



REPUBLIC OF ZAMBIA

Office of the Auditor General



REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE REPUBLIC

FOR THE

FINANCIAL YEAR ENDED 31ST DECEMBER, 2018



REPUBLIC OF ZAMBIA

REPORT

of the

AUDITOR GENERAL

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Financial Year Ended 31st December 2018

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

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Preface

The Republican Constitution gives the Auditor General the mandate to audit all public finances. It is now my honour and privilege to submit the Report of the Auditor General on the Accounts of the Republic of Zambia for the financial year ended 31st December 2018 in accordance with Article 212 of the Constitution.

The results of my audit which covered areas that cut across all the five (5) Developmental Strategic Areas of the Seventh National Development Plan are highlighted in this Report and include failure to follow legislation, 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 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.

My Office has issued an opinion on the Consolidated Financial Statement of Government in line with Article 211 of the Constitution of Zambia (Amendment) No. 2 of 2016.

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 at the time of producing this report.



Davison K. Mendamenda

ACTING AUDITOR GENERAL

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, the Public Finance Management Act No. 1 of 2018 and Public Audit Act No. 13 of 1994.

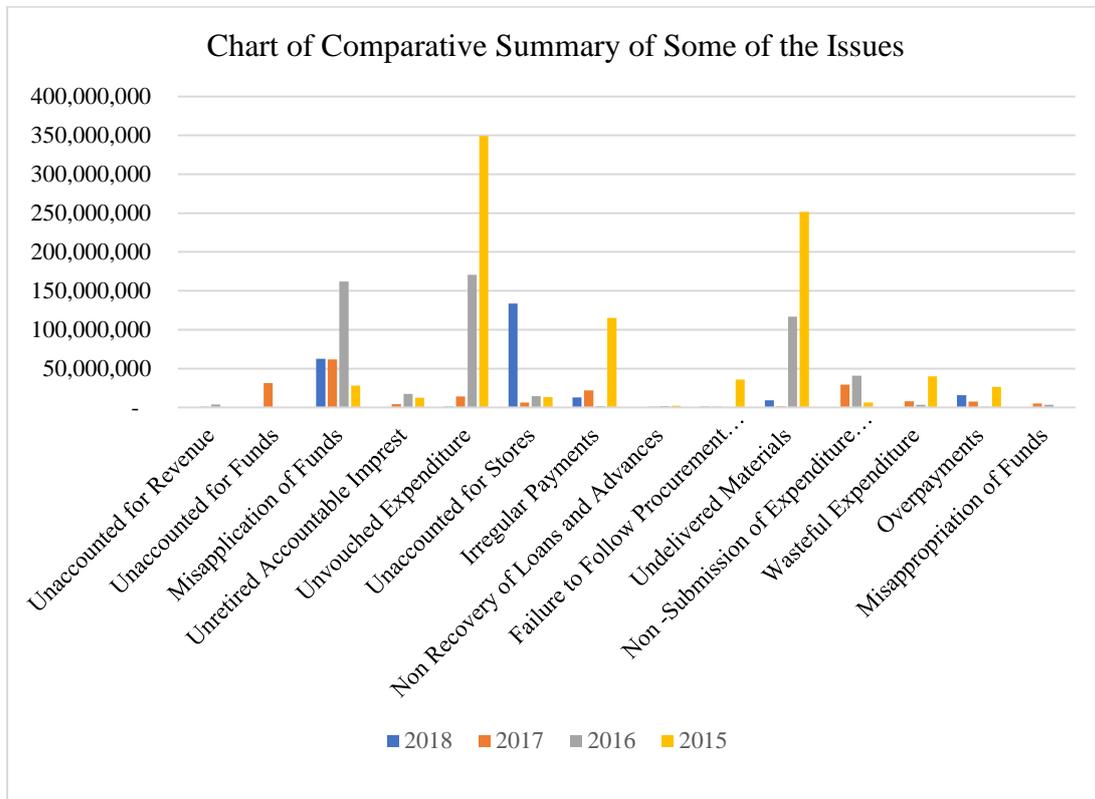
During the audit process, there were various levels at which the Office interacted and communicated with Controlling Officers whose accounts were audited. The purpose of this interaction was to provide an opportunity for the Controlling Officers to clarify and take corrective action on the findings of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

The Report contains fifty-four (54) paragraphs consisting of forty-one (41) paragraphs on audit matters and thirteen (13) paragraphs on other matters. The forty-one (41) paragraphs on audit matters reflect issues that could not be resolved during the audit process and whose corrective actions were not undertaken as at 20th September 2019. In addition, the Report contains audit recommendations which are aimed at addressing various 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	2018 K	2017 K	2016 K	2015 K
Unaccounted for Revenue	143,179	873,649	3,700,509	558,449
Unaccounted for Funds	26,000	31,200,930	386,834	193,910
Misapplication of Funds	62,432,136	61,657,450	162,095,699	28,153,997
Unretired Accountable Imprest	667,703	4,073,434	17,559,399	12,659,892
Unvouched Expenditure	1,033,754	14,137,189	170,554,478	349,306,160
Unaccounted for Stores	133,815,072	6,370,531	14,428,573	13,460,323
Irregular Payments	12,767,837	21,791,360	1,591,348	115,350,860
Non Recovery of Loans and Advances	201,572	901,507	1,689,982	2,352,451
Failure to Follow Procurement Procedures	879,000	1,051,686	509,535	35,701,492
Undelivered Materials	9,195,241	1,486,568	116,759,240	251,523,804
Non -Submission of Expenditure Returns	301,830	29,409,484	40,705,270	6,308,762
Wasteful Expenditure	222,534	7,865,395	3,586,879	39,854,959
Overpayments	15,824,166	7,437,149	1,061,247	26,559,013
Misappropriation of Funds	61,354	5,036,051	3,618,127	-

The chart below shows a comparative summary of some of the issues contained in the Report.



1. Introduction

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

- a. 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.
- b. Article 212 requires me to, not later than nine (9) 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.
- c. Article 250 (1) (a) to (d) mandates me to audit the following:
 - i. The accounts of State organs, State institutions, Provincial Administration, Local Authorities and institutions financed from public funds;
 - ii. The accounts that relate to the stocks, shares and stores of the Government;
 - iii. 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
 - iv. 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.
- d. The Public Finance Management Act No. 1 of 2018 Part VII confers on me authority to have:
 - i. access to all the books, records, returns, reports, other documents and financial management systems in electronic or any other form relating to the accounts of public bodies as I consider necessary.

- ii. Access at any reasonable time of the day to the premises of any public body under audit examination or inspection.
- iii. Power to call for any relevant information from persons responsible for the financial administration of any public body under audit examination or inspection; and
- iv. Access to all information, communication technology systems used in the management of the public moneys.

2. Submission of Financial Statements by the Minister of Finance

The Financial Statements of Government are prepared by the respective Ministries, Provinces and Spending Agencies (MPSAs) in accordance with Part VI, Section 70 of the Public Finance Management Act No. 1 of 2018. 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

3. Scope of Audit

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 2018 as well as physical inspections of projects.

4. Constraints

i. Budget and Funding

During the year 2019, the Office was allocated a budget of K28,942,873 for Recurrent Departmental Charges to audit the accounts for the financial year ended 31st December 2018 against which amounts totalling K17,650,000 (61%) were released as at 30th September 2019. 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 2019.

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 all clients.

ii. Staff

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 sixteen (116), the Office will require additional staff to adequately carry out its mandate.

In November 2018, the Ministry of Finance granted treasury authority for seventy eight (78) positions and the positions were filled in January 2019.

5. Audit Methodology

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.

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.

6. Reporting Procedures

The reporting process involves three (3) major 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 (AR) Sheet. At AR stage (second stage), the Controlling Officer is then required to respond within seven (7) days. If the queries in the AR are not addressed, the AR is upgraded to a Draft Annual Report Paragraph (DARP). The DARP is the third and final stage and the Controlling Officer is given up to seven (7) days in which to confirm as to whether the contents are factually correct or not. At every stage where responses received are satisfactory, amendments are made 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.

7. Audit Opinion on the Accounts

(As reflected in the Financial Report of the Government of the Republic of Zambia for the financial year ended 31st December 2018)

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 and E – Statement of Public Debt as at 31st December 2018, and notes to the financial statements as set out on pages 17 to 80.

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

7.1 Basis for Opinion

I conducted my audit in accordance with International Standards for 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.

7.2 Key Audit Matters

Key Audit Matters are those matters that, in my professional judgement were most significant in the 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>1. Integrated Financial Management Information System (IFMIS) is a key system that is used by the Government of the Republic of Zambia in capturing and recording of financial data. It is also used in the production of financial reports. At the beginning of 2018, the system crashed. During the financial year ended 31st December 2018, expenditure records were manually processed and uploaded into the IFMIS and as such had no audit trail in the system. In view of the above, IFMIS was considered a Key Audit Matter.</p>	<ul style="list-style-type: none"> • Determined the procedures followed in data capture and validation when the system was restored in June 2018. • Interviewed key Personnel on the effect of system outage in each Ministry, Province and Spending Agency's (MPSAs) Statement 'C'. • Checked the completeness of manual records. • Checked the completeness of funding and payments in the manual cash books. • Compared manual cashbook entries in each of the MPSA's Statement 'C'. • Compared the consumed amount in the Budget Consumption report with the figures reported in each of the MPSA's Statement 'C'.
<p>2. Personal Emoluments were K20,970,464,608 representing 35.22% of the total expenditure of K59,535,943,562. 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"> • Determined the eligibility of staff in each MPSA's Payroll. • Checked the establishment register for the existence of the vacancies against treasury authority. • Compared the Human Resources Staff listing and the Payroll. • Checked for the existence of duplicated employees on the Payroll.

	<ul style="list-style-type: none"> • Reviewed the files of people that have been separated from the entity. • Established the amount indicated for emoluments in the yellow book to amounts spent.
<p>3. Capturing of Journals: A journal voucher is used for capturing transactions and adjusting accounts or correcting errors within the same control account. During the period under review, a lot of journals were passed to correct errors and thus a key audit matter.</p>	<ul style="list-style-type: none"> • Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. • Reviewed the detailed ledgers and the associated journal entries in the System. • Made inquiries and requested for journal vouchers used to adjust accounts and correct errors.

7.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Minister of Finance is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and Principles of International Public Sector Accounting Standards (IPSASs) Cash Basis of Accounting and for such

Internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

7.4 Auditor’s Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report

that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit. I also provide those charged with governance with a Statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, I determine those matters that were of more significance in the audit of the financial statement of the current

period and are therefore the key Audit Matters. I describe these matters

in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

7.5 Report on Other Legal and Regulatory Requirements

In my Opinion, the required accounting and other records of the Government of the Republic of Zambia as at 31st December 2018 were properly maintained in accordance with the Public Finance Management Act No. 1 of 2018.

8. Weaknesses in Internal Controls

There were weaknesses in the implementation of internal controls observed in MPSAs which included:

- i. Failure and delays in the collection of Government revenue;
- ii. Failure to detect anomalies such as overpayments, under/over-banking, unauthorised payments and misappropriation;
- iii. Failure to adhere to Cabinet Office and other circulars, Terms and Conditions of Service for the Public Service, Financial and Public Stores Regulations for example payment of remote and rural hardship allowances to officers in ineligible stations and payments of meal and subsistence allowances to officers working within the district boundaries;
- iv. Failure to adhere to procurement procedures and contract provisions;
- v. Poor record keeping leading to failure to maintain books of accounts, missing payment vouchers and unsupported payments;
- vi. Failure to follow the Appropriation Act and Financial Regulations leading to misapplication of funds, that is, use of funds budgeted for a programme on an unrelated programme without authority from the Secretary to the Treasury;
- vii. Failure to update and reconcile the Establishment Register and the Staff Assignment;

- viii. Misplacement of payroll area for staff in that some officers were drawing salaries from stations where they were not placed;
- ix. Failure to insure Government assets; and
- x. Failure to deduct and remit statutory contributions;

9. 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

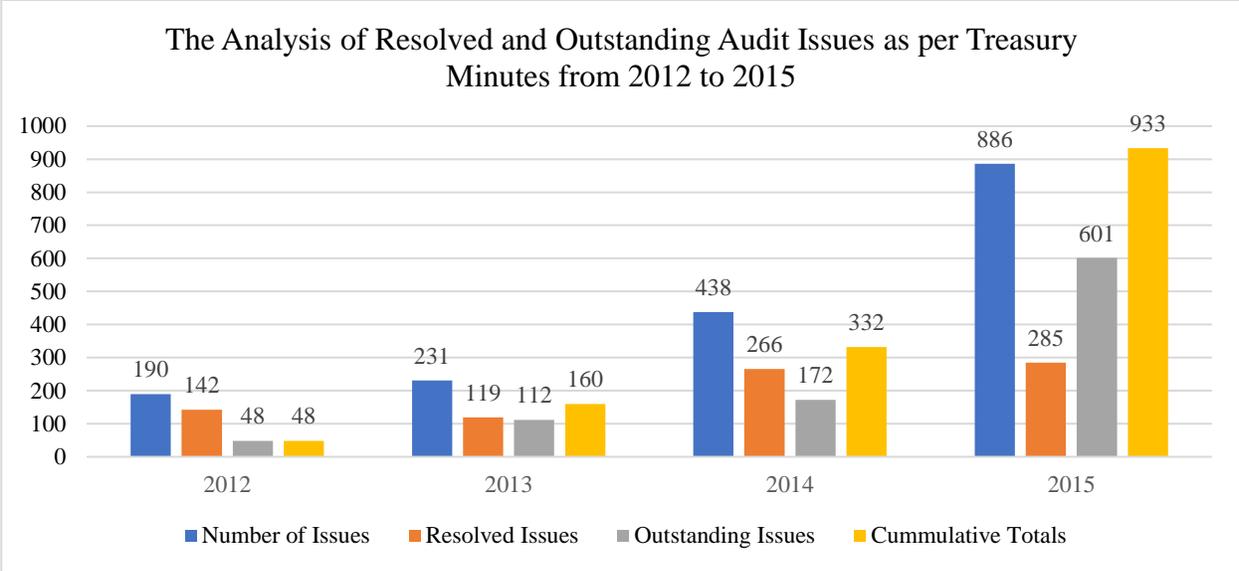
ISSAI 12 – Value and Benefits of Supreme Audit institutions – Making a Difference to the Lives of Citizens

“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”

The outstanding issues are audit queries that remain unresolved from the Treasury Minutes (Action Taken Report) prepared by the Ministry of Finance on the Reports of the Auditor General. The outstanding issues for the financial years ended 31st December 2012 to 2015 stood at 933.

The Treasury Minutes for the outstanding issues from the Reports of the Auditor General on the Accounts of the Republic for the financial years ended 31st December 2016 and 2017 are still being compiled by the Ministry of Finance.

The analysis of resolved and outstanding audit issues as per Treasury Minutes from 2012 to 2015 is as shown in the 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.

REVENUE

Programme: 2011 Tax Revenue – Zambia Revenue Authority

Activities: 111 Income Tax

112 Customs and Excise Duty

113 Value Added Tax

10. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K45,870,251,312 was made as revenue collection against which amounts totalling K48,459,317,198 were collected resulting in an over collection of K2,589,065,886. See table below.

