In 2014, the Ministry of Chiefs and Traditional Affairs funded a total of K1,228,541 for phase 1 of the construction of Chiefs' palaces in Southern Province. Phase 1 involved the construction of three (3) palaces for Chief Chona, Chieftainess Mwenda and Chieftainess Choongo.

The construction of the three (3) palaces commenced in 2016 and as of July 2017 only the palace for Chieftainess Choongo was completed while work was still in progress on the other two palaces.

As at 31st July 2017, a total of K1,069,837 had been spent on the project.

The following observations were made:

i. Chieftainess Mweenda's Palace

• Failure to Provide Stores Records for Materials

Contrary to Public Stores Regulation No. 16, there were no stores records maintained in respect of materials procured for the construction of the palace. In this regard, it

was not possible to verify the utilisation of building materials on the site. Further, due to poor storage, timber found at the site was damaged due to fungal attack and exposure to moisture and sunlight.

- **Physical Inspection**

As at 31st June 2017, the structure was at wall plate level with the following works still outstanding: roofing, electricals, plumbing, metal fittings, carpentry works, ceiling works, floor and wall finishes, and external works. Further, works had stalled and the contractor was not on site.

ii. Chieftainess Choongo's Palace

A physical inspection carried out in June 2017, revealed that although the structure had been completed, there were leakages from the waste pipe for hand wash basin in the bathrooms, the trap door to service hall had not been installed, one door handle in the bedroom was loose and a smaller double door to the living room was fitted resulting in the door leaving some spaces.

It was further observed that cracks on the wall of the master bedroom and veranda had developed and there was no canopy fitted on the exterior door to the improved court yard which resulted into water seepage during rainy season. Although defects had developed, the Provincial Administration had not taken action to have the contractor attend to the defects.

iii. Chief Chona's Palace

As of March 2017, the structure was at roof level with the following works still outstanding: ceiling, carpentry works, plumbing, 2nd level electricals, external wall plastering, internal floor finishes, painting, glazing and external works. It was also observed that works had stalled and the contractor was not on site.

Further, contrary to Public Stores Regulation No. 16, there were no stores records availed for audit verifications for the materials procured for the construction of the palace.

Head: 98 Office of the President – Southern Province

Programme: Infrastructure Development – Construction New Office Block in - Choma

Activities: Various

86. During the period under review, the Provincial Administration was funded amounts totalling K2,189,062 for the construction of the new office block in Choma-Southern Province. In addition, there was a balance brought forward of K14,567 from 2015 bringing the total available funds K2,203,628.

As at 31st December 2016, amounts totalling K2,198,339 had been spent.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and physical inspection of projects carried out during the period from March to June 2017 revealed the following;

a. Unsupported Payments

Contrary to Financial Regulations Nos. 45 and 65, payments in amounts totalling K2,906 made during the year under review were inadequately supported in that they lacked documents such as receipts and invitation letters to participate in various activities.

b. Weaknesses in the Management of Imprest

The following weaknesses were observed in the management and accounting of imprest issued to various officers to carry out monitoring of infrastructure development projects;

i. Overlapping Imprest

A scrutiny of retirement documents and acquittal sheets revealed that imprest in amounts totalling K437,833 was issued to various officers to carry out various activities between the period 15th January to 8th April 2016. However, it was observed that the same officers had been issued with imprest in amounts totalling K190,208 to carry out other activities within the same period from 15th January and 8th April 2016, resulting in irregular payments which had not been refunded as at 31st August 2017.

ii. Questionable Retirements

During the period under review, subsistence allowances in amounts totalling K252,731 were paid to various officers for travelling on duty. However, it was not possible to ascertain whether the activities were undertaken as they were no activity reports prepared by the officers and there were no documentation to indicate that the activities were undertaken. In this regard, the retirements were questionable.

iii. Questionable Payment of Imprest

During the period under review, accountable imprest in amounts totalling K50,750 was paid to a cashier to facilitate payment of imprest to accounting officers who were to accompany external auditors to verify projects and collect audit evidence for the Internal auditor's report in the districts.

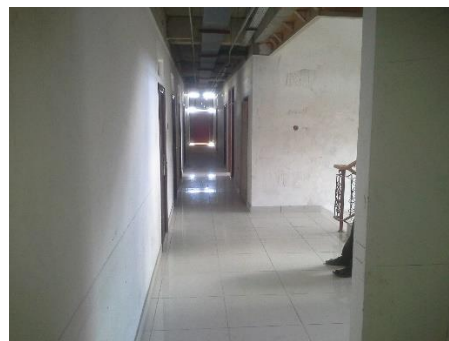
However, the accounting officers did not accompany the external auditors during verification of the projects in the districts. In this regard, the payment of imprest to the officers was questionable.

c. Construction of 6 Storey Office Block in Choma

As of April, 2017 the office block had not been completed with the following works still outstanding; ceilings boards, plumbing, 3rd level electrical fittings, external works including spoon drains, soak away, septic tanks, road works and landscaping. *See pictures below.*



The Exterior Office Block



The Interior Office Block

Head: 98 Office of the President – Southern Province

Programme: Personal Emoluments

Activities: Various

87. In the Estimates of Revenue and Expenditure for the financial year 1st January to 31st December 2016, a provision of K53,221,554 was made to cater for personal emoluments against which amounts totalling K52,317,543 were released resulting in an under funding of K904,011.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration carried out during the period from March to June 2017 revealed the following;

Irregular Payment of Acting Allowance

The Terms and Conditions of Service for the Public Service No. 26 (b) (i) states that when an officer is appointed to act in a higher post with a view to awarding him/her substantive promotion, the effective date of such promotion shall be the date on which the officer commenced to act on the post. Officers selected for promotion shall normally be appointed by the Service Commission or the responsible officers to act for a period of not less than six (6) months with a view to establishing their suitability for substantive promotion.

However, contrary to the Terms and Conditions of Service, six (6) officers acted in various positions without authority from the Public Service Management Division (PSMD) and were irregularly paid acting allowances in amounts totalling K124,224.

Further, sixteen (16) officers who acted for periods longer than six (6) months without authority from Public Service Management Division were irregularly paid amounts totalling K103,460.

Recommendations

88. In order to improve public finance management and control environment, the following are recommended:
- i. The Ministry of Finance should ensure that all approved Commercial Banks doing business with Government adhere strictly to the instructions issued by the Government on the opening, renewing and closing of all Government Accounts. This will mitigate against the risk of public service workers colluding with Banks in order to defraud the Government,
 - ii. Full payments to suppliers of equipment and other goods and services and contractors in advance should be discouraged. Payments should strictly be in accordance with the contract agreements approved by the Attorney General,
 - iii. A follow up should be made on all suppliers and contractors who were paid huge amounts of money in advance but failed to perform in order to recover Government funds,
 - iv. Ensure the full integration of the infrastructure development under the Ministry of National Housing and Infrastructure Development is enhanced for easy monitoring and implementation of all infrastructure projects,
 - v. The Secretary to the Treasury should ensure that all Government accounts held by MPSAs are reconciled on a monthly basis and returns of reconciled accounts submitted to the Accountant General are scrutinised so that errors are detected immediately,
 - vi. Enhance controls on the management of the Government payroll so as to ensure that only bonafide employees of Government are included on the payroll and that correct dues are paid.
 - vii. Ensure improved commitment control system so as to avoid accumulating arrears by the MPSAs,
 - viii. Ensure tighter controls on the use of the Integrated Financial Management Information System (IFMIS) and the Treasury Single Account (TSA) so that only planned for and approved expenditures are processed,
 - ix. Ensure that payment of huge imprests to individuals is discontinued and Daily Subsistence Allowance paid directly to the beneficiaries, and

- x. All unretired accountable imprest must be recovered from the officers immediately, failure to which disciplinary action should be taken against the erring officers.

Acknowledgements

89. I wish to thank all my staff for their hard work during the course of the audits so as to ensure that this report is produced despite having limited resources. I also wish to express my gratitude to the Secretary to the Treasury, the Accountant General and the Controlling Officers and their staff for their cooperation during the audit process. It is because of their cooperation that I was able to carry out the audits in an objective, efficient and effective manner.

Recommendations of the Public Accounts Committee which have either not been Implemented or have been partially Implemented

90. In 1992, the Public Accounts Committee (PAC) resolved to appoint a Committee of officials from the Ministry of Finance, National Assembly and 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 31st December 2016 for which necessary remedial action is required. This forms part of my Report for the financial year ended 31st December 2016 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.

Appendix 1

Analysis of the Outstanding and Closed Issues in the Auditor General's Report for the year ended 31st December 2014

S/No	Name of Institution	Paragraph	Total Number of Issues Raised	Number of Issues Resolved	Outstanding Issues	Percentage Outstanding Issues (%)
1	Statement of Revenue, Financing and Expenditure for the Year ended 31st December,2014	6	15	7	8	54
2	Zambia Revenue Authority	7	15	0	15	100
3	Ministry of Home Affairs - Zambia Police	8	2	1	1	50
4	Ministry of Mines, Energy and Water Development	9	2	0	2	100
5	Ministry of Home Affairs	10	5	0	5	100
6	Judiciary	11	2	2	0	0
7	Ministry of Transport, Works, Supply and Communication	12	2	0	2	100
8	Ministry of Tourism and Arts	13	2	0	2	100
9	Ministry of Lands, Natural Resources and Environmental Protection	14	33	13	20	61
10	Ministry of Agriculture and Livestock	15	5	1	4	80
11	Ministry of Home Affairs - Zambia Police	16	7	4	3	43
12	Ministry of Mines, Energy and Water Development	17	20	6	14	70
13	Ministry of Home Affairs	18	4	0	4	100
14	Ministry of Home Affairs	19	8	0	8	43
15	Ministry of Home Affairs - Prisons and Reformatories	20	17	9	8	47
16	Ministry of Home Affairs - Prisons and Reformatories	21	8	7	1	13
17	Ministry of Foreign Affairs	22	6	2	4	67
18	Ministry of Foreign Affairs - Lubumbashi	23	5	0	5	100
19	Ministry of Foreign Affairs - Washington DC	24	1	0	1	100
20	Ministry of Foreign Affairs - New York	25	1	0	1	100
21	Ministry of Foreign Affairs - London	26	16	1	15	94

22	Ministry of Foreign Affairs - Nairobi	27	4	0	4	100
23	Ministry of Foreign Affairs - Addis Ababa	28	5	0	5	100
24	Ministry of Foreign Affairs - Beijing	29	7	0	7	100
25	Ministry of Foreign Affairs - New Delhi	30	8	1	7	88
26	Ministry of Foreign Affairs - Maputo	31	3	0	3	100
27	Ministry of Foreign Affairs - Windhoek	32	9	0	9	100
28	Ministry of Foreign Affairs - Brussels	33	8	2	6	75
29	Ministry of Foreign Affairs - Luanda	34	3	1	2	67
30	Ministry of Foreign Affairs - Geneva	35	9	1	8	89
31	Ministry of Foreign Affairs - Pretoria	36	1	0	1	100
32	Ministry of Foreign Affairs - Ottawa	37	2	0	2	100
33	Ministry of Foreign Affairs - Accra	38	7	1	6	86
34	Ministry of Foreign Affairs- Kuala Lumpur	39	5	1	4	80
35	Ministry of Local Government and Housing - Loans and Investments	40	25	4	21	84
36	Ministry of Information and Broadcasting Services	41	4	0	4	100
37	Ministry of Local Government and Housing - Grants to Local Authorities	42	211	9	202	96
38	Ministry of Local Government and Housing - Grants to Local Authorities	43	30	5	25	84
39	Ministry of Justice	44	3	0	3	100
40	Ministry of Community Development, Mother and Child Health - District Community Medical Officers	45	33	7	26	79
41	Ministry of Community Development, Mother and Child Health - Health Headquarters Social Welfare Department	46	11	0	11	100
42	Ministry of Community Development, Mother and Child Health - Personal Emoluments	47	12	0	12	100
43	Ministry of Health	48	52	13	39	75
44	Ministry of Health	49	23	10	13	57
45	Ministry of Transport, Works, Supply and Communication	50	15	1	14	94
46	Ministry of Transport, Works, Supply and Communication - Infrastructure Development- New Districts	51	5	0	5	100
47	Ministry of Youth and Sport	52	8	0	8	100
48	Ministry of Defence	53	7	1	6	86

49	Ministry of Defence - Zambia National Service	54	3	0	3	100
50	Ministry of Education, Science, Vocational Training and Early Education	55	52	4	48	93
51	Ministry of Education, Science, Vocational Training and Early Education	56	33	20	13	40
52	Ministry of Education, Science, Vocational Training and Early Education	57	17	16	1	6
53	Ministry of Education, Science, Vocational Training and Early Education	58	10	0	10	100
54	Ministry of Education, Science, Vocational Training and Early Education	59	31	12	19	62
55	Ministry of Lands, Natural Resources and Environmental Protection	60	5	0	5	100
56	Office of the President - Muchinga Province	61	10	3	7	70
57	Office of the President - Muchinga Province - RRU	62	2	1	1	50
58	Office of the President - Muchinga Province - GDA	63	7	4	3	43
59	Office of the President - Muchinga Province- PRP	64	7	3	4	58
60	Ministry of Agriculture and Livestock	65	13	7	6	46
61	Ministry of Agriculture and Livestock- PACOs & DACOs	66	64	4	60	94
62	Ministry of Agriculture and Livestock	67	14	0	14	100
63	Ministry of Agriculture and Livestock- Agribusiness	68	32	1	31	97
64	Ministry of Agriculture and Livestock- Agricultural Training Institution	69	15	7	8	54
65	Office of the President - Lusaka Province	70	14	7	7	50
66	Office of the President - Lusaka Province	71	15	6	9	60
67	Office of the President - Lusaka Province	72	4	2	2	50
68	Office of the President - Lusaka Province	73	4	3	1	25
69	Office of the President - Copperbelt Province	74	5	2	3	60
70	Office of the President - Copperbelt Province	75	3	1	2	67
71	Office of the President - Copperbelt Province	76	5	1	4	80