Tax Type	Approved Estimates K	Actual Collection K	(Under) Over Collection K
Income Tax			
Company Tax	5,649,838,761	5,973,462,602	323,623,841
Insurancy Premium Levy	104,881,502	106,470,739	1,589,237
Individuals (self-employed)	106,564,975	119,114,235	12,549,260
Advance Income Tax	261,800,611	223,923,166	(37,877,445)
Pay As You Earn	10,148,097,829	10,426,220,330	278,122,501
Withholding Tax (Rent, Interest and Royalties)	2,936,421,443	3,079,501,198	143,079,755
Withholding Tax (Dividends)	297,581,038	286,557,800	(11,023,238)
Withholding Tax (Lump Sum Payment)	18,769,708	12,855,029	(5,914,679)
Withholding Tax (Contractors)	81,950,259	84,365,921	2,415,662
Property Transfer Tax	211,286,031	217,680,979	6,394,948
Sub - Total	19,817,192,157	20,530,151,999	712,959,842
Custom and Excise			-
Customs Duty	2,914,840,725	2,670,295,568	(244,545,157)
Excise Duty - Motor Vehicles	370,534,047	332,799,375	(37,734,672)
Excise Duty - Soft Drinks	-	-	-
Excise Duty -Cigarettes	54,757,774	60,331,521	5,573,747
Excise Duty - Carbon	39,291,731	38,941,400	(350,331)
Excise Duty -Opaque Beer	27,923,225	28,120,262	197,037
Excise Duty -Clear beer	546,893,655	537,162,305	(9,731,350)
Excise Duty -Hydro Carbon Oils	392,587,863	361,027,172	(31,560,691)
Excise Duty -Spirits	53,136,420	58,340,568	5,204,148
Excise Duty - Wines	25,523,911	29,133,106	3,609,195
Excise Duty - Cosmetics	30,890,845	33,223,642	2,332,797
Excise Duty - Air time	508,230,464	513,669,614	5,439,150
Export Duty - Timber	43,895	1,410,319	1,366,424
Export Duty - Maize	199,031	186,687	(12,344)
Rummage Sales	13,107,765	8,919,984	(4,187,781)
Export Duty - Copper Concentrates	7,472,528	5,766,281	(1,706,247)
Fines	25,978,224	27,232,974	1,254,750
Excise duty - Plastics	8,491,695	9,058,174	566,479
Excise duty - Gases	32,193	82,357	50,164
Warehouse Rent	821,206	782,767	(38,439)
Surtax on Selected Goods	432,451,168	473,614,113	41,162,945
Accounting Fees	882,478	907,644	25,166
Excise Duty - Cement	60,956,692	77,670,532	16,713,840
Licence Fees	5,824,350	4,362,277	(1,462,073)
Excise Duty - Electricity	188,471,855	176,845,631	(11,626,224)
Sub - Total	5,709,343,740	5,449,884,273	(259,459,467)
Mineral Revenue			-
Mineral Royalty Tax	3,717,937,317	3,877,477,930	159,540,613
Sub - Total	3,717,937,317	3,877,477,930	159,540,613
Value Added Tax			-
Domestic VAT	5,858,353,952	6,497,149,284	638,795,332
Import VAT	9,596,366,188	10,854,468,467	1,258,102,279
Sub - Total	15,454,720,140	17,351,617,751	1,896,897,611
Exceptional Revenue			-
Fuel Levy	878,473,775	970,322,781	91,849,006
Other Revenue	314,099	364,091	49,992
Motor Vehicle - License	48,757,535	30,050,994	(18,706,541)
Motor Vehicle Surtax	59,736,000	60,296,000	560,000
Mining Tax Arrears	-	-	-
Selected Goods Surcharge			-
Skills Development Levy	170,177,568	172,671,258	2,493,690
Tourism Levy	13,598,981	16,480,121	2,881,140
Sub - Total	1,171,057,958	1,250,185,245	79,127,287
Grand Total	45,870,251,312	48,459,317,198	2,589,065,886

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Zambia Revenue Authority (ZRA) Headquarters and a visit to selected stations carried out from April to May 2019 revealed the following:

a. Treasury Division

i. Worsening Arrears of Domestic Tax

In Paragraph 11 of the Report of the Auditor General for the audit of Accounts for the financial year ended 31st December 2017, mention was made of the inefficiencies by the Authority in pursuing tax debtors which resulted in domestic tax arrears increasing from K28,225,582,971 in 2016 to K31,144,696,256 in 2017.

In their Report for the Third Session of The Twelfth National Assembly, the Public Accounts Committee (PAC) found it regrettable that despite the Secretary to the Treasury assuring the previous Committee that the conclusion of the Tax Amnesty at the end of December, 2017, would drastically reduce the debt stock of the penalties and interest, the opposite had occurred. The Committee urged the Secretary to the Treasury to seriously engage ZRA to issue demand notices on private debt, without fail, while considering the option of debt swap to offset the Government debt.

A review of records carried out in May 2019 in respect of tax debt revealed that the situation had not improved in that the domestic tax debt position as at 31st December 2018 had increased to K42,858,779,785 as tabulated below.

Table 1: Breakdown of tax debt into Collectable and Non-Collectable:

Domestic Tax Debt	Amount K
Collectable	36,166,821,598
Non Collectable	6,691,958,187
Total	42,858,779,785

Table 2: Breakdown of Collectable tax debt by Principal, Interest and Penalties:

Year	Principal K'Millio	Penalties K'Millio	Interest K'Million	Total K'Million
2017	13,839	16,076	1,230	31,145
2018	17,248	17,359	1,560	36,167

Table 3: Breakdown of Collectable tax debt by Tax Type:

Tax Type	2013 (K'Million)	2014 (K'Million)	2015 (K'Million)	2016 (K'Million)	2017 (K'Million)	2018 (K'Million)
Company Tax	5,813	3,653	3,634	4,261	3,567	8,385
Back Duty	287	-	-	-	-	-
Self Employed (Turnover Tax)	813	76	496	1,068.1	1,493	1,952
PAYE	641	473	2,200	5,466	5,934	4,033
Domestic VAT	902	11,357	15,620	14,679	17,060	19,788
Mineral Royalty	40	134	1,289	1,655	2,016	472
Withholding tax	-	-	1,133	788	805	1,109
Domestic Excise	-	-	58	306	193	273
Insurance Levy	-	-	-	3	75	77
Presumptive Tax	-	-	-	-	1	4
Property Transfer Tax	-	-	-	-	1	75
Medical Levy Tax	-	-	-	-	0.20	0.10
Total	8,497	15,693	24,431	27,157	31,145	36,167

In his response dated 17th September 2019, the Permanent Secretary (Economic, Management and Finance) in the Ministry of Finance indicated that the Parastatal debt is being pursued through the Industrial Development Corporation (IDC) and for the private debt, the Authority has issued 709 enforcement garnishee orders with a value of K17,045,249,220 and 227 warrants of distress with a value of K19,532,036,123.

As at 20th September 2019, the outstanding debt had remained uncollected despite the issuance of garnishee orders and warrants of distress.

ii. Tax Debtors without Contact Details

Section 45 of the Income Tax Act Chapter 323 requires that all businesses or individuals registered as taxpayers should show information such as purpose of registration, type of tax payer, personal details, business name, details of business activities, source of income, and physical address; indicating area, town, country, province and mobile number and a sketch map of the location of the business.

A scrutiny of the tax arrears database revealed that contrary to this requirement, 294 tax debtors with a tax liability of K21,667,298 had no contact details such as phone numbers, emails address, physical address, mail box and company names, thereby making it not possible for the Authority to pursue the tax debtors.

b. Domestic Taxes

i. Returns Pending 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 1,456 tax returns with Value for Tax Purposes amounting to K1,287,183 were submitted to the Authority. However, as at 20th September 2019, they were either still pending validation or acknowledgment and as such no tax liabilities had been created.

ii. Approval of Tax Objections without Supporting Documents

Section 64 of the Income Tax Act, Chapter 323 requires that an assessment must be made by the Commissioner-General in any amount according to the best of his judgement in respect of any person (a) who has not delivered a return as required by the Act, or on whose behalf no return has been delivered; or (b) whose return does not satisfy the Commissioner-General; or (c) where the Commissioner-General has reason to believe is about to leave the Republic.

Section 106 of the Income Tax Act, Chapter 323 further stipulates that subject to the Commissioner-General's powers relating to assessment, every assessment under this Act shall stand good unless proved otherwise by the person assessed upon objection or appeal under this Part. During the period under review, a total of 1,144 tax assessments valued at K3,209,352,596 were objected to by taxpayers. However, the objected assessments were later approved by the Authority.

As at 20th September 2019, the Authority had not provided any supporting documentation such as waiver of penalty and interest, additional information submitted by taxpayers and re-computation of tax assessments to support the approved objections.

c. Customs Taxes

i. Unassessed Registered Bills of Entries

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

However, an examination of records relating to bills of entries of various imports during the period under review revealed 1,183 bills of entry submissions with Value for Duty Purposes (VDP) totalling K50,099,840 that were pending assessments at various ports of entry offices as 31st December 2018. See table below.

Stations	No. of Transactions	Amount Declared K
Chirundu	265	14,879,521
Kitwe	3	172,577
Kazungula	149	2,231,112
KKIA	20	3,496,324
Lusaka Port	107	5,830,975
Livingstone	133	1,767,262
Ndola	5	22,785
Nakonde	501	21,699,284
Total	1,183	50,099,840

In his response dated 17th September 2019, the Permanent Secretary (Economic, Management and Finance) in the Ministry of Finance indicated that a total number of 157 entries had been assessed with total value of K6,690,883 representing a reduction of 11.8%. The Permanent Secretary further indicated that out of the outstanding number of 1,185 entries with taxes of K50,100,619, a total of 267 entries with taxes of K17,052,691 were importations by Government Ministries and other Government institutions granted special delivery pending issuance of Government vouchers.

However, as at 20th September 2019, there was no documentary evidence availed to support the response.

ii. Failure to Collect Revenue from Approved Tax Assessments

Section 32(B) (1) of the Customs and Excise Act, Chapter 322 of the Laws of Zambia stipulates that the Commissioner-General may, subject to such rules as the Commissioner-General may prescribe, accept entry of goods for customs purposes five days prior to the

arrival of the goods at a customs port on condition that the importer of the goods or the agent of the importer undertakes to present to the Customs Division goods which match the goods so declared in all material particulars.

Section 32(B) (2) of the Customs and Excise Act, Chapter 322 of the Laws of Zambia stipulates subject to Section 88, where goods are entered under subsection (1) that the Commissioner-General shall make an assessment of the duties due on the goods and the importer of the goods or the agent of the importer shall pay the duties so assessed within five (5) days of such assessment unless the goods are entered to be warehoused or are removed in bond.

A review of 1,851 approved bills of entry valued at K152,171,591 at ten (10) stations processed during the period from 1st January to 31st December 2018 revealed that although payments had not been made, the goods were neither found at the stations nor entered to be warehoused as at 20th September 2019. See table below.

Stations	No. of Transactions	Amounts Assessed K
Chirundu	953	52,771,843
Kasumbalesa	1	56,948
Kitwe	2	669,906
Kazungula	75	2,134,850
KKIA	72	3,334,257
Lusaka	34	12,060,283
Livingstone	117	8,025,422
Ndola	8	1,040,208
Nakonde	588	72,077,420
Victoria Falls	1	455
Total	1,851	152,171,591

In his response dated 17th September 2019, the Permanent Secretary (Economic, Management and Finance) in the Ministry of Finance indicated that most of the entries were given special deliveries due to various reasons.

Further, the Permanent Secretary indicated that out of the total unpaid, 693 entries with values totalling K85,470,213 are entries for SinoHydro Company involved in the Kariba North Bank project. The goods were given special delivery pending offset of taxes against its VAT refunds.

However, as at 20th September 2019, no documentary evidence was availed to support the response.

iii. Unsupported Imports under Special Delivery

According to Section No. 601.062 of the Customs Compendium of Policies a special delivery is an exceptional facilitation measure whereby goods undergoing customs clearance are placed at the disposal of the importer or persons concerned subject to such terms and conditions as the Commissioner-General may specify. Granting of special delivery may be granted depending on the urgency and nature of the consignment.

Goods that may be granted special release include the following: - Arms and Ammunition imported by the military/police; - Perishables such as vegetables, fruits, etc.; - Medicines that require special storage facilities; - Hazardous goods; - Live animals including day old chicks; - Diplomatic goods (upon written request); - Urgent Correspondence and documents having no commercial value; - Goods to be cleared under Government voucher; - Goods for duly accredited clients provided they have no outstanding entries.

A review of the ASYCUDA World and hard copies of registers for special delivery revealed that four (4) companies cleared goods on special delivery in amounts totalling K260,315,358 involving 1,380 transactions. See table below.

Clearing Agents	No of Transactions	Importers	Value of Imports on special Delivery K
Global logistics	770	Sinohydro (Z)	102,855,842
Herocean logistics zambia	112	China National Complete Engineering	12,495,475
Kema logistics limited	250	Chongoing Lifan Industries	613,394
Primetime customs brokers	248	Huawei Technologies	144,350,647
Total	1,380		260,315,358

Although, the ZRA had granted authority for goods to be cleared under special delivery, there were no supporting documents such as vouchers of exemption, waivers, Statutory Instruments and investment agreements among others, availed for audit. As at 20th September 2019 all the tax liabilities had not been paid by the named importers.

iv. Unaccounted for Removals in Transit (RIT)

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

According to the Customs procedures, transit documents are generated at the port of entry and are acquitted at the port of exit as the goods are leaving the country within ten (10) days for R.I.B and five (5) days for R.I.T. Therefore, clearance of all transits on the system is done by the destination exit office as indicated on the transit documents after checking that all goods that entered the country were not consumed within the country in case of R.I.T and that taxes have been paid before ex-bonding in case of R.I.B.

Further, a review of the Customs Compendium of Procedures No. 201.077 revealed that foreign vehicles transiting through Zambia have only up to five (5) days to make exit whereas those destined to Zambia can only stay up to ten (10) days with the possibility of extending where there are good reasons to justify such extension. The stay of foreign vehicles destined to Zambia cannot be extended beyond thirty (30) days otherwise such vehicles would be required to be entered for consumption in line with Section thirty-two (32) of the Act and Regulation 16 of the General Regulations.

In the Report of the Auditor General for audit of Accounts for the financial year ended 31st December 2017, mention was made of the failure by the Zambia Revenue Authority to call on the bonds on un-acquitted for transits in amounts totalling K34,023,123 involving two hundred and seventy (270) RITs that had not exited the country.

In their Report for the Third Session of The Twelfth National Assembly, the Public Accounts Committee noted the response and urged the Secretary to the Treasury to ensure that ZRA Management expeditiously process matters relating to the seizure of transit goods and technical challenges in acquitting and pending cancellation, which are contributing to the outstanding dues. The Committee further expressed disappointment that ZRA did not avail court documents to the office of the Auditor General during the audit process and cautioned the Commissioner General to avoid recurrence of unaccounted for transits.

A review of the situation carried out in May 2019 at eight (8) selected stations revealed that the situation had not improved in that five hundred fifty-one (551) RITs with guaranteed amounts totalling K96,313,164 had entered the country during the period from January to December 2018 but had not exited the country. See table below.

Stations	No. of Transactions	Guaranteed Amount K
Chirundu	84	8,123,728
Kasumbalesa	274	27,628,165
Kazungula	12	5,486,897
Nakonde	86	48,360,888
Ndola Port Office	80	4,437,832
Victoria falls	15	2,275,654
Grand Total	551	96,313,164

In his response dated 17th September 2019, the Permanent Secretary (Economic, Management and Finance) in the Ministry of Finance indicated that the unaccounted-for Removals in Transit and Removals in Bond were being processed for bond redemption.

However, as at 20th September 2019, no bonds had been redeemed in respect of the transits in question.

v. Expired Customs and Temporal Importation Permits

Customs Importation Permits (CIPs) are issued to foreign visitors who come in the country with their motor vehicles and intend to go back with them on a specific date. The permit is valid for twelve (12) months and, if an extension is not granted, ZRA is supposed to follow up on those motor vehicles to secure the duties payable.

A review of CIPs revealed that during the period under review, four thousand two hundred sixty-four (4,264) CIPs with Value for Duty Purposes (VDP) in amounts totalling K805,387,889 had expired and had not exited the country as of June 2019.

In his response dated 17th September 2019, the Permanent Secretary (Economic, Management and Finance) in the Ministry of Finance attributed the failure and delay to acquit the CIPs at exit border stations due to the cumbersome process of acquittal which involves creating another entry to acquit the same CIPs.

However, a scrutiny of the Customs Importation Permits against the motor vehicle registration database at the Road Transport and Safety Agency (RTSA) revealed that fifteen (15) CIPs with VDP in amounts totalling K1,989,086 were registered with RTSA implying that the duties were not paid to the Authority.

As at 20th September 2019, the Authority had not accounted for the un-acquitted for CIPs.

vi. Delays in Clearing Imports under Government Voucher

Section 90 of the Customs and Excise Act Volume 18, Cap 322 stipulates that when any claim is made for exemption from or drawback, rebate, refund, or remission of any duty, fee, or charge in accordance with the provisions of this Act, the burden of proof shall lie upon the claimant to show that he is entitled to such exemption, drawback, rebate, refund, or remission. In this regard, it is expected that remission of customs duty can only be granted in circumstances where the importer provides reasonable evidence that the imports are for Government utilisation.

Contrary to the requirement, a review of ASYCUDA World records revealed that 769 assessed and approved bills of entry valued at K340,139,630 made in 2018 were still waiting for vouchers of exemption from the Ministry of Finance as at 20th September 2019. In the absence of Government vouchers, there is a risk that the goods imported did not qualify for exemption thereby resulting in loss of revenue.

vii. Irregular Use of ASYCUDA World Processing Fees

Section 28 (1) of the Public Finance Management Act No. 1 of 2018 stipulates that all general revenues collected by appointed agents on behalf of Government shall be transmitted to the Treasury. “General revenues” includes income accruing to the Republic through taxes, fees, fines, levies, charges, sale of Government property and shares, loans, donations and grants raised from within or outside Zambia due to the Republic.