72	Office of the President - Copperbelt Province	77	3	2	1	33
73	Office of the President - Central Province	78	5	4	1	20
74	Office of the President - Northern Province	79	11	9	2	19
75	Office of the President - Northern Province	80	2	1	1	50
76	Office of the President - Northern Province	81	8	7	1	13
77	Office of the President - Northern Province	82	3	0	3	100
78	Office of the President - Northern Province	83	9	3	6	67
79	Office of the President - Western Province	84	15	1	14	94
80	Office of the President - Western Province	85	9	3	6	67
81	Office of the President - Western Province	86	4	1	3	75
82	Office of the President - Western Province	87	4	2	2	50
83	Office of the President - Eastern Province	88	10	2	8	80
84	Office of the President - Eastern Province	89	9	4	5	56
85	Office of the President - Eastern Province	90	6	6	0	0
86	Office of the President - Luapula Province	91	4	2	2	50
87	Office of the President - Luapula Province	92	8	2	6	75
88	Office of the President - Luapula Province - RRU	93	2	0	2	100
89	Office of the President - Luapula Province	94	4	4	0	0
90	Office of the President - North Western Province	95	7	0	7	100
91	Office of the President - North Western Province	96	2	0	2	100
92	Office of the President - North Western Province	97	5	0	5	100
93	Office of the President - Southern Province	98	10	2	8	80
94	Office of the President - Southern Province	99	13	12	1	8
95	Office of the President - Southern Province - RRU	100	4	0	4	100
96	Office of the President - Southern Province	101	4	4	0	0
97	Constitutional and Statutory Expenditure	102	3	3	0	0
	TOTAL		1,215	288	927	77

Analysis of the Outstanding and Closed Issues in the Auditor General’s Report for the year ended 31st December 2013

S/No	Name of Institution	Paragraph	Total Number of Issues Raised	Number of Issues Resolved	Outstanding Issues	Percentage Outstanding Issues (%)
1	Statement of Revenue, Financing and Expenditure for the Year Ended 31st December 2013.	6	2	2	0	0
2	Zambia Revenue Authority (ZRA)	7	7	1	6	86
3	Judiciary	8	6	2	4	67
4	Road Transport and Safety Agency (RTSA)	9	10	8	2	20
5	Civil Aviation and Maritime and Inland Waterways	10	3	2	1	33
6	Ministry of Lands	11	7	1	6	86
7	Ministry of Agriculture and Livestock	12	2	0	2	100
9	Cabinet Office	13	18	0	18	100
10	Ministry of Home Affairs	14	3	1	2	67
11	Ministry of Chiefs and Traditional Affairs	15	9	4	5	56
12	Ministry of Home Affairs	16	7	5	2	29
13	Ministry of Foreign Affairs	17	4	4	0	0
14	Ministry of Foreign Affairs- Missions Abroad - Lubumbashi	18	4	3	1	25
15	Ministry of Foreign Affairs - Missions Abroad - Lilongwe	19	3	1	2	67
16	Ministry Of Foreign Affairs – Missions Abroad - London	20	9	3	6	67
17	Ministry of Foreign Affairs - Mission Abroad - Geneva	21	6	1	5	84
18	Ministry of Foreign Affairs - Missions Abroad - Dar es Salaam	22	14	5	9	65
19	Ministry of Foreign Affairs – Missions Abroad - Gaborone	23	6	1	5	84
20	Ministry of Foreign Affairs - Missions Abroad-Maputo	24	4	1	3	75

21	Ministry of Foreign Affairs - Missions Abroad - Windhoek	25	7	0	7	100
22	Ministry of Foreign Affairs - Mission Abroad - Brussels	26	3	0	3	100
23	Ministry of Foreign Affairs - Missions Abroad - Harare	27	3	1	2	67
24	Ministry of Foreign Affairs - Missions Abroad - Pretoria	28	5	2	3	60
25	Ministry of Foreign Affairs – Missions Abroad - Rome	29	5	0	5	100
26	Disaster Management and Mitigation Unit (DMMU) - Headquarters	30	11	7	4	37
27	Loans and Investments – Ministry of Local Government and Housing	31	18	1	17	97
28	Loans and Investments - Ministry of Finance	32	17	10	7	42
29	Public Service Management Division	33	5	0	5	100
30	Ministry of Local Government and Housing	34	7	0	7	100
31	Ministry of local Government and Housing	35	85	40	45	53
32	Ministry of Local Government and Housing	36	31	1	30	97
33	Ministry of Justice	37	7	0	7	100
34	Ministry of Commerce, Trade and Industry	38	5	3	2	40
35	Ministry of Finance	39	5	4	1	20
36	Ministry of Finance - Central Statistical Office	40	4	2	2	50
37	Ministry of Labour and Social Security	41	8	2	6	75
38	Ministry of Community Development Mother and Child Health	42	4	3	1	25
39	Ministry of Community Development, Mother and Child Health	43	23	7	16	70
40	Ministry of Health	44	7	7	0	0
41	Ministry of Health	45	8	2	6	75
42	Ministry of Health	46	37	20	17	46

43	Ministry of Transport, Works, Supply and Communications	47	7	0	7	100
44	Ministry of Transport, Works, Supply and Communication	48	4	1	3	75
45	Ministry of Youth and Sport	49	1	0	1	100
46	Ministry of Defence – Zambia Army	50	5	2	3	60
47	Ministry of Defence – Zambia Air Force (ZAF)	51	3	1	2	67
48	Ministry of Defence – Zambia National Service	52	8	8	0	100
49	Ministry of Education, Science and Vocational Training and Early Education	53	12	2	10	84
50	Ministry of Education, Science, Vocational Training and Early Childhood Education	54	37	11	26	71
51	Ministry of Education, Science, Vocational Training and Early Education	55	13	13	0	0
52	Ministry of Education	56	10	1	9	90
53	Ministry of Lands, Natural Resources and Environmental Protection	57	12	0	12	100
54	Office of the President – Muchinga Province	58	13	1	12	16
55	Ministry of Agriculture and Livestock	59	15	0	15	100
56	Ministry of Agriculture and Livestock	60	50	7	43	86
57	Ministry of Agriculture and Livestock – Agribusiness and Marketing Department	61	27	1	26	97
58	Office of the President – Lusaka Province	62	11	4	7	64
59	Office of the President – Lusaka Province - Headquarters	63	3	0	3	100
60	Office of the President – Lusaka Province	64	6	2	4	67

61	Office of the President – Lusaka Province – Rural Roads Unit	65	23	5	18	79
62	Office of the President – Copperbelt Province	66	6	0	6	100
63	Office of the President – Copperbelt Province	67	4	2	2	50
64	Office of the President, Copperbelt	68	3	1	2	67
65	Office of the President, Copperbelt	69	5	2	3	60
66	Office of the President – Central Province – Rural Roads Department	70	3	3	0	0
67	Office of the President - Northern Province	71	3	1	2	67
68	Office of the President - Northern Province - Rural Roads Department	72	3	0	3	100
69	Office of the President – Western Province	73	14	7	7	50
70	Office of the President – Western Province	74	4	1	3	75
71	Office of the President – Western Province	75	15	10	5	34
72	Office of the President - Western Province - Rural Roads Department	76	8	5	3	38
73	Office of the President - Eastern Province	77	7	2	5	72
74	Office of the President - Eastern Province – Rural Roads Department	78	7	4	3	43
75	Office of the President - Luapula Province	79	4	0	4	100
76	Office of the President - Luapula Province	80	4	0	4	100
77	Office of the President - Luapula Province	81	8	1	7	88
78	Office of the President – North - Western Province	82	6	2	4	67
79	Office of the President - North Western Province	83	6	1	5	84
80	Office of the President - North-Western Province Rural Roads Department	84	4	0	4	100
81	Office of the President - Southern Province	85	10	4	6	60

82	Office of the President - Southern Province	86	7	2	5	72
83	Office of the President – Southern Province	87	4	3	1	25
84	Office of the President - Southern Province	88	19	6	13	69
88	Office of the President - Southern Province - Headquarters	89	9	2	7	78
89	Office of the President - Southern Province	90	3	2	1	33
90	Constitutional and Statutory Expenditure	91	7	7	0	0
	TOTAL		867	284	583	68

Analysis of the Outstanding and Closed Issues in the Auditor General’s Report for the year ended 31st December 2012

S/No	Name of Institution	Paragraph	Number of Issues Raised	Number of Issues Resolved	Outstanding Issues	Percentage Outstanding Issues
	Statement of Revenue, Financing and Expenditure for the Year ended 31st December, 2014					
	Zambia Revenue Authority	7	9	2	7	78
	Ministry of Home Affairs - Zambia Police	16	9	9	0	0
	Ministry of Home Affairs - Head Quarters, Immigration and National Registration, Passport and Citizenship	17	15	4	11	73
	Ministry of Mines, Energy and Water Development	46	6	0	6	100
	Ministry of Home Affairs	71	18	8	10	56
	Judiciary	10	18	10	8	44
	Ministry of Lands, Natural Resources and Environmental Protection	14	5	2	3	60
	Ministry of Foreign Affairs- Headquarters	18	6	0	6	100
	Ministry of Foreign Affairs - Washington DC	19	3	0	3	100
	Ministry of Foreign Affairs - New York	20	5	0	5	100
	Ministry of Foreign Affairs - Cairo	21	6	3	3	50
	Ministry of Foreign Affairs – Nairobi	22	10	6	4	40
	Ministry of Foreign Affairs - Moscow	33	13	3	10	77
	Ministry of Foreign Affairs - Addis Ababa	24	24	13	11	46
	Ministry of Foreign Affairs – Beijing	25	4	1	3	75

	Ministry of Foreign Affairs - New Delhi	27	6	2	4	67
	Ministry of Foreign Affairs - Abuja	26	9	8	1	11
	Ministry of Foreign Affairs – Luanda	28	3	2	1	33
	Ministry of Foreign Affairs – Pretoria	29	3	3	0	0
	Ministry of Foreign Affairs – Accra	30	3	2	1	33
	Ministry of Local Government and Housing - Loans and Investments	31	26	3	23	88
	Ministry of Information and Broadcasting Services	12	5	1	4	80
	Ministry of Information and Broadcasting and Tourism	33	12	4	8	67
	Ministry of Local Government and Housing – Various	34	11	0	11	100
	Ministry of Finance -Loans and Investments	32	10	9	1	10
	Ministry of Justice	35	13	5	8	62
	Ministry of Labour, Youth and Sport	36	10	3	7	70
	Ministry of Health	37	60	8	52	87
	Ministry of Health	38	18	9	9	50
	Ministry of Transport, Works, Supply and Communication	39	15	3	12	80
	Ministry of Defence- Zambia Army	40	10	0	10	100
	Ministry of Defence- Zambia Army- Zambia Airforce (ZAF)	41	10	10	0	0
	Ministry of Defence - Zambia National Service	42	5	3	2	40
	Ministry of Education, Science, Vocational Training and Early Education	43	10	3	7	70
	Ministry of Education, Science, Vocational Training and Early Education	44	46	15	21	46
	Ministry of Education, Science, Vocational Training and Early Education	45	4	1	3	75
	Ministry of Lands, Natural Resources and Environmental Protection	46	36	15	21	58
	Ministry of Lands, Natural Resources and Environmental Protection	47	9	7	2	22
	Ministry of Lands, Natural Resources and Environmental Protection	48	5	4	1	20
	Ministry of Agriculture and Livestock	49	22	15	7	32

	Ministry of Agriculture and Livestock- PACOs & DACOs	50	16	12	4	25
	Office of the President - Copperbelt Province	50	8	3	5	66
	Office of the President - Copperbelt Province	52	4	0	4	100
	Office of the President - Copperbelt Province	53	6	2	4	67
	Office of the President - Copperbelt Province	54	6	2	4	67
	Office of the President - Central Province	55	4	2	2	50
	Office of the President - Central Province	56	3	1	2	67
	Office of the President - Central Province	57	5	3	2	40
	Office of the President - Central Province	58	3	2	1	33
	Office of the President - Northern Province	59	5	2	3	60
	Office of the President - Northern Province	60	11	5	6	55
	Office of the President - Northern Province	61	7	1	6	86
	Office of the President - Muchinga Province	62	3	2	1	33
	Office of the President - Muchinga Province – RRU	63	4	3	1	25
	Office of the President - Western Province	63	4	3	1	25
	Office of the President - Western Province	64	9	6	3	33
	Office of the President - Western Province	65	3	3	0	0
	Office of the President - Western Province	66	5	4	1	25
	Office of the President - Eastern Province	67	4	3	1	25
	Office of the President - Eastern Province	68	3	2	1	33
	Office of the President - Eastern Province	69	6	2	4	67
	Office of the President - Luapula Province	70	6	1	5	83
	Office of the President - Luapula Province – RRU	72	10	9	1	10
	Office of the President - Luapula Province	73	5	2	3	60
	Office of the President - North Western Province	74	9	6	3	33
	Office of the President - North Western Province	75	2	2	0	0
	Office of the President - North Western Province	76	8	3	5	63
	Office of the President - Southern Province	77	11	8	3	27
	Office of the President - Southern Province	78	8	3	5	63
	Office of the President - Southern Province – RRU	79	15	7	8	53
	Office of the President - Southern Province	80	3	1	2	67
	Constitutional and Statutory Expenditure	81	18	18	0	0
	TOTAL		719	319	400	56