Further, Section 28 (2) of the Public Finance Management Act No. 1 of 2018 stipulates that subject to any express direction of the Secretary to Treasury in respect of the operation of any fund or working account, all monies received by an accounting or any office responsible for the collection of monies shall be deposited into the Consolidated Fund not later than the next business day following the day of receipt unless directed by the Secretary to the Treasury.

A review of collection of customs related taxes and fees revealed that ASYCUDA processing fees in amounts totalling K74,389,067 collected had been appropriated by the Authority at source without authority from the Secretary to the Treasury.

Programme: 2021 Non-Tax Revenue – Road Transport and Safety Agency

Activity: 122070 Road Traffic Collections

11. In the Estimate of Revenue and Expenditure for the financial year ended 31st December 2018 a provision of K624,126,416 was made in respect of revenue collections at the Agency against which amounts totalling K432,547,825 were collected resulting in an under collection of K191,578,591.

Accounting and Other Irregularities

An examination of accounting and other records maintained at Road Transport and Safety Agency (RTSA) Headquarters and selected stations carried out from January to June 2019 revealed the following:

a. Advanced Road Safety Management System - Irregularities in the Administration of Concession Agreement (Intelligent Mobility Solutions)

On 18th May 2017, the Public Private Partnership Council approved a preliminary award of a Concession Agreement between RTSA and Intelligent Mobility Solutions (IMS), a special purpose vehicle created by Lamise Trading Limited and Kapsch TrafficCom of Austria for the purposes of financing, developing, operating and transferring of an Advanced Road Safety Management System to RTSA.

On 21st August 2017 the Attorney General cleared the Concession Agreement. In this regard, on 23rd August 2017, the Agency signed a Concession Agreement with Intelligent Mobility Solutions (IMS). The project scope was to build, operate and transfer an Advanced Road Safety Management System to RTSA. According to the Concession Agreement, all assets would be transferred to the Road Transport and Safety Agency at the end of the concession period.

The investment plan called for the investment of approximately US\$ 191,606,179 over a seventeen (17) years lifespan of the concession agreement. This covered the “base” implementation, over time asset refresh, and other assumptions requiring further investment. The projected financial model showed a US\$108 million in the first three (3) years. The breakdown of the capital to be invested by work package is shown in the table below.

Capital Expenditure	Year 1 to 3	Year 4 to 17	Total
	US\$	US\$	US\$
Road Side Law Enforcement	62,897,260	47,388,134	110,285,397
Electronic Vehicle Registration	19,674,412	3,173,592	22,848,007
Vehicle Inspection	2,242,698	14,003,107	16,245,809
Traffic Management System	14,892,864	1,848,824	16,741,692
Facilities	5,611,141	16,871,737	22,482,881
Central Integrated Platform	2,884,648	-	2,884,651
Technical Operations	94,192	23,548	117,742
Total	108,297,215	83,308,942	191,606,179

The detailed scope of works and activities to be implemented were as follows:

- **Supply and Construction**

Schedule 1 to the Main Agreement outlined seventeen (17) project activities to be undertaken by the concessionaire summarised in terms of construction works, procurement of equipment, and installation of software and purchases of motor vehicles, RSLE ANPR camera, EVR RFID label printers, RSLE Iticket Devices, VI tablets for mechanics and VI lane Equipment among others.

- **Traffic Management Control Centres**

- Construct main control Centre situated along Kafue road
- Construct 30 satellite control centres country wide
- Install 16 variable message signs
- Install 16 CCTV surveillance cameras
- Install 16 automated incident detection and monitoring stations

- **Road Safety Law Enforcement**

- Purchase 150 cameras
- Purchase 75 handheld ticket issuing devices
- Purchase 100 multiple-specification vehicles

- **Vehicle Inspection Centres**

- Construct thirty (30) mechanised motor vehicle examination centres.

- **Escrow Account and Revenue Sharing Mechanism**

The Concession Agreement provided for opening of an escrow account where all projects revenue was to be deposited. The agreement also provided for sharing of the revenue in the escrow account as per schedule 2 to the Agreement as reflected below.

Summary Analysis - Banded Revenue Analysis				
Allocation	Year 1 to Year 7	Year 8 to Year 12	Year 13 to Year 16.5	Overall
Percentage Revenue Allocation Before Expenses				
Percentage to GRZ	10%	20%	30%	20%
Percentage to IMS	90%	80%	70%	80%
Percentage Revenue Allocation After Expenses				
Funds to GRZ	\$144,745,614	\$147,982,142	\$192,244,496	\$484,972,253
Funds to IMS	\$80,254,799	\$21,119,087	\$10,818,186	\$112,192,073
Percentage to GRZ	64.33%	87.51%	94.67%	81.21%
Percentage to IMS	35.67%	12.49%	5.33%	18.79%

Further, the Government would get 80% of the revenue from Traffic fines; excluding speeding fines and fines generated from equipment provided by the concessionaire for the period of 17 years as well as getting 90% of the revenue from cross border violations by trucks for the period of 17 years.

A review of the Concession Agreement and other documentation revealed the following:

- i. **Amendments to the Concession Agreement**

Although the Concession Agreement was signed on 23rd August 2017, the commencement date was on 24th July 2018, following the signing of the First Addendum which had twenty-eight (28) amendments. It was not clear why management had so many amendments to the Agreement.

Further, on 28th May 2019, RTSA signed a Second Addendum with eight (8) amendments. Included in the second addendum was a provision requiring the Ministry of Finance to pay the concessionaire an equivalent of 90% of the revenue collected from 24th July 2018 to 30th June 2019 as concession fees towards operating costs, recovery of capital expenditure and return on investment subject to supply, delivery, installation and commissioning of sixteen (16) cameras, four (4) enforcement vehicles and services provided.

As at 20th September 2019, RTSA was working on the Third Addendum.

ii. Legal Opinion

On 9th August 2018, the Agency requested for guidance from the Ministry of Justice. The Solicitor General in his letter dated 22nd October 2018, provided legal guidance to the effect that certain provisions of the Agreement were not in line with the law. Among the provisions cited included the following:

- i. The provision of opening of an escrow account into which revenue from the project was to be deposited was not supported by law;
- ii. Equally not supported by law was the provision on sharing of project revenue;
- iii. Certain aspects of the admission of guilty procedure were not in line with Section 221 of the Criminal Procedures Code Cap 88; and
- iv. The Agency was guided to ensure that it complied with the Electronic Communications and Transactions (ECT) Act of 2009 with regards to protection of personal information.

In view of the above, the Solicitor General guided RTSA to immediately suspend the activities that were or appeared to be unconstitutional or illegal in the Concession Agreement until corrective measures were undertaken.

iii. Implementation Status

As of August 2019, two (2) years running into Phase 1 (Year 1-3), the only component that had been partly implemented was the Roadside Law Enforcement, with the other remaining components yet to be implemented.

Further, Management in their response dated 8th August 2019, indicated that IMS had invested a total amount of US\$9,847,475 as tabulated below.

Project Capital Utilisation	Details	Amount US\$
RSLE iForce System	RSLE	6,644,296
RSLE speed cameras	RSLE	2,871,538
CommOPS central HW and SW	Platform	75,203
RSLE iTicket devices	RSLE	27,185
VI tablet for mechanics	VI	13,253
Enforcement Vehicle fitted out	RSLE	216,000
Total		9,847,475

However, Management had not availed the invoices in amounts totalling US\$9,847,475 that were said to have been invested by the Concessionaire.

iv. Unsupported Payment to the Concessionaire

According to the second addendum dated 28th May 2019, the Ministry of Finance shall pay the concessionaire an equivalent of 90% of the revenue collected from 24th July 2018 to 30th June 2019, as concession fees towards operating cost, recovery of capital expenditure and return on investment in respect to the supply, delivery, installation and commissioning of sixteen (16) cameras, four (4) enforcement vehicles and services provided.

In this regard, on 13th June 2019, Ministry of Finance paid Intelligent Mobility Solutions an amount of K10,652,942 as concession fees covering the period from August 2018 to March 2019.

However, the Agency did not avail evidence of the computation supporting the amount that was paid.

v. Administration of Intelligent Mobility Solution (IMS) Cameras

According to the Treasury and Financial Management Circular No.5 of 2015, collection of non-tax revenue should be done through Revenue Transit Accounts set up by the Ministry of Finance with approved Banks.

Further, on 10th August 2018, the Ministry of Finance issued a minute referenced MF/IDM/10/2/1 to RTSA indicating the sixteen (16) approved Escrow Revenue Transit Accounts which were supposed to be used for collection of speed fines. In this regard, speed fines in amounts totalling K12,463,807 were collected during the period from August to December 2018. See the table below.

Bank Name	No of Speed Fines	Amount Collected K
Access Bank	212	63,600
African Banking	715	214,500
Barclays Bank	805	241,500
Cavmont Bank	686	205,800
Citi Bank	54	16,200
Direct Pay Online	4,956	1,484,707
Ecobank	737	221,100
First Alliance	326	97,800
First Capital	326	97,800
First National Bank	3,674	1,102,200
Indo Zambia Bank	3,754	1,126,200
Investrust	2,118	635,400
National Savings	144	43,200
Stanbic	4,224	1,267,200
Standard	706	211,800
United Bank for Africa	273	81,900
Zanaco	17,843	5,352,900
Total		12,463,807

The following were however observed:

- **Use of a Bank Account not Approved by the Ministry of Finance**

During the period August to December 2018, amounts totalling K1,484,707 involving four thousand nine hundred fifty-six (4,956) transactions collected from speed fines through the paymyfines.co.zm website were deposited into a bank account which was not among the sixteen (16) accounts approved by the Ministry of Finance. This was contrary to Financial Regulation No. 140 (1) which states that under no circumstances shall public money be credited to a private bank account or used for personal purposes.

A further scrutiny revealed that the bank account where the money was deposited belonged to Pay Now Zambia Ltd and had been active since May 2016, before the IMS contract was signed. Consequently, it was not clear why management had allowed public funds to be deposited into an account not approved by Ministry of Finance.

It was also observed that the Agency was sweeping all funds that were collected from the online payment platforms not authorised by the Ministry of Finance from one commercial bank account to another then to Control 99.

As at 31st December 2018, the IMS had collected K1,441,266 from speed fines through the unapproved bank account.

Of the K1,441,266 that was collected through the unapproved bank account, K1,358,299 was traced resulting in unaccounted funds in amounts totalling K82,967.

In his response dated 20th September 2019, the Controlling Officer stated that the unaccounted-for funds had since been traced to the Zanaco MOF Escrow revenue transit account.

However, it was observed that the K82,967 traced to the Zanaco MOF Escrow revenue transit account was transferred from another bank account which was not among the approved bank accounts from the Ministry of Finance.

- **Vehicles not Matching Records on the e-ZAMTIS/ZAMTIS**

According to the Road Traffic Act No. 11 of 2002, RTSA is required to register all vehicles and trailers and the Act also requires RTSA to maintain a register of all the motor vehicles that have been registered.

A review of the IMS infringement history report revealed that 1,016 vehicles that were captured by the speed cameras for over speeding had different details from the records that were maintained on the RTSA systems (ZAMTIS and e - ZAMTIS).

For example, some vehicles captured on the IMS records appeared as saloons whereas on e - ZAMTIS they appeared as trucks. A further scrutiny revealed that ninety-four (94) vehicles were actually not even on the RTSA registered motor vehicle database although they had Zambian registration numbers.

In his response, the Chief Executive Officer indicated that the anomalies were attributed to the high level of motor vehicle number plate cloning and new vehicle owners not updating records such as change of ownership and change of colour among others. As at 20th September 2019, the status of the action taken on the 1,016 vehicles had not been availed for audit.

b. Loss of Cash and Other Valuable Items - Ridgeway Station

During the period under review, the Agency had cash and other valuables in amounts totalling K248,283 not accounted for. See table below:

Missing Items	Quantity	Value K
Revenue Collections		202,847
Smart Cards	135	17,537
eZamTIS Switches	2	20,000
Station Special Imprest		6,000
Station Imprest		1,900
Security Paper	200	320
Total		248,283

In response, Management claimed that on 28th December 2018, a burglary took place at the Ridgeway station in which cash and other valuables in amounts totalling K248,283 were stolen.

As at 20th September 2019, the Police had not concluded their investigations into the matter.

c. Failure to Store Accountable Documents in the Safe – Kitwe ZSIC

Financial Regulation No. 155 defines a safe as a secure container which is issued by the Government in which public moneys, articles and accountable documents are to be kept.

During the period under review, RTSA had engaged strategic partners (ZSIC and ZamPost) to perform licensing transactions on its behalf from the strategic partners’ premises throughout the Country.

However, a physical inspection carried out at ZSIC - Kitwe Station revealed that Accountable Documents such as Security papers and Accounts Form 40 were stored on the floor of the offices. See pictures below.



Security paper on the floor



Accounts Form 40 on the floor

d. Lack of Technical Support for e - ZamTIS

According to COBIT APO09-BP3 on *Define and Prepare Service Level Agreement*, an organisation is required to define and prepare service agreements based on the current and future organisational needs.

The Agency had no technical support with any external party for e-ZAMTIS to ensure availability in times of system failure or any other technical challenges thereby rendering the system susceptible to high downtime.

Programmes:	121	Fines - The Judiciary
	123	Fees
Activities	121010	Fines of Court
	123043	Court Fees
	123045	Library Services

12. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K28,416,522 was made as revenue collection against which amounts totalling K29,734,495 were collected resulting in an over collection of K1,317,973. See table below.

Revenue Type	Revised Estimates K	Actual K	Variance K
Fines of Court	11,173,002	11,851,097	678,095
Court Fees	16,778,778	17,542,048	763,270
Library Services	464,742	341,350	-123,392
Total	28,416,522	29,734,495	1,317,973

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Judiciary Headquarters and a visit to various stations carried out in July 2019 revealed the following:

a. Delayed Banking

Financial Regulation No.121 (1) requires that all Government revenues collected be deposited by the following working day. It was however observed that there were delays in banking of

revenue collected in amounts totalling K648,343 for periods ranging from one (1) to one hundred and sixty-three (163) days in various courts. See table below.

Province	Station	Amount K	No of days Delayed
Western	Sibewa Local Court	5,036	15 to 79
	Mbekese Local Court	4,652	15 to 31
	Nakato Local Court	3,446	15 to 27
	Mongu Urbran Local Court	685	4 to 5
	Suulu Local Court	351	7
	Namaenya Local Court	1,674	15 to 37
	Mongu Lealui District Local Court	4,269	15 to 35
	Sheriffs Kaoma	1,434	4 to 11
	Kahubmbu Local Court	3,920	15 to 47
	Muyukwakwa Local Court	3,851	15 to 52
	Naliele Local Court	2,291	4 to 20
	Sishamba Local Court	1,656	15 to 25
	Malamatila Local Court	11,999	4 to 33
	Litoya Local Court	6,218	15 to 27
	Lukute Local Court	6,044	15 to 30
Copperbelt	Kitwe Local Court	6,943	1 to 74
	Kitwe Magistrate Court	16,592	2 to 29
	Sheriffs Kitwe	969	4 to 29
	Chingola Sub court - Court fines	500	163
	Chingola Sub court - Sheriffs fees	300	142
Muchinga	Chama Local Court	2,964	2 to 14
	Kafwimbi Local Court	748	9 to 49
Southern	Sinazongwe Magistrate Court	675	15 to 22
	Sinazongwe Local Court- Fees	10,448	25 to 35
	Sinazongwe Local Court- Fines	1,000	16 to 29
	Kanchomba Local Court - Fees	1,992	15 to 34
	Kanchomba Local Court - Fines	410	21 to 29
Lusaka	Supreme court- Court Fees	18,449	3 to 15
	High court Principal Reg 1- Court Fees	489,749	3 to 5
	High court Principal Reg 2- Court Fees	3,621	3 to 5
	Magistrate complex - Court Fines	14,025	3 to 4
	Magistrate complex - Court Fees	12,240	3 to 4
	Lusaka Small claims -Court Fees	7,081	4 to 6
Northern	Luwingu Local court -Court Fees	1,560	21
	Chipalo Local court - Court Fees	552	28 to 58
Total		648,343	

b. Long Outstanding Uncredited Lodgements

Financial Regulation No.143 (1) stipulates that if a cheque is dishonored, immediate action should be taken to secure prompt reimbursement of the amount owed. However, a scrutiny of bank reconciliation statements for Finance bank relating to the High Court – Commercial List Client Account for Headquarters for the period under review revealed uncredited lodgements

in amounts totalling K533,000 whose receipts dated from as far back as April 2013 and had not been replaced as at 31st August 2019.

In addition, there was no evidence of efforts being made by Management to resolve the issue as no documentation on the matter was availed for audit.

In her response dated 16th September 2019, the Chief Administrator stated that the Officer involved had since been dismissed and the amount will be recovered from his terminal benefits. However, as at 20th September 2019, the recovery details had not yet been availed for audit.

c. Failure to Avail Receipts

i. Samfya Subordinate Court

Contrary to Financial Regulation No.10 (n) which stipulates that the accounting officer shall produce all books and records or accounting documents in the accounting officer's charge when required, there was one (1) receipt book at Samfya subordinate court with receipt range 7005701-7005750 which was not presented for audit. In this regard, it was not possible to ascertain the amounts collected using the receipts and whether the funds were credited to Control 99.

ii. Chama Subordinate Court

Contrary to Financial Regulation No. 10 (n) which stipulates that the accounting officer shall produce all books and records or accounting documents in the accounting officer's charge when required, receipts ranging from 3838350 to 3838384 and 3838401 to 3838495 were not availed for audit.

d. Failure to Keep Copies of Duplicates of Cancelled Receipts - Mongu Subordinate Court

Financial Regulation No. 114 (1) and (2) provides that where a receipt is cancelled, the original receipt shall be kept in the receipt book and the duplicate shall be included with the other duplicate receipts which accompany the Revenue cash book. Contrary to the regulation, four (4) receipts in respect of court fees at Mongu Subordinate Court were cancelled without keeping the duplicate copies in the respective receipt books.

e. Failure to Provide Accounting Records for Sale of Seized Items – Luanshya Subordinate Court

During the period under review, amounts totalling K22,840 were reported as 15% of Auctioneer’s commission from the sale of seized items. However, the total revenue collected from the sale of items was not availed for audit. In this regard, it was not possible to ascertain the completeness of the amount reported as Auctioneer’s commission.

f. Failure to Issue Receipts - Luanshya Subordinate Court

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, no receipts were issued for amounts totalling K22,581 deposited into the Client Account used to hold money paid by defendants and payable to plaintiffs.

Programme:	122	Licences - Ministry of Agriculture
	123	Fees
	129	Other Revenue
Activities:	122090	Import and Export Permit
	123094	Import Declaration Fees
	123097	Inspection Fees
	129030	Plant Quarantine and Phytosanitary Services

13. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K9,896,863 was made in respect of revenue collection against which a total amount of K7,217,193 was collected resulting in an under collection of K2,679,670 as shown in the table below.

Description	Approved Estimates K	Actual Revenue K	Variance K
Import and Export Permits	3,838,263	2,971,406	(866,857)
Import Declaration Fees	1,431,921	-	(1,431,921)
Inspection Fees	2,153,297	2,014,281	(139,016)
Plant Quarantine and Phytosanitary Services	2,473,382	2,231,506	(241,876)
Total	9,896,863	7,217,193	(2,679,670)

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry headquarters and selected districts carried out from January to April 2019 revealed the following:

a. Failure to Avail General Receipt Books - Livingstone and Sesheke

Contrary to Financial Regulation No. 10 (n), twenty-five (25) General Revenue Receipt Books (Accounts Form 40) used at Livingstone and Sesheke District Agricultural Offices were not availed for audit scrutiny. See table below.

District	Book No.	Receipt Range	No.of Booklets
Sesheke	002224	7687151-7687500	7
Sesheke		8406501-8406800	6
Livingstone	009348-009360	5422351-5422951	12
Total			25

b. Inconsistent Use of Receipt Forms in Chirundu District

Receipt book number 140536 with receipt range from 7026751 to 7026800 was used between 21st September and 26th October 2016 where only four (4) receipts were issued out to clients notably receipt numbers from G7026751 to G7026754 leaving receipt numbers from G7026755 to G7026800 unused. It was, however, observed that the receipt book in question was abandoned and the Chirundu District Agricultural Office instead started to use receipt book number 140537 with receipt range from G7026801 to G7026850 with the first receipt (G7026801) issued on 26th April 2017 and the last receipt (G7026850) issued on 12th June 2018. However, the period from 27th October 2016 to 25th April 2017 remained questionable as not a single receipt was issued contrary to Financial Regulation No. 105 on consecutive use of receipt forms which states that, 'Receipt forms shall be used in consecutive order, within the sequence of numbers of receipts held by one officer' and Financial Regulation No.116 on consecutive receipting which states that, 'Officers receiving payments from collectors of revenue shall ensure that the numbers of receipt forms issued by the collectors run consecutively'.

c. Failure to Match General Receipts, Deposit Slips and Import/Export Permits - Chirundu District

A scrutiny of records revealed that General Receipts (Accounts Form 40) issued during the period under review were not attached to respective deposit slips and import permits.

Consequently, a total of K22,565 collected under imports and export permits as shown in the table below could not be verified.

Month	Actual K
January	366
February	-
March	-
April	53
May	1,680
June	11,130
July	365
August	525
September	7,193
October	153
November	735
December	365
Total	22,565

d. Failure to Maintain Accountable Document Register

A review of Internal Audit report No.1A/02/2018 on a systems and compliance audit of Revenue at Livingstone and Kazungula District Agricultural Offices revealed that the Zambia Agricultural Research Institute (ZARI) and the Department of Agribusiness did not have official Accountable Document Register (Accounts Form 103). Further, the departments used improvised ones contrary to Financial Regulation No.103 (1) which states that, ‘every officer who is required to hold receipt forms shall maintain an accountable document register (Accounts Form 103) in which the receipt and issue of all receipt forms shall be promptly entered’.

A follow up in June 2019 revealed that no action had been taken by management.

Programmes: 123 Fees - Ministry of Lands and Natural Resources

125 Interest

129 Other Revenue

Activities: Various

14. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K437,276,767 was made as revenue collection against which amounts totalling K155,779,163 were collected resulting in under collection of K281,497,604. See table below.

Revenue Stream	Estimates	Actual	Over/(Under) Collected Revenue
	K	K	K
Survey Fees	23,177,967	8,214,933	(14,963,034)
Consent Fees	1,629,843	2,297,332	667,489
Preparation Fees	1,839,141	1,405,707	(433,434)
Registration and Document Fees	27,605,820	28,554,834	949,014
Forestry Revenue	20,697,502	30,961,009	10,263,507
Consideration Fees	166,987,851	53,206,033	(113,781,818)
Interest on Late Payments	1,745,312	1,880,431	135,119
Ground Rent	193,593,331	29,258,884	(164,334,447)
Total	437,276,767	155,779,163	(281,497,604)

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry headquarters and visits to selected stations and a review of management information systems carried out in February 2019 revealed the following:

a. Misapplication of Funds - Survey Fees Accounts

Amounts totalling K516,617 meant for survey of properties were drawn from two revenue accounts and spent on non-survey related activities such as subsistence allowances for foreign travel and air tickets without authority from the Secretary to the Treasury.

b. Failure to Collect Statutory Forest Revenue

According to the Statutory Instrument (SI) No. 52 of 2013 of the Forest Act, the Department of Forestry is mandated to collect forest revenue for the erection of communication transmitters, construction of electricity sub-stations and site for sawmills in national and local forests.

Contrary to the SI, no fees had been collected for transmitters, electricity sub-stations and sawmill sites in respective national and local forests. In this regard, uncollected fees in respect of forest revenue component had accumulated to a total amount of K111,390 as at 20th September 2019.

c. Delayed Banking

Financial Regulation No.121 (1) requires that all Government revenues collected be deposited by the following working day. Contrary to the Regulation, there were delays in banking of revenue collected in amounts totalling K357,235 for periods ranging from five (5) to three hundred and thirty (330) days. See table below.

Station/Office	Distance to Bank	Amount K	Delay in Days
Lusaka Survey Region	2Km - 3Km	304,600	5 to 308
Mongu Provincial Forestry	500m - 1Km	52,635	330
Total		357,235	

d. Failure to Collect Ground Rent - Chitwi South Resettlement Area - Ndola

A review of records from the ZILMIS at the Ndola Lands Office revealed that in 1995, sixty-two (62) properties were allocated to land applicants. The properties ranged from two (2) to nineteen (19) hectares.

In this regard, instead of management collecting ground rent in amounts totalling K7,560 from the sixty two (62) properties with an estimated average of 8.7 hectares per property during the period under review, only amounts totalling K1,718 were collected from the sixteen (16) land holders and forty-six (46) of them had not paid as at 20th September 2019, thereby resulting into an estimated revenue loss of K5,842.

Programme: 123 Fees - Ministry of Commerce, Trade and Industry

Activity: Zambia Compulsory Standards Agency (ZCSA)

15. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K89,216,701 was made in respect of revenue collection against which amounts totalling K101,574,390 were collected resulting in an over collection of K12,357,689.

Accounting and Other Irregularities

An examination of accounting and other records maintained at headquarters conducted in December 2018 and visits to selected stations carried out in June 2019 revealed the following:

a. Failure to Collect Debt

During the period under review, the Agency accumulated trade receivables in amounts totalling K13,590,935 comprising debt transferred from the Zambia Bureau of Standards amounting to K8,937,806 and debt accumulated from January to 31st December 2018 by ZCSA totalling K4,653,129 in unpaid for services by six hundred and eighty (680) clients.

As at 20th September 2019, the Agency had not collected the amounts owed.

b. Unsupported Revenue Collections

Contrary to Financial Regulation No. 124 which stipulates that revenue must be vouched on a prescribed form, it was observed that revenue in amounts totalling K1,214,499 in respect of Certification fees and Road Worthiness Inspections (RWI) penalty fees were not supported with commercial invoices and receipts to validate the revenue collected. See table below.

Fee Type	Stations	Missing Documents	No. of Transactions	Amount K
Import Quality Monitoring Scheme	Lusaka	Invoices	4	37,893
Import Quality Monitoring Scheme	Nakonde	Invoices	1	2,630
Import Quality Monitoring Scheme	Nakonde	Invoices	1	2,344
Import Quality Monitoring Scheme	Lusaka	Inspection & Sampling forms	8	9,893
Import Quality Monitoring Scheme	Mwami	Commercial Invoices	2	4,829
Road worthiness Inspection	Mwami	Commercial Invoices	24	54,829
Import Quality Monitoring Scheme	Chirundu	Commercial Invoices	16	1,095,038
Road worthiness Inspection	Chirundu	Commercial Invoices	2	7,043
	Total			1,214,499

c. Testing Fees Collected without Proof of Test Results

Statutory Instrument No. 49 of 2012 provides for the collection of testing fees on compulsory products from Exporters and Importers.

During the period under review, amounts totalling K41,300 meant for testing of products were collected from thirteen (13) clients. However, details of the products tested and results and/or reports of the tests were not availed for audit.

Although management indicated that the products in question were found to be safe, the criteria used to certify the products safe for consumption was not availed for audit verification.

It was observed that there were no guidelines regarding the period within which results should be released after samples have been collected for testing.

Programmes: 123	Fees - Ministry of Labour and Social Security
Activities: 123005	Registration Fees
123040	Education and Occupational Assessment Fees
123048	Factory Fees

16. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2017 and 2018, provisions of K3,572,943 and K1,629,015 were made in respect of revenue collections against which total amounts of K1,125,091 and K1,524,470 respectively were collected as shown in the table below:

Revenue Type	2018			2017		
	Estimates K	Actual K	Variance K	Estimates K	Actual K	Variance K
Registration Fees	154,700	305,500	150,800	7,822	3,958	(3,864)
Educational and Occupational Assessment Fees	779,445	524,140	(255,305)	2,048,797	726,890	(1,321,907)
Factory Fees	694,870	694,830	(40)	1,516,324	394,243	(1,122,081)
Total	1,629,015	1,524,470	(104,545)	3,572,943	1,125,091	(2,447,852)

Accounting and Other Irregularities

An examination of financial records and other relevant documents maintained at the Ministry headquarters revealed the following:

a. Delayed Banking

The Financial Regulation No. 121(1) requires that all Government revenues collected be deposited by the following working day. It was however observed that there were delays in banking revenue collected in amounts totalling K427,086 for periods ranging from three (3) to twenty (20) days.

b. Deposits not Reflected on the Bank Statements

Contrary to Financial Regulations Nos. 129, 130 and 138, revenue in amounts totalling K139,648 collected at Ministry Headquarters in 2018, though purported to have been banked as evidenced by deposit slips, was not reflected on the bank statements.

c. Uncollected Factory Fees - Occupational Safety and Health Services Department

An examination of accounting records and management reports maintained by the Department of Occupational Safety and Health Services revealed that factory fees from various clients in amounts totalling K75,057 had not been collected as at 20th September 2019.

Programmes: 122 Licences - Ministry of Water Development, Sanitation and Environmental Protection

Activities: 122071 Zambia Environmental Management Agency (ZEMA) Collections

17. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2017 and 2018, provisions of K44,908,566 in 2017 and K29,798,072 in 2018 were made against which amounts totalling K48,541,933 in 2017 and K23,193,041 in 2018 were collected, resulting in an over collection of K3,633,367 in 2017 and under collection of K6,605,031 in 2018.

Accounting and Other Irregularities

An examination of financial and other records maintained at the Ministry headquarters and a visit to selected stations carried out in February 2019 revealed the following:

a. Unaccounted for Funds

A review of receipt books, deposit slips and bank statements for the period under review, revealed that revenue collected in amounts totalling K26,000 was not accounted for in that the money was not reflected on the bank statement and no cash was found on hand.

b. Deposits not Reflected on the Bank Statements

Financial Regulation Nos. 129, 130 and 138 require collectors of revenue to bring to account daily, the whole amount of collections that should be reconciled and deposited to the credit of the Treasury Account (Control 99) at the Bank of Zambia.

However, it was observed that revenue in amounts totalling K277,950 and K32,820 collected at Headquarters and Ndola office in 2017 and 2018 respectively, although supported by deposit slips, did not reflect on the bank statements. See table below.

Station	2017	2018
	Amount K	Amount K
Headquarters	25,230	32,820
Ndola	252,720	-
Total	277,950	32,820

c. Delayed Banking

Financial Regulation No.121 (1) requires that all Government revenues collected be deposited by the following working day. It was however observed that there were delays in banking of revenue collected amounting to K425,350 and K766,038 for periods ranging from three (3) to nine (9) days in 2017 and 2018 respectively. The days delayed did not include weekends and public holidays. See table below.

Station	2017		2018	
	Amount K	Delay in Days	Amount K	Delay in Days
ZEMA HQ	279,869	3 to 6	692,258	3 to 9
Ndola Office	145,481	3 to 6	73,780	3 to 7
Total	425,350		766,038	

d. Revenue Deposited in Operations Account without Authority

The Public Finance Management Act No. 1 of 2018, 76 (1) states that an office holder or any other person shall not use any public monies or public stores or other assets for any purpose not authorised by this Act or by any other law. However, it was observed that revenue in amounts totalling K372,050 collected during the period from 3rd to 23rd August 2018 was deposited in the operations account held with a local commercial bank without authority from the Secretary to the Treasury. Subsequently, amounts totalling K20,177 were spent and the balance of K351,873 was only transferred to the revenue transit account on 1st September 2018.

e. Receipt Books Not Presented for Audit

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, one (1) accounting document (Accounts Form 40) with serial numbers from 7692051 to 7692100 collected by ZEMA headquarters from the Ministry of Finance on 6th July 2017, was not presented for audit.

f. Retention of Environmental Impact Assessment Revenue without Authority

In March 2016, the Secretary to the Treasury authorised ZEMA to retain K16,305,318 revenue realised from Environmental Impact Assessment (EIA) activities for the period January to December 2016. In this regard, the ZEMA opened an account with a Commercial Bank in which the revenue was deposited.

However, amounts totalling K27,748,027 comprising K24,608,807 and K3,139,220 were collected in 2017 and 2018 respectively, and deposited in a Commercial Bank account instead of the revenue transit account without authority.

g. Failure to Provide an Inventory of Environmental Impact Assessments

Environmental Impact Assessments (EIAs) is a systematic investigation carried out by the Agency on the conditions within the environment of proposed developments or project followed by an assessment of the impacts that the development or project will have on the environment in its totality which include physical, biological and socio economic aspects.

The developer submits Terms of Reference (ToRs) for approval and a draft copy of the Environmental Impact Statement (EIS) for comments to ZEMA. Comments are made by ZEMA on the draft EIS, which the developer incorporates into the final EIS report. Thereafter, the developer submits to ZEMA twelve (12) complete copies of the EIS in accordance with ToRs prepared by the developer and pays a statutory review fee of K13,000.

A scrutiny of the daily revenue returns for the period under review revealed that amounts totalling K10,335,201 were collected in respect of EIA activities. However, application forms for one hundred and twenty-two (122) Environmental Impact Assessments that were paid for were not availed for audit as at 20th September 2019. As a result, the accuracy, completeness and validity of EIA collections could not be ascertained.

h. Unpaid for Licences

An analysis of the Database maintained at ZEMA for licences issued against the general receipts issued in the period under review, revealed that three (3) clients were issued with licences that were not supported with proof of payment.

i. Expired Licences

According to the Environmental Management (Licencing) Regulations of 2013, a licence shall be valid for three (3) years and maybe renewed. An application for the renewal of a licence shall be made six (6) months before the expiry of the license.