Analysis of the Outstanding Issues in the Auditor General's Report for the year ended 31st December 2011

S/N	CLIENT	PARAGRAPH	NO. OF OUTSTANDING ISSUES
1.	Zambia Revenue Authority	7 (6)	3
2.	Ministry of Energy and Water Development	8 (7)	1
	- Exceptional Revenue	17 (16)	10
	- Headquarters		
3.	Ministry of Finance		
	- Exceptional Expenditure	9 (8)	2
	- Ministry of Finance	41 (41)	1
	- Central Statistical Office	41 (40)	4
4.	Ministry of Mines and Minerals Development	10 (9)	3
5.	Judiciary – fees and fines	11 (10)	3
6.	Ministry of Lands	13 (12)	3
7.	Ministry of Agriculture and Cooperatives	14 (13)	2
8.	Ministry of Gender and Child Development	15 (14)	1
9.	Ministry of Home Affairs		
	- Zambia Police	16 (15)	2
	- Headquarters	18 (17)	2
	- Prisons and Reformatories	20 (19)	3
10.	Ministry of Foreign Affairs		
	- Headquarters	21 (20)	3
	- Lubumbashi	22 (21)	3
	- Washington	23 (22)	3
	- Lilongwe	24 (23)	3
	- London	25 (24)	8
	- Dar-es-salaam	26 (25)	3
	- Gaborone	27 (26)	2
	- Maputu	28 (27)	2
	- Windhoek	29 (28)	3
	- Brussels	30 (29)	3
	- Harare	31 (30)	3
	- Berlin	32 (31)	1
	- Pretoria	33 (32)	2
	- Paris	34 (33)	2
	- Rome	35 (34)	5
	- Luena	36 (35)	2
11.	Office of the Vice President	37 (36)	2

12.	Ministry of Local Government and Housing	38 (37)	9
13.	Ministry of Justice	39 (38)	2
14.	Ministry of Commerce, Trade and Industry	40 (39)	5
15.	Ministry of Community Development Mother and Child Health	43 (42)	3
16.	Ministry of Health - Clinical Care and Diagnostics Services - Ronald Ross General Hospital	43 (43) 44 (43)	8 7
17.	Ministry of Transport, Works, Supply and Communication	46 (45)	4
18.	Ministry of Science, Technology and Vocational Training – Kabwe Trades	47 (46)	2
19.	Ministry of Defence - Headquarters – Medical Services - Zambia Army (Administration, Operations, Training) - Zambia National Service	48 (47) 49 (48) 50 (49)	4 2 4
20.	Ministry of Education - Headquarters - Regional Headquarters	51 (50) 52 (51)	6 4
21.	Ministry of Livestock and Fisheries Development	53 (52)	5
22.	Ministry of Livestock and Fisheries Development - Copperbelt Province - Southern Province - Northern Province - Western Province Provincial Office - Western Province - North Western Province	54 (53) 55 (54) 56 (55) 57 (56) 58 (57) 60 (59)	2 5 4 3 3 2
23.	Ministry of Agriculture and Cooperatives	61 (60)	2
24.	Ministry of Agriculture and Cooperatives - Agribusiness and Marketing Department - Copperbelt Province - Southern Province - Northern Province - Western Province - Eastern Province - North Western - Lusaka Province	62 (61) 63 (62) 64 (63) 65 (64) 66 (65) 67 (66) 68 (67) 70 (68)	9 6 6 4 5 4 3 5
25.	Office of the President:		

- Lusaka Province	70 (69)	5
- Lusaka Province - PRP	71 (70)	7
- Lusaka Province – RRU	72 (71)	10
- Copperbelt Province	73 (72)	2
- Copperbelt Province – GA	74 (73)	10
- Copperbelt Province - PRP	75 (74)	6
- Copperbelt Province – RRU	76 (75)	4
- Central Province – RRU	77 (76)	1
- Western Province – GA	78 (77)	7
- Western Province – GDA	79 (78)	4
- Western Province – RRU	80 (79)	3
- Western Province – PRP	81 (80)	2
- Eastern Province – GDA	82 (81)	2
- Eastern Province – GA	83 (82)	3
- Eastern Province – PRP	84 (83)	1
- North Western Province	85 (84)	4
- Southern Province	86 (85)	8
- Southern Province – Headquarters	87 (86)	5
- Southern Province – Various	88 (87)	4
- Southern Province – RRU	89 (88)	5
- Southern Province – District Admin.	90 (89)	4

Analysis of the Outstanding Issues in the Auditor General’s Report for the year ended 31st December 2010

S/N	CLIENT	PARAGRAPH	NO. OF OUTSTANDING ISSUES
1	Zambia Revenue Authority	8 (7)	4
2	Ministry of Lands	8 (8)	2
3	Ministry of Home Affairs – Zambia Police	9 (9)	6
4	Road Traffic and Safety Agency	10 (10)	5
5	Judiciary	11 (11)	2
6	Ministry of Home Affairs - Passport and Citizenship	12 (12)	1
7	Ministry of Mine and Minerals Development	13 (13)	3
8	Ministry of Home Affairs Ministry of Home Affairs - Northern Region	14 (14) 16 (16)	11
9	Ministry of Foreign Affairs - Mission Abroad – Washington DC - Mission Abroad – New York - Mission Abroad – Moscow - Mission Abroad – Addis Ababa - Mission Abroad – Beijing	17 (17) 18 (18) 19 (19) 21 (21) 22 (22)	3 2 1 3 6

	- Mission Abroad – Abuja	23 (23)	3
	- Mission Abroad – New Delhi	24 (24)	1
	- Mission Abroad – Luanda	25 (25)	2
	- Mission Abroad – Ottawa	26 (26)	3
10	Ministry of Finance and National Planning	28 (28)	2
11	Ministry of Information and Broadcasting Services	29 (29)	4
12	Public Service Division	30 (30)	2
13	Ministry of Local Government and Housing	31 (31)	8
14	Ministry of Commerce, Trade and Industry	32 (32)	3
15	Ministry of Finance and National Planning	33 (33)	3
16	- Central Statistics Offices	34 (34)	6
17	Ministry of Community Development and Social Services	35 (35)	2
18	Ministry of Health	36 (36)	3
19	Ministry of Communication and Transport	37 (37)	5
20	Ministry of Works and Supply	38 (38)	1
21	Ministry of Science, Technology and vocational Training	39 (39)	4
22	Ministry of Youth, sport and child Development	41 (42)	3
23	Ministry of Defence		
	- Headquarters	42 (43)	1
	- Zambia Army	43 (44)	2
	- Zambia Air Force	44 (45)	1
	- Zambia National Service	45 (46)	2
24	Ministry of Education	46 (47)	16
25	Ministry of Education – Headquarters	47 (48)	13
26	Ministry of Lands	48 (49)	1
27	Ministry of Agriculture and Cooperatives	49 (50) 50 (51)	6
28	Ministry of Agriculture and Livestock	51 (52)	1
29	Ministry of Agriculture and Cooperatives	52 (53)	5
30	Office of President		
	- Lusaka Province	53 (54)	3
	- Lusaka Province	54 (55)	4
		55 (56)	2
	- Copperbelt Province	56 (57)	3
	- Copperbelt Province	57 (58)	10
	- Copperbelt Province	58 (59)	3
		59 (60)	3