A scrutiny of the database maintained by the Agency revealed that two hundred and forty-one (241) clients were non-compliant during the periods 2017 and 2018, in that they were operating without renewing their licenses. Although enquiries were made with management on outstanding license fees on expired licenses of all categories, no response was provided for audit thereby making it not possible to ascertain the amount lost for not renewing.

j. Lack of Validity Period for Licences.

Best practice requires that the Agency maintains a complete database of clients with sufficient, accurate and reliable information that supports monitoring compliance.

A scrutiny of the database revealed that six hundred and seventy-six (676) clients had vital information such as sector, phone number, email address, physical address, province and district appearing on the database records. However, the validity period of the licences was not indicated on the records thereby making it not possible to ascertain their licence status.

Programmes:	122	Licences - Ministry of Energy
	129	Other Revenue
Activities	122010	Energy Regulation Board (ERB) Licence Fees
	122200	Assessment Fees
	129099	Miscellaneous

18. In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2017 and 2018, provisions totalling K330,344,897 were made as revenue collections, against which amounts totalling K343,338,661 were collected, resulting in over collection of K12,993,765 as shown in the table below.

Year	Description	Revised Estimates K	Actual K	Variance K
2017	ERB Licence Fees	169,217,799	140,244,587	(28,973,212)
	ERB Licence Fees	160,283,647	202,048,174	41,764,527
2018	Assessment Fees	843,451	-	(843,451)
	Miscellaneous	-	1,045,901	1,045,901
Total		330,344,897	343,338,662	12,993,765

Although ERB recorded an over collection of K12,993,765 during the period under review, there was an under collection of K28,973,212 recorded in 2017.

Accounting and Other Irregularities

An examination of financial and other records maintained at the ERB carried out in May 2019 revealed the following:

a. Failure to Collect Outstanding ERB Fees

In Paragraph 15 of the Auditor General's report on the audit of accounts for the financial year ended 31st December 2016, mention was made of the outstanding ERB License fees owed by Oil Marketing Companies and Zesco Ltd.

In their Report for the First Session of the Twelfth National Assembly the Public Accounts Committee (PAC) expressed regret that despite the previous Committee censuring the Controlling Officer on the need for Zesco Ltd to offset the arrears owed to ERB, this had not happened. On the contrary, the situation had worsened in that the amount had increased from K54,078,218 in 2016 to K107,330,758 in 2017.

A review of the situation in May 2019 revealed that the outstanding amount in respect of license fees owed by Zesco Ltd increased from K107,330,758 in 2017 to K155,955,570 in 2018. In addition, the total amount owed by three (3) institutions comprising two (2) Oil Marketing Companies and Zesco Ltd was K156,983,292 of which 99% was owed by Zesco Ltd. See the table below.

Customer Name	Amount K
Midlands Petroleum Ltd	25,907
Continental Oil Company	1,001,816
Zesco Ltd	155,955,570
Total Debtors	156,983,292

As at 31st August 2019, the outstanding amount in respect of Zesco Ltd had accumulated to K186,398,168.

Programme: 129 Other Revenue - Ministry of Works and Supply
Activities: 129047 Weighbridge Charges
129049 Road Tolls

19. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K908,734,780 was made as revenue collections against which amounts totalling K939,707,436 were collected resulting in an over collection of K30,972,656 as shown in the table below.

Revenue Type	Approved Estimates K	Actual Revenue K	Over Collection K
Weighbridges charges	16,681,834	20,737,165	4,055,331
Road Tolls	892,052,946	918,970,271	26,917,325
Total	908,734,780	939,707,436	30,972,656

Accounting and Other Irregularities

An examination of accounting and other records maintained at National Road Fund Agency (NRFA) headquarters carried out in November 2018 and a follow up audit to eighteen (18) Toll Points in December 2018 to January 2019 revealed the following:

a. 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 NRFA did not have title deeds for the seven (7) pieces of land costing K2,410,000 acquired for the construction of Toll Plazas in the areas listed below.

Toll Station	Land Owner	Cost of Land K	Amounts Paid K	Outstanding Amounts K	Year of land Acquisition
Shimabala	Zambian Helpers Society	380,000	380,000	-	2016
Katuba	Clarence Old	380,000	-	380,000	2016
Mumbwa	Mutinta M Munakombwe	550,000	550,000	-	2016
Kafulafuta	H C Sikaundi	180,000	72,000	108,000	2014
Manyumbi	Doubt Suntile	180,000	72,000	108,000	2014
Manyumbi	Elvis Chame	180,000	72,000	108,000	2014
Chongwe	Mrs Maggie Mwila	560,000	560,000	-	2016
	TOTAL	2,410,000	1,706,000	704,000	

b. Inland Tolling

i. Unaccounted for Revenue

Financial Regulation No. 129 (1) stipulates that collectors of revenue are required to bring to account daily the whole amount of their collections. However, it was observed that revenue in amounts totalling K3,340 (US\$320) collected in 2018, involving four (4) transactions at Kapiri Mposhi weighbridge could not be verified as having been banked in that there were no deposit slips and bank statements to support the banking and no cash was found on hand.

ii. Irregular Award of Frequent Road User Discounts

In paragraph 13b(iii) of the report of the Auditor General on Accounts for the Republic for the financial year ended 31st December 2017 mention was made on 11,348 vehicles which irregularly paid Frequent Road User Discounts (FUDs) which resulted in the revenue loss of K1,091,814.

A review of the records carried out in January 2019 relating to FUDs at four (4) toll stations revealed that the situation had continued. It was observed that 94 vehicles paid at FUDs without passing at least ten (10) times within a month on a toll station. As a result, revenue in amounts totalling K33,085 was lost. See table below

Toll Facility	No of Vehicles	Revenue Loss K
Kafulafuta	74	7,320
Manyumbi	20	25,765
Total	94	33,085

In her response dated 20th September 2019, the Controlling Officer stated that the K33,085 related to system errors and the vendor had since agreed to compensate the Agency.

c. Failure to Collect Weighbridge Charges

In Paragraph 13b(vii) of the Report of the Auditor General on the audit of Accounts for the Republic for the financial year ended 31st December 2017, mention was made on the failure by NRFA to collect outstanding weighbridge fees in amounts totalling K156,371 from thirteen (13) offenders.

A review of the situation in 2019 revealed that the situation had not improved in that ninety (90) vehicles had been charged fees for overloading in amounts totalling K331,219 (US\$31,726) which had not been collected as at 20th September 2019.

Programmes: 122 Licences - Ministry of Tourism and Arts

123 Fees

129 Other Revenue

Activities Various

20. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K120,986,173 was made for revenue collection against which amounts totalling K146,459,834 were collected resulting in an over collection of K25,473,661. See table below.

Revenue Type	Estimates K	Actual K	Over Collection of Revenue K
Casino Fees	1,371,573	3,841,891	2,470,318
Hotel manager registration fees	2,140,656	516,006	(1,624,650)
Tourism Enterprise fees	2,217,882	1,532,247	(685,635)
Hunting and Park Fees	115,256,062	140,476,432	25,220,370
Miscellaneous	-	93,258	93,258
Total	120,986,173	146,459,834	25,473,661

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry headquarters and visits to selected stations carried out in May 2019 revealed the following:

a. Unaccounted for Revenue

Contrary to Financial Regulation No. 129 which requires that collectors of revenue bring to account daily the whole amount of their collections, an examination of accounting records at

two (2) stations revealed that amounts totalling K68,709 were unaccounted for in that neither cash collected was found on hand nor deposit slips to account for the variance. See table below:

Station	Type of Revenue	Un-accounted For Revenue K
Department of National Parks and Wildlife - South Luangwa Area Management Unit	Hunting and Park fees	67,209
Livingstone Regional office	Miscellaneous collections	1,500
Total		68,709

In his response dated 18th September 2019, the Controlling Officer stated that the officer involved in the unaccounted-for revenue at South Luangwa Area Management Unit had been recommended for dismissal. As at 20th September 2019, the documents in respect of his dismissal had not been availed for audit.

b. Delayed Banking

Financial Regulation No.121 (1) requires that all Government revenues collected be deposited by the following working day. It was however observed that there were delays in banking of revenue collected at seven (7) stations inspected in amounts totalling K704,501 and US\$14,773 for periods ranging from three (3) to seventy-nine (79) days. See table below.

Station	Bank Branch	Type of Revenue	Amount K	Amount US\$	No. of Days Delayed
DNPW - Chilanga	Zanaco MOF	Hunting and Park	209,897	-	3 to 6
DNPW - Lusaka Park	Zanaco Govt Complex	Hunting and Park	25,104	-	3 to 6
DNPW - Mosi o Tunya	Zanaco Lstone	Hunting and Park	159,957	6,468	3 to 14
DNPW - Lower Zambezi	Zanaco Chirundu	Hunting and Park	2,297	-	30 to 62
DNPW - SLAMU	Zanaco Mfuwe	Hunting and Park	241,779	8,305	3 to 53
DNPW - NLNP	Zanaco Mpika	Hunting and Park	51,397	-	3 to 30
MOTA - Livingstone	Zanaco Lstone	Miscellaneous Revenue	14,070	-	3 to 79
Total			704,501	14,773	

c. Amounts Owed by Tour Operators

A review of Tourism Concession Agreements (TCAs) for the tour operators and payments in respect of 2018 concession, outfitters and animals' fees revealed that amounts totalling K485,970 and US\$305,910 (K4,125,785) remained uncollected as at 31st December 2018. The amounts were still outstanding as at 20th September 2019. See table below.

Station	Amount Outstanding as at 31st December 2018	
	K	US\$
Mosi-o-Tunya AMU	14,223	34,024
Lower Zambezi AMU	379,292	139,695
South Luangwa AMU	92,455	97,881
North Luangwa N Park	-	34,310
Total	485,970	305,910

It was also observed that, although six (6) tour operators had made payments in amounts totalling K84,742 and US\$57,386 (K774,711) in 2018, they had no running Tourism Concession Agreements and management did not explain how the operators were making payments and allowed to operate without Tourism Concession Agreements. In addition, three (3) tour operators though operating, had no running Tourism Concession Agreements and were not making payments.

d. Lack of Safes at the Revenue Collection Points

Contrary to Financial Regulation No. 155 which requires that all revenue collection points have safes in place, no safes were maintained at the Lower Zambezi and South Luangwa National parks revenue collection points, rendering public funds and accountable documents unsecured.

e. Failure to Collect Manager Registration Fees

The Tourism and Hospitality Act No. 13 requires a registered Hotel Manager to apply and be issued with a certificate of registration, practising certificate or certificate of exemption. The Act further provides that all Managers operating or intending to operate any accommodation establishment as categorised by the Act and Subsidiary Regulations, are supposed to be registered and issued with renewable practicing certificate. An exemption from employing a qualified Hotel Manager is given if the establishment meets the prescribed conditions as provided for in the statutory instrument.

It was, however, observed that although a total of one hundred and fourteen (114) accommodation enterprises applied and paid for licenses under the Zambia Tourism Agency (ZTA), they did not apply to the Ministry for either registration, practising certificate or certificate of exemption for their Hotel Managers contrary to the provisions of the Act.

In this regard, revenue in amounts totalling K242,250 in respect of Manager Registration Fees was not collected by the Ministry during the period under review.

Programmes: 123 Fees – Passport Office

Activities: 123020 Passports

21. In the Estimates of Revenue and Expenditure for the Financial Year ended 31st December 2018, a provision of K30,000,000 was made as collection of revenue against which amounts totalling K28,486,495 were collected resulting in an under collection of K1,513,505.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry headquarters (Passports Office) and visits to selected stations carried out in August 2019 revealed the following:

a. Failure to Maintain a General Revenue Cashbook

Contrary to Financial Regulation No.128 which requires that collectors of revenue should keep a General Revenue Cash Book (Accounts Form 47B) which should be written up daily, during the period under review, General Revenue Cash Books were not maintained at the Passport and Citizenship offices in Lusaka, Ndola and Livingstone.

b. Unaccounted for Revenue - Solwezi Passport Office

During the period from 12th April to 14th May 2018, amounts totalling K30,080 were collected at the Solwezi Passport Office. However, the funds were unaccounted for in that the funds were neither banked nor was cash found on hand.

Although in his response dated 19th September 2019, the Controlling Officer stated that the concerned officer had repaid the money, no disciplinary action had been taken against the officer who was transferred to another station.

c. Delayed Banking - Solwezi Passport Office

Financial Regulation No.121 (1) requires that all Government revenues collected be deposited by the following working day. However, it was observed that there were delays in banking of revenue collected by Solwezi Passport Office in amounts totalling K44,110 for periods ranging from twenty-eight (28) to three hundred and seventeen (317) days.

d. Missing Receipts - Solwezi Passport Office

A review of General Receipts used during the period under review revealed that three (3) general receipts 4970740, 4970741 and 4970742 were missing from the general receipt book with receipts ranging from 4970700 to 4970750 at Solwezi Passport Office. In this regard, it was not possible to ascertain the amounts receipted on the missing receipts as the details were not entered in the cash book and no deposit slips were availed for audit.

e. Irregular Production of Passports Over the Weekends

According to the Passport Office guidelines, no passports must be printed during weekends and holidays without the express authority from the Registrar General.

However, a review of the Passport Production System (PPS) revealed that one hundred and twenty-two (122) and thirty-nine (39) passports were printed on Saturday and Sunday respectively, in Ndola and Livingstone offices without authority from the Registrar General. See the table below.

Station	Saturday	Sunday
Ndola	3	-
Livingstone	119	39
Total	122	39

In addition, out of the one hundred and twenty-two (122) passports printed on Saturday, nine (9) were initiated, processed and printed from the system on the same day. Further, a review of applicants' files revealed that the bar code form which shows the officers who worked on the applications were not filled thereby concealing the officers involved.

f. Loss of Revenue - Failure to Charge Express Fees

According to the passports production procedures, all express productions should attract an additional charge of K200. However, during the period under review, 13,433 passports were expressly produced in Lusaka, Ndola and Livingstone without charging the additional fees resulting in a revenue loss of K2,686,600. See table below.

Station	No.of Passports Produced	Amount K
Lusaka	6,508	1,301,600
Ndola	5,355	1,071,000
Livingstone	1,570	314,000
Total	13,433	2,686,600

g. Inadequate Controls Over the Server Room

CoBIT DSS01.04 Manage the Environment, stipulates that an entity should maintain measures for protection against environmental factors such as fire, water, smoke and humidity. Install specialised equipment and devices to monitor and control the environment.

In addition, physical security measures must be capable of effectively preventing, detecting and mitigating risks relating to theft, temperature, fire, smoke, water, vibration, vandalism, power outages, chemicals or explosives.

Further, best practice requires that a server room is in a conducive and safe condition at all times (i.e., no mess, no paper or cardboard boxes, no filled dustbins, no flammable chemicals or materials, maintain ambient temperatures of between 18°c-25°c) and has restricted access.

The following were however noted at the Livingstone Passport Office:

- Although the Office had Uninterruptable Power Supply (UPS) and Generator set to fall on in the event of power outage, the UPS and Generator were non-functional for over twelve months (12) and thus, operations of the office were interrupted every time there were power outages.
- The server room was installed with two air conditioning units. However, at the time of the audit, both were non-operational, thereby risking the Server and the information stored therein.
- Consumables such as cardboard boxes and other materials were stored in the Server room.

Programme: 2021 Non-Tax Revenues – Department of Immigration

Activities: 123018 Immigration Fees and Charges

22. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K344,492,344 was made in respect of revenue collection of immigration fees and charges against which amounts totalling K357,391,607 were collected resulting in an over collection of K12,499,263.

Cheques Deposited not Traced to the Bank Statement - Headquarters Revenue Transit

Contrary to the Financial Regulations Nos.129 (1) and 130 (1) which states that collectors of revenue are required to bring to account daily the whole amount of their collections and that all revenue shall be deposited to the credit of the Treasury Account (Control 99 at Bank of Zambia), deposits in respect of eighteen (18) cheques in amounts totalling K111,500 received from various clients could not be traced to the Bank Statements of the Revenue Transit Accounts held at a commercial bank.

Programmes: 121 Fines - Zambia Police Service

122 Licences

123 Fees

Activities: Various

23. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a revenue provision of K57,881,214 was made in respect of collection of fees and fines against which amounts totalling K74,251,423 were collected resulting in an over collection of K16,370,209. See table below.

Revenue Type	Approved Estimates K	Actual Collections K	Variance K
Admission of Guilt	43,232,099	58,849,931	15,617,832
Fire Arms	245,269	363,055	117,786
Interpol	5,175,543	6,184,465	1,008,922
Finger Prints	4,422,806	4,875,860	453,054
Other Fees	4,805,497	3,978,112	(827,385)
Total	57,881,214	74,251,423	16,370,209

Accounting and Other Irregularities

An examination of financial and other records maintained at Zambia Police Headquarters and visits to selected stations carried out in July 2019 revealed the following:

a. Failure to Collect Revenue - Road Traffic Offences (RTOs)

A review of traffic offence charge sheets issued during the period from January to December 2018, at Zambia Police Service Headquarters, Kabwata and Kabwe police stations revealed that 303 traffic offenders were charged for various traffic offences but had not paid as at 20th September 2019 resulting in revenue loss of K163,243. See table below.

Police stations	No. of offences	Revenue Amount not Collected K
Headquarters	255	127,518
Kabwata	30	31,650
Kabwe	18	4,075
Total	303	163,243

In his response dated 23rd September 2019, the Inspector General of Police attributed the failure to collect revenue to a number of challenges which included:

- i. Lack of correct motor vehicle details
- ii. Clients depositing and not claiming receipts
- iii. Lack of a mechanised tracking system for offenders

However, the Zambia Police Service did not provide evidence as to why revenue was not collected from the traffic offenders.

b. Failure to Collect Revenue for Road Traffic Accidents (RTAs)

The Road Traffic Act No. 11 of 2002 as read with Statutory Instrument No. 41 of 2015 specifies a schedule of one hundred and eighteen (118) traffic offences, penalty units and the admission of guilt fines to be collected for each offence.

A scrutiny of admission of guilt, receipt books, register of traffic accidents (RTAs) and accident dockets revealed 323 traffic offences in respect of careless driving in amounts totalling K77,250 had not been collected as at 20th September 2019. See table below.

Police Station/Post	Revenue not collected K	No. of Offences
Kabwata Police	29,325	110
Maxwell Sibongo	11,025	49
Mongu Central	36,900	164
Total	77,250	323

In his response dated 23rd September 2019, the Inspector General of Police stated that the failure to collect revenue was mainly as a result of offenders depositing and not claiming receipts and lack of a mechanised tracking system for offenders.

However, the Zambia Police Service did not provide evidence as to why revenue was not collected from the road traffic accident offenders.

c. Unaccounted for Road Traffic Fines - Kabwe

Financial Regulations No.129 (1) and No. 130 stipulate that collectors of revenue are required to bring to account daily the whole amount of their collections and deposit into the Treasury account all the revenue collected.

Contrary to the regulations a review of the Road Traffic Accidents (RTA) register and accident dockets revealed that amounts totalling K41,050 were paid in respect of 171 road traffic accident offences recorded in the register, no cash was receipted in the admission of guilty receipt book. In addition, neither cash was banked nor found on hand. See table below.

Details	No of Offences	Unaccounted Amount K
Unreceipted road traffic accident offences written as paid in RTA register	56	15,150
Unreceipted careless driving offences closed in the RTA book but not paid for	115	25,900
Total	171	41,050

In his response dated 23rd September 2019, the Inspector General of Police stated that some of the cases were paid for, others closed due to technicalities whilst others were still under investigations. However, supporting documents had not been availed for audit.

Expenditure

Head: 15 Ministry of Home Affairs

Programmes: Various

Activities: Various

24. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K348,067,848 was made to cater for various programmes under the Ministry against which amounts totalling K223,069,092 were released, resulting in an underfunding of K124,998,756.

Accounting and other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters and selected provincial offices carried out from March to June 2019 revealed the following:

a. Wasteful Expenditure on Interest Payment

In 2012, the Ministry engaged Henina Engineering Contractors to construct three (3) low cost houses, guard house and associated works for Drug Enforcement Commission. However, the Ministry delayed in paying Certificate Nos. 1 to 5 and these attracted interest of K210,518. The interest was added to Certificate No. 6 dated 24th May 2018 which had an amount of K85,091 bringing the total amount of the Certificate to K295,609 and the Ministry paid the contractor on 17th October 2018.

The payment of interest in the amount of K210,518 which had accumulated from 2013 was therefore wasteful expenditure.

b. Completion of Office Block for National Registration in Mongu – Lot 1 (General Works)

On 18th April 2017, the Ministry engaged Sepo Contractors and General Dealers for the completion of the office block for National Registration in Mongu under Lot 1 at a contract sum of K399,599, VAT inclusive. Among the works to be done were concrete works, carpentry and joinery and external works. The contract period was eight (8) weeks. The contractor took site possession on 18th April 2017 and works were expected to be completed on 30th July, 2017.

As of March 2019, the contractor had been paid a total amount of K153,030 representing 38.3% of the contract sum.

A physical inspection of the project carried out in June 2019 revealed that works valued at K177,030 were still outstanding. See table below.

Description	Amount K
Carpentry, Joinery & Iron Mongery	25,240
Plumbing Installation	4,800
Claddings	5,760
Ceramic Tiles	1,160
Skirting	2,500
Painting Externally	7,120
Ablution Block - Blockwork	4,530
Ablution - Roofing	8,460
Ablution - Carpentry, Joinery & Iron Mongery	11,690
Ablution - Metal Works	2,800
Ablution - Plumbing Installation	25,260
Ablution - Electricals	7,880
Ablution - Floor, wall & ceiling finish	33,840
Ablution - Painting	7,090
External Works - Site preparation	4,000
External Works - Soil Drainage	7,500
External Works - Surface Drainage	8,400
External Works - Water Reticulation	9,000
Total	177,030

Further, there was no documentary evidence to show that the contract period had been extended.

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

Unit: 01 Prisons and Reformatories Unit

Programmes: Various

Activities: Various

25. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a total authorised provision of K241,431,528 was made to cater for the implementation of various activities under Zambia Correctional Services against which amounts totalling K234,266,057 were released resulting in an underfunding of K7,697,701. See table below.

Station	Budget K	Released K	Under Funding K
Prisons HQ	231,999,410	225,653,379	(6,346,031)
Central	805,324	461,362	(343,962)
Mukobeko	641,664	426,424	(215,240)
Lusaka	958,470	874,347	(84,123)
Mwembeshi	262,160	240,338	(21,822)
Copperbelt	1,148,250	1,029,271	(118,979)
Kamfinsa	574,000	391,597	(182,403)
Northern	684,930	676,894	(8,036)
North Western	863,000	804,338	(58,662)
Western	819,790	757,630	(62,160)
Luapula	917,980	771,570	(146,410)
Muchinga	532,230	515,000	(17,230)
Southern	892,450	845,763	(46,687)
Eastern	864,100	818,144	(45,956)
Totals	241,963,758	234,266,057	(7,697,701)

Accounting and Other Irregularities

An examination of accounting and other relevant records maintained at the Correctional Services Headquarters, Regional offices and other Correctional facilities carried out in selected Provinces from February to July 2019 revealed the following:

a. 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.”

However, imprest in amounts totalling K5,000 was issued to two (2) officers for the procurement of various stores items whose values could be ascertained instead of paying directly to the suppliers.

b. Failure to Operationalise – Hammermill - Muchinga

On 22nd March 2018, Muchinga Regional Office procured a hammer mill for Chinsali Correctional facility at a cost of K24,239. However, as of July 2019, fifteen (15) months after the procurement, the hammer mill was not operational as it remained uninstalled.

c. Unauthorised Fuel Drawings – Muchinga Regional Office

Fuel drawings costing K20,987 were made without authority in that the drawings were not supported by approved fuel requisitions by a responsible officer.

d. Failure to Withhold Value Added Tax (VAT) – Central

Contrary to the VAT Amendment Act of 2017 and Treasury and Financial Management Circular No. 6 of 2017, which directed all institutions which were appointed as tax agents, withhold and remit VAT from payments to suppliers of goods and services to the Zambia Revenue Authority (ZRA), Zambia Correctional Services failed to withhold VAT in amounts totalling K65,126. See table below.

Station	No of Transactions	Amount K
Headquarters	2	3,140
Central Region	16	11,070
Copperbelt Region	18	14,568
Kamfinsa	57	34,098
Livingstone	4	2,251
Total	97	65,126

e. Failure to Remit Tax

Contrary to the Income Tax Act, amounts totalling K30,199 deducted as Pay As You Earn from settling in allowances paid to seven (7) officers at Lusaka Regional Office had not been remitted to the Zambia Revenue Authority as at 20th September 2019.

f. Unauthorised Transfer of Funds to Other Accounts

Contrary to the Public Finance Management Act No. 1 of 2018 Section 25 which states that there is established a Treasury Single Account — (a) which shall serve as a unified structure of bank accounts to give a consolidated view of Government cash resources; and (b) into which all Government cash including monies received by public bodies shall be deposited and from which all expenditure of Government and public entities shall be made.

A review of payment documents pertaining to Recurrent Departmental Charges account revealed that amounts totalling K54,645 involving two (2) transactions were transferred to Prisons Industries Revolving Fund and Prisons Recreation and Benevolent Accounts under unexplained circumstances and without authority.

g. Failure to Implement a Funded Project - Drilling of Boreholes (Headquarters)

In September 2018, amounts totalling K317,744 were spent on drilling five (5) boreholes at - Chondwe correctional farm in Ndola. (Borehole sinking - K28,812, Borehole materials - K275,000 and fuel K12,932).

A physical inspection carried out in July 2019, revealed that no borehole had been drilled although the siting and procurement of materials was done in 2018.

h. Congested Correctional Facilities

A review of records at the Mukobeko Maximum, Female Maximum and Mumbwa Correctional Facilities revealed that whereas the facilities had total holding capacity of five hundred and thirty-three (533) inmates, there were two thousand six hundred and seven (2,607) inmates being held at the facilities resulting in an excess of two thousand and seventy-four (2,074) inmates. See table below.

Prison	Correctional Facility Capacity	Actual No of Inmates (Lock-In)	Excess Inmates
Mukobeko Maximum	400	2,229	1,829
Female Maximum	53	111	58
Mumbwa	80	267	187
Total	533	2,607	2,074

Head: 20 Ministry of Local Government

Programme: Various

Activity: Various

26. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K47,016,650 was made to cater for various programmes under the Ministry of Local Government against which amounts totalling K31,872,111 were released resulting in an underfunding of K15,144,539.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters and a physical inspection of selected projects carried out from February to May 2019 revealed the following:

a. Construction of a Bus Station in Mpika, Muchinga Province

On 4th October 2013, the then Ministry of Local Government and Housing signed a contract with Henina Engineering and Contractors Limited for the construction of a modern bus station in Mpika at a contract sum of K7,813,146 and the completion date for the contract was 4th April, 2016.

It was observed that although the completion date in the initial contract was supposed to be 4th April 2016, the addendum signed on 28th July 2017 to renew the contract, had no mention of the new completion date of the project.

On 18th May 2018, a request for a variation was made for additional costs of K5,061,967 bringing the new contract sum to K12,918,920. The variation arose as a result of a wrong design of the roof structure. On 10th July 2018, the variation was approved by the Attorney General.

As at 31st August 2019, the contractor had been paid a total amount of K3,355,706.

At the time of physical inspection in June 2019, the contractor was found breaking the concrete support beams following instructions from the officials from the Ministry of Local Government.

However, there were no details availed to show who would bear the cost of rectifying the wrong roof design as this had led to significant increase in the contract price.



Concrete support beams to be knocked down

b. Construction of a Modern Market and Bus Station at Kamuchanga in Mufulira District

On 2nd April 2014, the Ministry of Local Government and Housing engaged Construction for Africa Limited to construct a modern market and bus station at Kamuchanga in Mufulira District at a contract sum of K12,721,108, VAT inclusive with a completion period of nine (9) months. The commencement date was 16th April 2015 with a completion date of 15th January 2015. The completion date was revised through Variation Order Numbers 1 and 2 dated 29th February 2016 and the contract sum was revised to K15,766,197. As of February 2019, the contractor had been paid K9,507,713.

The Ministry also appointed Mufulira Municipal Council to supervise the works. The scope of works included;

- Construction of the green market shelter, shops,
- Bus Station and Administration block, refuse bay, Police Post, and
- Drainage structures

The following were observed:

i. Delayed Completion of the Project

A review of the contract revealed that in a correspondence dated 25th January 2018, the Ministerial Procurement Committee informed the Director – Department of Housing and Infrastructure Development that the Committee at its meeting held on 24 January, 2018 had considered and approved the application for authority to extend the contract by six (6) months and that the new contract completion date would be 29th June, 2018.

According to the Monitoring report for January – February 2019, the completion date was extended to 8th February 2019 and the physical progress on site stood at 85%. There was no evidence on the file to show that the completion date had been extended to February 2019.

ii. Failure to Renew the Performance Bond

The General Conditions of Contract Clause 52.1 states that, “The Performance guarantee shall be valid until 28 days from the date of issue of the Certificate of Completion in the case of a Client Guarantee, and until one year from the date of issue of Completion Certificate in the case of a Performance Bond.” As of April 2019, there was no valid performance bond as it had expired in January, 2015.

iii. Physical Inspection of the Site

A visit to the site carried out in June 2019 showed that no works were being carried out as the contractor was not on site. It was also observed that the Council who are the supervisors were not aware of any changes in the contract making it difficult to supervise. The Council Officials expressed concern that engaging the contractor had proved futile, hence they wrote to Ministry of Local Government on the way forward. In addition, there was no security at the market to safeguard the structure which was 85% complete.

c. Construction of Chinsali Bus Station

On 17th October 2013, the Ministry and Stoutone Investments Limited signed a contract for the construction of a Bus Station in Chinsali at a contract sum of K10,864,469 with a completion period of twelve (12) months. As of April 2019, amounts totalling K2,276,661 had been paid leaving a balance of K8,587,808.

According to the Monitoring Report for the period January to February 2019, the works on the project were at 15%.

The following were also observed:

i. Delayed Completion of Project

In 2013, it was observed that the project had omissions which prevented the execution of works under this contract to continue and hence the works were suspended indefinitely to allow for time to re-design certain components of the structure. After re-designing, the contractor could not go back on site as he was claiming an advance for re-mobilisation. In a letter dated 27th June 2017, the Ministry wrote to the contractor to remobilise to site and that the Ministry was unable to process the payment certificate of 20% of the approved variation amount as it was in breach of the contract clause numbers 40 and 42 which required that any claim for payment shall include the value of works executed and shall comprise the value of the quantities of the items in the Bill of Quantities completed.

The Ministry had not honoured this claim and the contractor had not remobilised to site as of June 2019.

ii. Deterioration of the Structure

According to the Report for the Monitoring of Markets and Bus Stations Projects conducted from January to February 2019 prepared by the Ministry, the prolonged period to complete the works had impacted negatively on certain components of the executed works which were not protected at the time the contractor left especially the block work which had started to weaken.

Further, a physical verification of the project carried out in June 2019 revealed that the contractor had not re-mobilised and works had stalled.

Head: 31 Ministry of Justice

Programme: Various

Activities: Various

27. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K551,307,930 was made to cater for various activities at the Ministry against which amounts totalling K455,210,802 were released resulting in an underfunding of K101,097,128.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters carried out from January to May 2019 revealed the following:

a. Management of Compensation and Awards Account

During the year under review, a total provision of K303,363,990 was made to cater for Compensations and Awards and amounts totalling K260,214,679 were released. As at 31st December 2018, a total amount of K255,355,942 had been spent.

The following were observed:

i. Loss of Public Funds through Negligence by Public Workers

In paragraph 31 (b) of the Auditor General's Report on the accounts of the Republic for the financial year ended 31st December 2017 mention was made of loss of public funds through negligence by public workers in which amounts totalling K11,448,709 in respect of fifty nine (59) cases were paid by the Ministry for cases where officers neglected, omitted or failed to follow procedures in their duty.

The Controlling Officer submitted that the Ministry of Justice had been in communication with the Secretary to the Cabinet and Public Service Management Division (PSMD), with the aim of recovering funds from officers who caused loss to the Government by acting negligently, or failing to follow Government procedures when executing their duties.

In addition, the Controlling Officer submitted that the enactment of the Public Finance Management Act, No.1 of 2018 would strengthen accountability, oversight, management and control of public funds in the Public Financial Management Framework. The Act provides penalties such as suspension, surcharge equivalent to the loss incurred by the Government, demotion and termination of employment for office holders that cause loss of Government funds due to acts, wilful default or gross neglect of duty.

A review of records revealed that a total amount of K535,000 in respect of four (4) cases was paid by the Ministry for cases where officers neglected, omitted or failed to follow procedures in their duty.

However, contrary to Section 52 of the Public Finance Management Act which requires that officers who cause liability to the government through neglect, omission or failure to follow procedures in their duty should be held liable for the loss and damage, there was no evidence that sanctions were applied to the erring officers.

ii. Outstanding Payments of Compensation and Awards

In paragraph 31 of the Auditor General's Report on the accounts of the Republic for the financial year ended 31st December 2017 mention was made of outstanding payments of Compensation and Awards which had accumulated to K3,028,552,193.