	- Central Province	61 (62)	3
	- Central Province	62 (63)	5
		63 (64)	1
	- Northern Province	64 (65)	3
	- Northern Province	65 (66)	1
	- Western Province	66 (67)	2
		67 (68)	3
		68 (69)	2
		70 (71)	3
		71 (72)	1
		72 (73)	4
		73 (74)	2
	- Luapula Province	74 (75)	5
		75 (76)	2
		76 (77)	2
	- North Western Province	77 (78)	1
	- Southern Province		
31	Secretary to the Treasury – Constitutional and Statutory Expenditure	78 (79)	1

Analysis of the Outstanding Issues in the Auditor General’s Report for the year ended 31st December 2009

S/N	CLIENT	PARAGRAPH	NO. OF OUTSTANDING ISSUES
26.	Ministry of Finance	7 (5)	1
27.	Zambia Revenue Authority	8 (6)	2
28.	Ministry of Home Affairs	10(8)	3
	- Headquarters	17 (15)	5
	- Zambia Police	15 (13)	7
	- Passport and Citizenship	18 (16)	10
29.	Ministry of Agriculture	11 (9)	1
30.	Ministry of Works and Supply	12 (10)	2
31.	Ministry of Lsnds	13 (11)	5
32.	Cabinet Office - MDD	14 (12)	6
33.	Ministry of Engergy and Water Development	16 (14)	1

34.	Ministry of Gender and Child Development	14	1
35.	Ministry of Foreign Affairs - Headquarters - Lubumbashi - London - Dar-es-salaam - Kinshasa - Gaborone - Maputu - Windhoek - Brussels - Harare - Berlin - Geneva - Pretoria - Paris - Rome	20 (18) 19 (17) 21 (19) 22 (20) 23 (21) 24 (22) 26(24) 27 (25) 28 (26) 29 (27) 30 (28) 31 (29) 32 (30) 33 (31) 34 (32)	3 1 2 3 2 2 4 2 3 2 2 7 3 7 2
36.	Ministry of Information and Broadcasting Services	36 (34)	9
37.	Ministry of Local Government and Housing	37 (35)	5
38.	Ministry of Finance and National Planning - Central Statistical Office	38(36) 40 (38)	3 2
39.	Ministry of Community Development Mother and social Services	41(39)	5
40.	Ministry of Health	42 (40)	9
41.	Ministry of communication and Transport	43 (41)	1
42.	Ministry of Works and Supply	44 (42)	5
43.	Ministry of Science, technology and Vocational Training – Headquarters - Rehabilitation of Training Institutions	45 (43) 46 (44))	1 1
44.	Ministry of Tourism, Environment and Natural Resources	47 (45)	6
45.	Ministry of Sport, Youth and Child Development	48 (46)	4
46.	Ministry of Defence	49 (47)	4
47.	Ministry of Education - University Education - Various	50 (48) 51 (49) 52 (50) 54 (52)	12 2 5 3

	- Regional Headquarters – Western Province - High Schools – Eastern Province	55 (53)	10
48.	Ministry of Lands	56 (54)	4
49.	Ministry of Agriculture	57 (55)	6
50.	Office of the President – Lusaka Province	58 (56)	5
	- Various	59 (57)	6
	- Northern Province	60 (58)	8
	- General Admin – Northern	61 (59)	12
	- Western Province -	62 (60)	10
	- -General Admin – Western	63 (61)	3
	- General deposit – Western	65 (63)	3
	- Improvement of Health – Western	66 (64)	2
	- Rural Roads – Western	67 (65)	5
	- Eastern Province – HQ	68 (66)	5
	- Luapula Province – HQ	70 (67)	5
	- Luapula – various	71 (68)	3
	- Luapula Rural Roads Unit	72 (69)	2
	- Luapula – Buildings Department	73 (70)	3
	- Southern Province – P.Es	74 (71)	4
	- Southern Province – various	75 (72)	3
	- Southern - HQ	76 (73)	3

Analysis of the Outstanding Issues in the Auditor General’s Report for the year ended 31st December 2008

S/N	CLIENT	PARAGRAPH	NO. OF OUTSTANDING ISSUES
51.	Outturn and Appropriation Accounts	7(7)	1
52.	Zambia Revenue Authority	8(8)	10
53.	Ministry of Energy and Water	9(9)	3
54.	Ministry of Mines and Minerals Development	10(10)	2
55.	Ministry of Home Affairs	12 (12)	2
56.	Ministry of Home Affairs	13 (13)	3
57.	Judiciary	14 (14)	4
58.	Ministry of Information and Broadcast Services	15 (15)	1
59.	Ministry Of Justice	16 (16)	2
60.	Ministry of Labour and Social Security	17 (17)	3
61.	Ministry of Communications and Transport	18 (18)	1

62.	Ministry of Agriculture and Cooperatives	20 (19)	2
63.	Office of the Vice President	21 (20)	1
64.	Office of the President - Headquarters	22 (21)	1
65.	Zambia Police Services	23 (22)	7
66.	Ministry of Energy and Water Development- Department of Water Affairs	24 (23)	1
67.	Ministry of Mines and Minerals Development	25 (24)	5
68.	Ministry of Home Affairs - Prisons and Reformatories	26(25)	1
69.	Ministry of Home Affairs-Drug Enforcement Commission Headquarters	27 (26)	8
70.	Ministry of Foreign Affairs	28(27)	1
71.	Ministry of Foreign Affairs, Mission Abroad – Cairo	30(29)	1
72.	Ministry of Foreign Affairs, Mission Abroad, Moscow	32(31)	1
73.	Ministry of Foreign Affairs – Mission Abroad – Beijing	35(34)	1
74.	Ministry of Foreign Affairs, Mission Abroad – Abuja	36(35)	2
75.	Ministry of Foreign Affairs – Mission Abroad – Pretoria	40(39)	9
76.	Ministry of Foreign Affairs-Mission Abroad-Ottawa	41(40)	1
77.	Ministry of Information and Broadcasting Services	42 (41)	1
78.	Ministry of Local Government And Housing	43(42)	5
79.	Ministry of Local Government and Housing – Local Government Administration	44(43)	1
80.	Ministry of Local Government and Housing – Local Government Administration	45(44)	2
81.	Ministry of Local Governments and Housing – House of Chiefs Department	46(45)	2
82.	Ministry of Justice	47 (46)	1
83.	Ministry of Finance and National Planning – Human Resource and Administration	48(47)	1
84.	Ministry of Finance and National Planning – Central Statistical Office (CSO)	49(48)	1
85.	Ministry of Labour and Social Security	50 (49)	1
86.	Ministry of Community and Social Development Services	51 (50)	1
87.	Ministry of Health – Eastern Province	52 (51)	1