In her submission to the Public Accounts Committee, the Controlling Officer stated that her office had been in constant engagement with the Secretary to the Treasury, with the aim of having the budgetary allocation for the Compensation Fund increased.

In their Report for the Third Session of the Twelfth National Assembly the Public Accounts Committee urged the Ministry of Finance to provide sufficient funds to liquidate the outstanding debt.

A review of records revealed that although the amount outstanding as at 31st December 2017 was K3,028,552,193, only K303,363,990 was provided for in 2018 out of which K260,214,679 was released. As at 31st December 2018 amounts totalling K3,024,623,215 involving sixty-two (62) cases were outstanding. Included in the amount was interest which had accumulated to K603,850,972 representing 20% of the principal amount.

iii. Misapplication of Funds

Contrary to the Appropriation Act of 2017, amounts totalling K156,338 meant for payment of compensations and awards were spent on activities such as subsistence allowances, fuel and conference facilities among others not related to the purpose for which the funds were appropriated for by Parliament.

Head: 45 Ministry of Community Development and Social Services

Programme: Various

Activities: Various

28. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K1,020,067,132 was made to cater for the operations at the Ministry against which amounts totalling K543,983,263 were released resulting in an under funding of K476,083,869.

Accounting Irregularity – Unsupported Payments

An examination of accounting and other records maintained at the Ministry headquarters carried out during the period from January to June 2019 revealed that contrary to Financial Regulations No. 45(2) and No. 52(1), two (2) payments in amounts totalling K12,200 made during the period under review were not supported with relevant documents such as cash sale receipts and invoices among others.

Head: 45/03 Ministry of Community Development and Social Services – Community Development Department

Programme: 5005 Grants to Institutions - Operational

Activities: 143 Monze Community College

29. During the period under review, amounts totalling K979,167 were received for General Administration at Monze Community Development Staff College to cater for recurrent departmental activities.

In addition, the Institution collected amounts totalling K607,665 as user fees and there was a balance brought forward from 2017 of K132,198 bringing the total available funds to K1,719,029.

As at 31st December 2018, amounts totalling K1,589,554 had been spent leaving a balance of K129,474.

Accounting and Other Irregularities

An examination of accounting and other records maintained at Monze Development Staff College revealed the following:

a. Officers Employed without Authority

During the period under review, salaries in amounts totalling K30,875 were paid to four (4) general workers and a cook at Monze Community Development Staff College who were employed without authority from the Controlling Officer.

b. Unaccounted for Stores

Contrary to Stores Regulation No.16, there were no receipt and disposal details in respect of various stores items costing K3,088 procured during the period under review.

c. Failure to Inscribe 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 to identify it as a government property, assets costing K33,890 had no identification marks as at 20th September 2019.

d. Irregular Payment of Extra Duty Allowance

During the period under review, eleven (11) officers were paid amounts totalling K4,000 (at rates ranging from K20 to K200) as extra duty allowances for assisting during a workshop. However, the payments were irregular as they were not supported by terms and conditions of service.

e. Failure to Utilise Purchased Materials

During the period under review, the School incurred a total cost of K16,420 for the purchase and transportation of paving bricks for the paving of its surrounding. However, the purchased materials had not been utilised as at 20th September 2019.

f. Outstanding Obligations

A review of records revealed that, the Institution had accrued amounts totalling K8,765 in respect of outstanding bills to suppliers. As at 20th September 2019, the outstanding bills had not been paid to the suppliers.

g. Weaknesses in Management of Revenue

i. Failure to Collect Revenue-School fees

Revenue in amounts totalling K36,585 had accrued during the period 2017 to 2018 to the institution in respect of fees owed by students which had not been collected as at 20th September 2019.

ii. Failure to Collect Revenue- Rentals

Revenue in amounts totalling K16,140 had accrued to the college during the period January to December 2018 in respect of rentals owed by tenants which had not been collected as at 20th September 2019.

It was further observed that there were no tenancy agreements or contracts with the tenants to ascertain how much each tenant was supposed to pay.

h. Failure to Maintain Properties

A physical inspection in June 2019 of selected properties owned by the college revealed that some properties were dilapidated and abandoned. See pictures below.



Abandoned Servant Quarter



Dilapidated Prefab House



Plastic roof at Principals House

In particular, the following were observed;

- Most of the staff houses had cracks from the foundation to roof level.
- Some houses had broken roofs and glass panes.

Head: 46/01 Ministry of Health – Headquarters

Department: Various

Programme: Various

Activities: Various

30. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a total provision of K7,131,667,250 was made to cater for various activities at the Ministry against which amounts totalling K5,187,168,261 were released resulting in an under funding of K1,944,498,989.

Accounting and Other Irregularities

An examination of financial and other records maintained at the Ministry Headquarters carried out from January to March 2019 revealed the following:

a. Irregular Payment of Salaries

During the period from January 2017 to February 2019, ten (10) officers who resigned from the Public Service were still on payroll and had been paid salaries in amounts totalling K1,512,540 for periods ranging from five (5) to twenty-nine (29) months.

b. Irregular Payment of Salaries to an Officer who Deserted the Office

Upon completion of his internship in June 2018, a Resident Medical Officer at University Teaching Hospital was transferred to Kanyama First Level Hospital.

Inquiries made with Human Resource personnel at Kanyama First Level Hospital revealed that the officer never reported at the Hospital and his whereabouts were not known.

In her response dated 26th August 2019, the Controlling Officer stated that management had recommended termination of the contract on account of absenteeism to the Public Service Management Division for onward submission to the Civil Service Commission for conclusion of the matter. She further stated that any potential recoveries will be effected from the deserter's terminal benefits.

However, as at 20th September 2019, the matter had not been concluded and the deserter had since been paid salaries in amounts totalling K274,092.

c. Failure to Recover Tuition Advances

Contrary to Terms and Conditions of Service for the Public Service No. 92, recoveries for tuition advances in amounts totalling K62,000 paid to two (2) officers during the period under review had not been effected as at 20th September 2019.

d. Poor Storage of Medical Supplies - Levy Mwanawasa Hospital

A physical inspection of the main pharmacy at Levy Mwanawasa Hospital conducted in March 2019 revealed that the storeroom for the pharmacy where all drugs procured for the hospital were being stored had sewer pipes passing through from the top to the bottom, thereby posing a risk of drugs being soaked in an event of sewage spillage. See picture below.



Main pharmacy storeroom at Levy Mwanawasa Hospital

e. Outstanding Debt on Insurance Premiums

The Ministry insures its fleet of motor vehicles with Zambia State Insurance Corporation (ZSIC). However, as at 31st December 2018, the Ministry had outstanding premiums in amounts totalling K5,698,759 comprising an unpaid balance for the years prior to 2018 totalling K4,471,843 and premiums for the year ended 31st December 2018 of K1,226,916. As at 20th September 2019, the outstanding premiums had still not been settled.

Head: 46 Ministry of Health

Programme: Personal Emoluments

Activities: Various

31. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K3,359,156,670 was made to cater for personal emoluments in provinces against which amounts totalling K3,292,460,687 were released.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Medical Offices, selected Hospitals and District Medical Offices carried out during the period from January to June 2019 revealed the following:

a. Payment of Salaries to an Officer who Resigned

In November 2017, an officer at Luanshya DHO resigned from the service. However, an examination of the payroll revealed that the officer was paid salaries in amounts totalling K64,932 for the period from November 2017 to May 2018.

As at 20th September 2019, the salaries had not been recovered.

b. Unknown Officers Drawing Salaries

During the period under review, salaries in amounts totalling K62,239 were paid to an officer at Katete DHO who was not known by the Head of station where the officer was assigned.

c. Unauthorised Staff Additions to the Payroll

Contrary to Part 4 of Chapter 2 of the Terms and Conditions of Service for the Public Service, amounts totalling K815,002 were paid to twenty-three (23) officers who were introduced on the payroll without evidence of appointment letters from the Public Service Management Division. See table below.

Province	Station	No. of Officers	Amount K
Eastern	Chipata DHO	3	193,079
	Chipata Central Hospital	3	150,012
Central	Kabwe General Hospital	2	47,481
	Kabwe Mine Hospital	5	189,068
	Chibombo DHO	3	104,928
	Mkushi DHO	7	130,434
	TOTAL	23	815,002

In her response dated 20th September 2019, the Controlling Officer stated that recommendations for the twenty-three (23) officers had been forwarded to the Public Service Management Division for formalisation.

d. Irregular Payment of Rural Hardship Allowance

The Terms and Conditions of Service for the Public Service No. 166 and the Public Service Management Division Circular No. B6 of 2010 stipulates that an officer serving in an area declared to be a remote area shall be entitled to receive hardship allowance at the rate as may be determined by Government from time to time.

Contrary to the above, amounts totalling K9,575 were paid as rural hardship allowance to an officer at Chembe DHO who did not qualify for the allowance.

e. Irregular Payment of Salaries to Officers on Unpaid Leave

Section (a) of Part 136 of Chapter 6 of the Terms and conditions of Service for the Public Service states that an Established Officer who is not eligible for paid study leave may be granted unpaid study leave on application through the Permanent Secretary, Public Service Management Division.

During the period under review, two (2) officers at two (2) stations had applied and were granted unpaid leave for periods ranging from one (1) to five (5) years. However, the officers were irregularly paid salaries in amounts totalling K183,262 for the period they were on unpaid leave without authority from Public Service Management Division (PSMD). See table below.

Province	Station	No. of Officers	Amount K
Eastern	Katete DHO	1	31,281
Copperbelt	Luanshya DHO	1	151,981
	Total	2	183,262

As at 20th September 2019, the amounts had not been recovered.

f. Irregular Payment of Salaries to Officers Absent from Duty Without Leave

According to Sections (a) and (b) of Part 60 of Chapter 4 of the Terms and conditions of Service for the Public Service, an officer who is absent from duty without leave to do so for a continuous period of ten (10) days or more working days, shall be liable for dismissal and shall not be paid a salary for the period he or she was absent from duty.

Contrary to the Terms and Conditions of Service, three (3) officers at Arthur Davison Hospital who were absent from duty for periods ranging from two (2) to three (3) months had not been separated from service and were irregularly paid salaries in amounts totalling K33,095.

g. Failure to Conclude Staff Disciplinary Case - Roan Antelope General Hospital

An Assistant Accountant at the Roan Antelope General Hospital was placed on suspension on 18th June 2012, due to alleged misappropriations of funds. However, as of May 2019, seven (7) years after being put on suspension, management had not resolved the disciplinary case and the officer had been paid salaries in amounts totalling K209,184 for the period from June 2012 to December 2018.

h. Employees with Duplicate Bank Account Numbers

An analysis of the Direct Debit And Credit Clearing (DDACC) and payroll records, revealed that four (4) officers who drew salaries in amounts totalling K154,950 had the same bank accounts. As at 20th September 2019, no satisfactory explanation was given as to why officers' salaries were being paid using the same bank account numbers.

Head: 46 Ministry of Health

Programme: Various

Activities: Various

32. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K472,050,729 was made to cater for General Administration, Infrastructure Development and Health Management Systems at the Provincial Health Offices (PHO), selected District Health Offices (DHOs), Hospitals and Nursing Training Schools against which amounts totalling K272,111,426 were released resulting in an underfunding of K199,939,303 as shown in the table below.

Province	Institution	Total Budget Provisions K	Total Releases K	Variance K
Western	Western PHO	27,067,830	20,633,143	(6,434,687)
	Mongu DHO	4,070,790	2,883,476	(1,187,314)
	Lukulu DHO	1,790,250	1,268,094	(522,156)
	Kaoma DHO	2,196,600	1,486,734	(709,866)
	Lewanika General Hospital	3,957,710	2,144,434	(1,813,276)
	Lewanika School of Nursing	1,085,610	768,974	(316,636)
Luapula	Mansa PHO	25,269,790	18,105,584	(7,164,206)
	Mansa DHO	5,747,450	4,550,065	(1,197,385)
	Chembe DHO	863,000	683,207	(179,793)
	Mwense DHO	2,774,040	1,872,939	(901,101)
	Chipili DHO	1,172,900	928,546	(244,354)
	Mansa School of Nursing	1,553,780	1,230,076	(323,704)
	Mansa General Hospital	4,501,910	3,564,012	(937,898)
Southern	Choma PHO	22,830,760	10,294,157	(12,536,603)
	Livingstone DHO	2,216,870	1,755,021	(461,849)
	Monze DHO	6,626,820	2,869,711	(3,757,109)
	Pemba DHO	1,213,110	859,285	(353,825)
	Sinazongwe DHO	2,534,780	1,795,469	(739,311)
Lusaka	Lusaka PHO	29,315,840	12,742,591	(16,573,249)
	Lusaka DHO	20,967,440	14,851,400	(6,116,040)
	Chongwe DHO	3,104,260	2,537,034	(567,226)
Eastern	Chipata PHO	27,893,120	23,820,570	(4,072,550)
	Chipata DHO	9,105,770	6,449,920	(2,655,850)
	Chipata Central Hospital	6,763,830	4,742,784	(2,021,046)
Copperbelt	Ndola PHO	20,716,280	14,674,032	(6,042,248)
	Luanshya DHO	12,053,780	1,510,259	(10,543,521)
	Masaiti DHO	4,426,710	1,687,547	(2,739,163)
	Mpongwe DHO	6,049,390	1,903,518	(4,145,872)
	Ndola DHO	34,975,980	3,727,795	(31,248,185)
	Arthur Davison Children's Hospital	6,825,440	4,722,366	(2,103,074)
	Roan Antelope General Hospital	1,618,270	1,146,275	(471,995)
	Arthur Davison pediatric School	374,460	265,243	(109,217)
	Roan Antelope School of Nursing	777,290	550,580	(226,710)
Muchinga	Chinsali PHO	27,899,590	20,562,257	(7,337,333)
	Chilonga School of Nursing	770,800	610,206	(160,594)
	Chilonga General Hospital	1,513,520	1,072,076	(441,444)
	Mpika DHO	5,964,160	3,243,530	(2,720,630)
	Chinsali DHO	5,748,850	3,215,146	(2,533,704)
	Shiwanga'ndu DHO	3,462,170	1,362,307	(2,099,863)
Northern	Kasama PHO	23,169,620	21,904,358	(1,265,262)
	Kasama DHO	5,236,790	3,709,392	(1,527,398)
	Mbala DHO	4,296,379	3,265,754	(1,030,625)
	Mbala General Hospital	2,427,060	1,842,251	(584,809)
	Kasama General Hospital	4,536,060	3,256,821	(1,279,239)
Central	Kabwe PHO	36,879,700	8,717,914	(28,161,786)
	Chibombo DHO	4,019,770	3,182,318	(837,452)
	Kabwe DHO	3,953,640	2,802,616	(1,151,024)
	Mkushi	3,268,200	2,314,975	(953,225)
	Kabwe School of Nursing	906,820	658,109	(248,711)
	Kabwe General Hospital	3,764,030	2,811,864	(952,166)
North - Western	Solwezi PHO	26,886,830	10,676,229	(16,210,601)
	Solwezi DHO	2,020,700	1,655,525	(365,175)
	Solwezi General Hospital	2,145,760	1,884,493	(261,267)
	Mukinge School of Nursing	738,420	338,443	(399,977)
Total		472,050,729	272,111,426	(199,139,349)

Accounting and Other Irregularities

An examination of accounting and other records maintained at the ten (10) Provincial Health Offices, selected District Health Offices (DHOs), Hospitals and Nursing Training Schools carried out between March and June 2019 revealed the following:

a. Unsupported Payments

Contrary to Financial Regulations No. 45 and 52, eleven (11) payments in amounts totalling K94,553 were not supported with relevant documents such as invoices, receipts, supporting schedules and acceptance letters, among others. See table below.

Province	Station	No. of Voucher	Amount K
Lusaka	Chongwe DHO	1	16,750
	Chongwe District Hospital	7	17,573
	Lusaka DHO	3	60,230
Total		11	94,553

b. Failure to Produce Expenditure Returns

Contrary to Financial Regulation No. 10 (n), expenditure returns in respect of funds in amounts totalling K301,830 disbursed to Lusaka District Health Office and four (4) health facilities to cater for cholera operations had not been submitted to the PHO as at 20th September 2019. It was therefore not possible to verify how the funds were utilised and no action had been taken against the institutions.

c. Irregular Payment of Transport Refunds – Lusaka Province

Cabinet Office Circular No. 11 of 2013 abolished the payment of all administrative allowances to officers in the Public Service.