88.	Ministry of Health – North Western Province	53(52)	1
89.	Ministry of Health, Northern Province - Provincial Health Office	54(53)	2
90.	Ministry of Communications and Transport -Headquarters	55 (54)	5
91.	Ministry of Works and Supply-Buildings Dept.	56 (55)	3
92.	Ministry of Works and Supply – Human Resources and Administration Department	57 (56)	4
93.	Ministry of Science, Technology and Vocational Training	58 (57)	2
94.	Ministry of Tourism, Environment and Natural Resources - Forestry Department	60 (59)	1
95.	Ministry of Sport, Youth and Child Development – Sports Department	61 (60)	1
96.	Ministry of Defence - Headquarters	62 (61)	1
97.	Ministry of Defence-Zambia Air Force	63 (62)	2
98.	Ministry of Defence-Zambia National Service (ZNS)	64 (63)	1
99.	Ministry of Education	65 (64)	1
100.	Ministry of Education - Headquarters	66 (65)	1
101.	Ministry of Education- Teacher Education - Central Province	67 (66)	9
102.	Ministry of Lands – Human Resources and Administration	68 (67)	1
103.	Ministry of Agriculture and Cooperatives - Department of Veterinary Livestock Development	69 (68)	1
104.	Ministry of Agriculture and cooperatives – Agriculture Training Institute	70 (69)	1
105.	Ministry of Agriculture and Cooperatives- Agribusiness and Marketing Department	71 (70)	1
106.	Ministry of Agriculture and Co-operatives – Central Province, Provincial Agriculture Coordinating Office	72 (71)	1
107.	Ministry of Agriculture and Cooperatives – Eastern Province – Provincial Agriculture Coordinating Office	73 (72)	1
108.	Office of the President – Lusaka Province	74 (73)	4
109.	Office of the President - Lusaka Province Headquarters	75 (74)	1
110.	Office of the President – Copperbelt Province	76 (75)	7

111.	Office of the President – Copperbelt Province – Youth Development Department	77 (76)	1
112.	Office of the President-Northern Province	79(77)	1
113.	Office of the President-Northern Province	79 (78)	1
114.		80(79)	1
115.	Office of the President-Northern Province	81 (80)	1
116.	Office of the President-Northern Province-Buildings Department	82 (81)	1
117.	Office of the President-Western Province	83(82)	1
118.	Office of the President-Western Province-Resettlement Department	84 (83)	1
119.	Office of the President-Western Province-Resettlment Department	85(84)	1
120.	Office of the President-Eastern Province	86 (85)	1
121.	Office of the President-Eastern Province	87(86)	1
122.	Office of the President-Eastern Province-Road Traffic Department	89 (88)	1
123.	Office of the President-Luapula Province-Water Affairs Department	90 (89)	1
124.	Office of the President-Luapula Province-Water Affairs Department	91(90)	3
125.	Office of the President-North Western Province	92(91)	1
126.	Office of the President-Southern Province	93 (92)	2
127.	Office of the President-Southern Province Headquarters	94 (93)	1
128.	Office of the President-Luapula Province-Water Affairs Department	95(94)	1

Analysis of the Outstanding Issues in the Auditor General’s Report for the year ended 31st December 2007

S/N	CLIENT	PARAGRAPH	NO. OF OUTSTANDING ISSUES
129.	Zambia Revenue Authority	7 (8)	3
130.	Ministry Of Agriculture And Cooperatives	8 (9)	3
131.	Ministry Of Home Affairs	9 (10)	3
132.	Ministry Of Energy And Water Development	10 (11)	1
133.	Ministry Of Mines And Mineral Development	11 12)	1
134.	Ministry Of Home Affair- Immigration	12 (13)	1

135.	Judiciary	14 (15)	1
136.	Ministry Of Communications And Transport	15 (16)	1
137.	Ministry Of Communications And Transport	16 (17)	1
138.	Ministry Of Lands	17 (18)	4
139.	Zambia Police-Headquarters	18 (19)	3
140.	Ministry Of Home Affairs headquarters	19 (20)	3
141.	Ministry Of Foreign Affairs	20 (21)	1
142.	Ministry Of Local Government And Housing Physical Planning And Housing Department	21 (22)	1
143.	Ministry Of Information And Broadcasting Services	22 (24)	1
144.	Ministry Of Finance And National Planning	24 (28)	1
145.	Ministry Of Finance And National Planning - Central Statistical Office (CSO)	25 (29)	1
146.	Ministry Of Community Development And Social Services	26 (30)	1
147.	Ministry Of Health	27 (31)	1
148.	Ministry Of Health	28 (32)	1
149.	Ministry Of Health Directorate Of Planning And Development	30 (34)	1
150.	Ministry Of Science, Technology And Vocational Training Department Of Planning And Development	32 (36)	1
151.	Ministry Of Science, Technology And Vocational Training Department Of Planning And Development	34 (38)	1
152.	Ministry Of Defence - Headquarters	35 (39)	5
153.	Ministry Of Education	36 (40)	1
154.	Ministry Of Education Regional Headquarters Eastern Province	37 (41)	1
155.	Ministry Of Education Basic School North Western Province	38 (42)	1
156.	Ministry Of Lands Human Resources And Administration	39 (43)	4
157.	Ministry Of Agriculture And Cooperatives	40 (44)	1
158.	Ministry Of Agriculture And Cooperatives Agriculture Department	41 (45)	3
159.	Ministry Of Agriculture And Cooperatives Fisheries Department	43 (47)	3

160.	Ministry Of Agriculture And Cooperatives - Eastern	44 (48)	1
161.	Office Of The President Lusaka Province	45 (49)	3
162.	Office Of The President, Copperbelt Province - Headquarters	46 (50)	2
163.	Office Of The President Copperbelt Province - Headquarters	47 (51)	1
164.	Office Of The President - Northern Province	48 (52)	1
165.	Office Of The President Northern Province - Headquarters	49 (53)	1
166.	Office Of The President - Northern Province District Administration	50 (54)	1
167.	Office Of The President Eastern Province	51 (58)	3
168.	Office Of The President Eastern Province - Headquarters	52 (59)	1
169.	Office Of The President Luapula Province - Headquarters	53 (60)	6
170.	Office Of The President North Western Province Headquarters	55 (62)	1
171.	Office Of The President North Western Province	56 (63)	1
172.	Office Of The President North Western Province Headquarters	57 (64)	5
173.	Office Of The President North Western Province Headquarters	58 (65)	8
174.	Office Of The President Southern Province	61 (68)	1

**Analysis of the Outstanding Issues in the Auditor General's Report for the year ended 31st
December 2006**

S/N	CLIENT	PARAGRAPH	NO. OF OUTSTANDING ISSUES
175.	Ministry of Lands	23 (21)	2
176.	Ministry of Works and Supply	24 (22)	1
177.	Ministry of Local Government and Housing Local Government Administration Department	49 (47)	4
178.	Ministry of Lands - Human Resource and Administration	65 (63)	1

179.	Ministry of Lands – weaknesses in accounting for funds	66 (64)	1
180.	Ministry of Works and Supply	56 (54)	1
181.	Ministry of Works and Supply	57 (55)	1
182.	Ministry of Works and Supply - rehabilitation of Luangwa , Henry Makulu and Mansa lodges	58 (56)	1
183.	Ministry of Local Government and Housing Local Government Administration Department	49 (47)	4
184.	Ministry of Education	62 (60)	7
185.	Ministry of Education	63 (61)	1
186.	Ministry of Education – Central Province	64 (62)	1
187.	Office of the President - Western Province	76 (74)	1
188.	Office of the President – Western - PRP	78 (76)	4
189.	Office of the President – Western Province Roads Department	79 (77)	1
190.	Office of the President – Western Province - Water Affairs Department	80 (78)	1
191.	Office of the President - Western Province – Headquarters	81 (75)	1
192.	Office of the President - Southern Province Headquarters	89 (87)	2
193.	Office of the President – Southern Province - PRP	90 (88)	2
194.	Office of the President - Northern Province	72 (70)	2
195.	Office of the President, Northern Province- Headquarters	73 (71)	2
196.	Office of the President - Western Province – PE’s	75 (74)	2
197.	Office of the President – Luapula Province - Headquarters	84 (82)	1
198.	Office of the President – Eastern Province	83 (81)	1
199.	Office of the President – North Western Province	88 (86)	2

**Analysis of the Outstanding Issues in the Auditor General’s Report for the year ended 31st
December 2005**

S/N	CLIENT	PARAGRAPH	NO. OF OUTSTANDING ISSUES
200.	Zambia Revenue Authority (ZRA)	9 (9)	1
201.	Ministry of Home Affairs	10 (10)	1
202.	Ministry of Mines and Minerals Development	13 (13)	1
203.	Ministry of Lands	14 (14)	1
204.	Ministry of Foreign Affairs	15 (15)	1
205.	Ministry of Works and Supply	20 (20)	1
206.	Ministry of Home Affairs-Central Province- Immigration Department	22 (22)	2

207.	Ministry of Foreign Affairs Missions Abroad - New York	24 (24)	1
208.	Judiciary Headquarters	28 (28)	1
209.	Ministry of Community Development And Social Services – Social Welfare Department	33 (33)	1
210.	Ministry of Health	34 (34)	1
211.	Ministry of Communications and Transport Headquarters	36 (36)	1
212.	Ministry of Communications and Transport- Headquarters	37 (37)	1
213.	Ministry of Communication and Transport – Road Traffic Commission	38 (38)	1
214.	Ministry of Education	40 (40)	2
215.	Provincial Offices	41 (41)	1
216.	Office of the President - Central Province	44 (44)	1
217.	Office of the President - Central Province – Roads Department	45 (45)	1
218.	Office of the President Northern Province- Headquarters	46 (46)	2
219.	Office of the President – Northern Province Water Affairs Department	47 (47)	1
220.	Office of the President North-Western Province	51 (51)	1
221.	Office of the President - North Western Province – Headquarters	52 (52)	5
222.	Office of the President - Central Province – Roads Department	41 (45)	2

Appendix 2 - Glossary of Terms

Accountable Documents	Documents such as receipts, licences, certificates, discs or tokens and others used in the collection of Revenues.
Controlling Officer	An officer designated as such by the Secretary to the Treasury to maintain accounts of a Ministry, Province or Spending Agency.
Delayed Banking	Failure to bank moneys received not later than the next business day or at least twice every month where banking facilities do not exist.
Excess expenditure	Expenditure incurred without the authorisation of National Assembly normally above the authorised budget amounts.
Failure to Follow Procurement Procedures	Non-Compliance with the ZPPA Act and Procurement guidelines in the purchase of goods and services.
Irregular payments	Payments made outside the normal practice or acceptable regulations or norms.
Irregularity	Breach of rules, regulations or laws.
Imprest	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.
Misapplication	Use of funds budgeted for a programme on an unrelated programme without authority from the Secretary to the Treasury.

Misappropriation	Use of public funds for personal purposes or crediting public funds to a private bank account.
Non-Recovery of Salary advances and Loans	Failure to effect recovery of loans or advances.
Overpayments	Payments made above the normal price charged.
Parliament	Legislative organ of Government
Public Accounts Committee (PAC)	A sessional committee of the National Assembly established in terms of the standing orders. PAC examines the Auditor General's Report, as part of their mandate of examining the accounts showing the appropriation of the sums approved by the National Assembly.
Unaccounted For Revenue	Revenue collected but neither banked nor on hand.
Statement B	Statement of budget execution. This highlights the budget performance of the Government during the period under review.
Statement C	Statement of detailed budget execution (Comparative statement of authorised provision and actual expenditure)
Unvouched Expenditure	Payment vouchers not availed for audit because they are either missing or inadequately supported. This may be a means of concealing a wrong doing
Unretired Imprest	Imprest not retired.
Unauthorised expenditure	Funds spent for the purpose not intended for or in excess of the allocated amount.

Unacquitted payments	Payments made without evidence of having been received by the intended beneficiaries.
Unapproved payments	Payments made without the necessary approval from the Controlling Officer.
Unaccounted-For Stores	Lack of receipt and disposal details for goods procured.
Undelivered Materials	Goods paid for but not received.
Non-Submission of Expenditure Returns	Failure to provide details of how funds disbursed were utilised.
Unaccounted for Funds	Failure to properly account for the funds.
Wasteful expenditure	Expenditure incurred where there is no benefit derived.
Reconciliation	The process of ensuring that two (2) sets of records are in agreement.



**Office of the Auditor General
Stand No. 7951
Haile Selassie Avenue
Longacres
P.O. Box 50071
Lusaka, Zambia**

**E-mail: auditorg@ago.gov.zm
www.ago.gov.zm
Telephone: +260 211 252611/ 252772
Fax: +260 211 250349**