However, contrary to the circular, amounts totalling K323,577 were drawn to pay transport refunds to thirty-three (33) Public Service Officers working over weekends filing documents, typing, sweeping the offices, monitoring in the district and other peripheral areas activities that were done during normal working days.

d. Irregularities in Management and Accounting for Imprest

i. Over Payment to a Lodge – Lusaka PHO

On 12th June 2018, an amount of K12,705 was paid to a Lodge for conference hire and refreshments during the Human Resource review meeting. The cost was to cater for the following:

- i. Conference hire for three (3) days at K850 per day.
- ii. Tea breaks (twice a day) at K2,700 per day
- iii. Refreshments (twice a day) at K300 per day.

However, the meeting was only for a day for which an amount of K3,850 should have been incurred. In this regard, a refund of K8,855 should have been claimed from the lodge for the extra two (2) days.

As at 20th September 2019, there was no evidence that the overpayment of K8,855 had been claimed back from the lodge.

ii. Failure to Avail Activity Reports

Imprest in amounts totalling K57,300 was issued to six (6) officers to cater for various activities such as monitoring, inspections, site assessment visits and performance assessments, among others. See table below.

Province	Station	No. of Officers	Amount K
Lusaka	Lusaka DHO	3	26,400
	Chongwe DHO	3	30,900
Total		6	57,300

However, no activity reports were availed as proof that activities were undertaken.

iii. Irregular Use of Imprest to Procure Goods and Services - Lusaka DHO

According to Financial Regulation No. 86 (c), ‘accountable imprest 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 during the period under review, Lusaka DHO issued accountable imprest in amounts totalling K44,840 to an officer to procure goods and services whose values were obtainable on the market.

e. Un-acquitted Allowances – Lusaka Province

Contrary to Financial Regulation No. 45, amounts totalling K44,172 paid to three (3) officers to facilitate payment of allowances to other officers carrying out various activities such as women’s day celebration, cholera and Voluntary Medical Male Circumcision among others, were not acquitted for, making it not possible to ascertain whether the funds were received by the intended beneficiaries. See table below.

Province	Station	No. of Officers	Amount K
Lusaka	Lusaka DHO	2	17,640
	Chongwe DHO	1	26,532
Total		3	44,172

f. Management of Stores and Assets

i. Unaccounted for Stores

Contrary to Stores Regulation No. 16, various stores items costing K274,581 were not accounted for in that there were no receipt and disposal details. See table below.

Province	Station	Amount Stores K
Central	Mkushi DHO	5,168
	Kabwe General Hospital	15,335
Lusaka	Chongwe District Hospital	124,679
	Lusaka DHO	61,079
	Chongwe DHO	17,150
	Hospital	51,170
Total		274,581

ii. Questionable Fuel Drawings – Lusaka DHO

During the period from January to September 2018, a total of 15,666 litres of fuel costing K185,285 drawn by seven (7) motor vehicles was questionable in that the vehicles refuelled more than once on the same day or consecutive days without any justification. See table below.

Vehicle Reg. No.	No. Litres	Amount K
GRZ 571 CK	2,210	26,542
GRZ 572 CK	2,910	34,179
GRZ 573 CK	980	11,448
GRZ 574 CK	1,650	19,816
GRZ 654 CK	951	10,997
GRZ 772 CN	5,725	67,411
GRZ 856 CK	1,240	14,892
	15,666	185,285

In addition, there were no logbooks to show where the vehicles had gone and whether the fuel drawn was used on official duties.

g. Failure to Report Missing Laptop to Police - Kaoma District Health Office

On 23rd March 2018, Kaoma District Health Office procured a laptop computer at a cost of K7,500. However, the laptop was missing from the District Health Director's office in January 2019. As at 20th September 2019, the matter had not been reported to the police and the loss report had not been processed.

h. Failure to Settle Insurance Premiums – Eastern Province

On 20th March 2016, a Mitsubishi Pajero Registration No. GRZ 962 CL belonging to the Provincial Health Office was involved in a road accident due to a left front tyre burst.

A review of records pertaining to the motor vehicle and physical inspection of the same revealed that the motor vehicle was comprehensively insured with the Zambia State Insurance Company (ZSIC-General Insurance) at a value of K386,000.

However, the Provincial Health Office had failed to pay an outstanding premium of K236,222 for its vehicle fleet inclusive of a component of K15,665 for the Mitsubishi Pajero GRZ 962 CL which resulted in the insurance company failing to indemnify the former as at 20th September 2019.

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, assets costing K129,208 procured during the period under review had no identification marks as at 20th September 2019. See table below.

Province	Station	No. of Items	Value K
Central	Kabwe DHO	2	5,900
	Chibombo DHO	4	17,900
	Mkushi DHO	7	105,408
Total		13	129,208

j. Failure to Collect Revenue

Contrary to Financial Regulation No. 10 (c) which requires that accounting officers collect punctually all revenues and other public monies due for collection, it was observed that amounts totalling K2,023,696 in respect of service bills accrued by various companies under the High Cost Corporate Scheme had not been collected as at 20th September 2019.

A scrutiny of records revealed that the amounts remained outstanding for periods ranging from one (1) to eighty-eight (88) months. See table below.

Province	Station	Amount K	Period Outstanding (Months)
Copperbelt	Arthur Davison Children Hospital	428,835	-
	Roan Antelope General Hospital	550,075	5 to 88
North-	Solwezi General Hospital	487,732	1 to 73
Luapula	Mansa General Hospital	557,054	
	Total	2,023,696	

It was also observed that five (5) corporate members and various family members on the Solwezi General Hospital Medical scheme who were owing the hospital amounts totalling K288,775 had not been renewing their annual contracts despite the services being provided by the hospital.

k. Delayed Banking

Contrary to Financial Regulation No. 121, despite the proximity to the banking facilities, there were delays in banking of revenue in amounts totalling K641,557 for periods ranging from 1 to 8 days. See table below.

Province	Station	Amount K	Days Delayed
North-Western	Solwezi General	625,682	1 to 8
Central	Mkushi District Hospital	15,875	1 to 7
Total		641,557	

l. Failure to Recover Loans and Salary Advances

Contrary to the Terms and Conditions of Service of the Public Service No. 92 which states that an advance of salary shall be repaid within a reasonable period of time but not exceeding six (6) months, recoveries in respect of salary advances in amounts totalling K23,000 paid to two (2) officers during the period under review had not been effected as at 20th September 2019. See table below.

Province	Station	No of Officers	Amount K
Western	PHO	1	3,000
Lusaka	PHO	1	20,000
Total		2	23,000

m. Undelivered Drugs and Medical Supplies

Drugs and medical supplies costing K3,804,121 procured by the Government from Medical Stores and other suppliers during the period under review had not been delivered by Medical Stores Ltd to the medical institutions in eight (8) provinces as 20th September 2019. See table below.

Province	Station	Value K
Western	Kalabo DHO	57,374
	Kalabo District Hospital	492
	Liyoyelo Urban Clinic	23,392
	Lukulu DHO	9,312
	Kaoma DHO	228,607
	Kaoma District Hospital	62,033
	Mulamba Urban Clinic	22,421
	Mongu PHO	75,262
	Mongu DHO	926
	Lewanika General Hospital	14,316
	Mongu Urban Clinic	3,540
	Prison Urban Clinic	1,716
	Sikongo DHO	499
	Muchinga	PHO
Chinsali DHO		19,669
Chinsali Urban Clinic		28,285
Mpika DHO		106,464
Mpika Urban Clinic		53,878
Chilonga Mission Hospital		78,292
Nakonde DHO		274,656
Shemu RHC		3,823
Eastern	Chipata DHO	28,841
	Nyimba DHO	19,165
	Sinda DHO	2,933
	Nyanje Mission Hospital	8,590
	Minga Mission Hospital	1,016
Copperbelt	Nkwazi Clinic	15,612
	Thompson Hospital	11,885
Luapula	Samfya District Hospital	214,675
North Western	Mwinilunga DHO	165,246
	Mwinilunga General Hospital	193,573
	Kanyihampa Urban Clinic	5,012
Lusaka	Lusaka DHO	305,607
Central	Kabwe General Hospital	25,672
	Kabwe DHO	22,787
	Serenje DHO	34,224
	Mkushi District Hospital	42,274
Total		3,804,121

n. Unaccounted for Drugs and Medical Supplies

Contrary to Public Stores Regulation No. 16, various drugs and commodities costing K1,776,561 distributed to Provincial Health Offices, District Health Offices, Hospitals and

Clinics in three (3) Provinces were unaccounted for as there were no disposal details such as Stock Control Cards to show how and where the supplies were used. See table below.

Province	Station	Value K
North-Western	Mwinilunga General Hospital	970,272
	Katuola RHC	46,633
	Kalumbila DHO	100,502
	Lumwana General Hospital	286,146
Lusaka	Chawama First Level Hospital	6,480
Central	Kabwe General Hospital	357,785
	Kabwe DHO	8,743
Total		1,776,561

o. Drugs Delivered but not Ordered

During the period under review, eight (8) Institutions received drugs and medical supplies costing K179,563 from Medical Stores Limited without being ordered for. See table below.

Province	Station	Value K
Muchinga	Chilonga Mission Hospital	27,854
	Mpika Urban Clinic	8,642
	Shiwang'andu DHO	69,161
	Nakonde Distric Hospital	12,487
	Shemu RHC	2,563
Western	Lewanika General Hospital	3,245
	Kalabo DHO	23,867
	Kaoma District Hospital	31,743
Total		179,563

As at 20th September 2019, the basis of supplying drugs that were not ordered had not been established and no action had been taken to redress the situation.

Head: 65 Ministry of Youth, Sport and Child Development

Programmes: Various

Activities: Various

33. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K185,738,970 was made to cater for operations of the Ministry against which amounts totalling K85,043,475 were released resulting in an under funding of K100,695,495.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters and a physical inspection of selected projects carried out from January to June 2019 revealed the following:

a. Procurement of Information and Communication Technology (ICT) Equipment

During the period from October 2017 to January 2018, the Ministry procured ICT equipment from four (4) suppliers in amounts totalling K4,399,766. See table below.

Date	Payee	Details	Date of Delivery	Qty	Amount K
12.10.17	Walkerville Enterprises	Desktop Computers	07.11.2017	325	2,362,100
04.10.17	Bhukhan Brothers Ltd	Printers	07.11.2017	65	194,350
	CEEJAY Digital Solution	Truecafe Mgt Software and Lincence (Billing System)	08.11.2018	65	179,530
31.01.18	Reprographix Limited	Photocopiers	02.05.2018	65	1,663,786
	Total				4,399,766

All the equipment was received during the period from November 2017 to March 2018. Consequently, all the purchased equipment was distributed to youth groups in sixty-one (61) districts on loan basis in December 2018. In this regard, the repayment of the loans was to commence in April 2019.

The terms and conditions of the loan agreement included the following:

- **Interest Rates Applicable:** The Interest rate was at 5% of the Principal Amount on fixed terms and that the loan instalments were to be paid to a bank account of the Ministry of Youth, Sport and Child Development, held at a Commercial Bank.
- **Loan Payment Terms:** Borrower was to pay K1,750 to the Ministry every Month for the life of the loan.
- The Loan (start-up kits for the establishment of ICT Businesses/Internet Centres) was to be comprehensively insured by the borrower.
- Neglecting to pay the loan instalments for any reason for three (3) consecutive months, without prejudice to the Ministry's other rights under the Agreement, the Ministry was to terminate the Agreement and issue a notice of seizure to the Borrower.

However, the following were observed:

i. Non-Repayment of the Loans

Fifty-six (56) youth groups that had received loans in amounts totalling K3,920,000 had defaulted in their loan repayments which have been due since 30th April 2019 after the expiry of the grace period as provided for in the agreements. However, as at 20th September 2019, the Ministry had not taken any action against the defaulters.

ii. Missing Information and Communication Technology (ICT) Equipment

A physical inspection of the ICT equipment in Chisamba District carried out in June 2019 revealed that five (5) computers, one printer, one photocopier and one billing system were missing.

As at 20th September 2019, the missing equipment had not been replaced by the group.

b. Failure to Pay Loans for Tricycles

On 25th August 2016, the Ministry procured one hundred (100) tricycles at a total cost of K4,930,000. The tricycles were to be distributed to various youth groups on loan basis and each youth group was to receive one (1) tricycle.

The terms and conditions of the loan agreement included the following:

- The loan repayment period was thirty-six (36) months.
- The first payment was due thirty (30) days from the expiry of the grace period of ninety (90) days.
- The beneficiaries were expected to remit monthly instalments of K1,630 inclusive of interest charged at five percent (5%) per annum.

The tricycles were received on 19th April 2017 and stored at Heroes Stadium in Lusaka prior to distribution to the groups.

However, sixty-four (64) youth groups that had received loans in amounts totalling K3,755,520 had defaulted in their loan repayments which have been due since 30th April 2019 after the expiry of the grace period as provided for in the agreements. As at 20th September 2019, the Ministry had not taken any action against the defaulters.

Head: 77/01 Ministry of Defence Headquarters

Programme: Various

Activities: Various

34. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a total authorised provision of K194,855,030 was made to cater for various activities under the Ministry Headquarters, Defence Force Medical Services and Research and Planning against which amounts totalling K164,936,705 were released resulting in an underfunding of K29,918,325.

Accounting and Other Irregularities

An examination of financial and other records maintained at the Ministry Headquarters, Defence Services Commands, Maina Soko Military Hospital, Staff College and Northern Command Military Hospital (NCMH) and physical inspections of selected projects carried out from April to June 2019 revealed the following:

a. Failure to Report for Duty - Transferred Staff

On 14th July 2015, the President directed that the Rural Roads Units (RRU) under Ministry of Works and Supply move to Ministry of Defence under the Zambia National Service - Land Development Branch (LDB). A total number of three hundred and seventy-three (373) employees under Provincial Administration offices - RRU were moved to the Ministry of Defence Payroll in September 2018.

However, there were challenges of identifying those from RRU General Administration and those from Provincial Engineering Department. Due to the challenges, two (2) teams were formed from Ministry of Defence Headquarters in conjunction with PMEC and ZNS personnel to carry out a verification of the payroll in September 2018.

A review of the findings of the teams revealed that out of the three hundred and seventy-three (373) officers transferred to Ministry of Defence, fifteen (15) officers were absent from work since June 2016 and these officers were paid amounts totalling K592,968 as salaries as at 31st December 2018. As at 20th September 2019, no action had been taken against the officers.

b. Unaccounted for Phones

On 15th January 2013, the Ministry of Defence signed a contract with ZTE Corporation for the supply, delivery, installation and commissioning of the Zambia Military and Communication Network at a contract sum of K71,016,896,850 (US\$13,586,550). The project was to cater for the Ministry Headquarters, Zambia Army, Zambia Airforce and Zambia National Service. The supply involved nine thousand, two hundred and fifty, (9,250) Gota phones, out of which three thousand and eighty (3,080) were for the Ministry Headquarters. The phones were delivered on 8th June 2015. See table below.

Description	Type	Quantity
ZTE Phone	G 882	1,430
ZTE Phone	G 660	1,650
Total		3,080

A scrutiny of records revealed that as at 31st December 2018, the Ministry owed ZTE Corporation amounts totalling K48,043,939,974 (USD9,191,494.16).

A physical verification at the Central Ordinance Depot carried out in April, 2019 revealed that six thousand, four hundred and fifty four (6,454) phones had been distributed while two thousand, four hundred and two (2,402) phones valued at US\$504,420 were still in Stores at the Central Ordinance Depot (COD) and two hundred and seventy four (274) phones valued at US\$57,540 were in stores at the Ministry of Defence Headquarters.

However, one hundred and twenty (120) phones valued at K131,720,400 (US\$25,200) were unaccounted for in that there were no disposal details.

c. Supply, Delivery, Installation and Commissioning of Oxygen Plant – Maina Soko Hospital

On 19th January 2015, the Ministry engaged On Site Gas Systems International (PTY) limited, a company incorporated under the Laws of the Republic of South Africa to supply, deliver, install and commission an oxygen plant at Maina Soko Military Hospital at a contract sum of K1,450,400 (US\$148,000).

According to the terms and conditions of the contract, the delivery period was as follows:

- i. Collection of raw materials and components - approximately 6 - 8 weeks.
- ii. High pressure compressor (HPC) - 8 weeks.

- iii. Manufacturing process - approximately 2 - 4 weeks. The one long lead item (HPC) would be fitted and tested within 1 week of arrival.
- iv. Freight to site - approximately 1 week.

Terms of payments of goods supplied were as follows:

- **Advance Payment**

Twenty-five (25) percent of the contract price was to be paid within thirty (30) days of signing of the contract and upon submission of claim and a bank guarantee for the equivalent amount valid until the goods were delivered.

- **On Delivery**

Fifty (50) percent of the contract price of the goods delivered would be paid through irrevocable confirmed letter of credit.

- **On Acceptance**

Twenty-five (25) percent of the contract price of goods received would be paid within thirty (30) days. Payments were to be made promptly by the purchaser, but in no case later than sixty (60) days after submission of an invoice or request for payment by the supplier.

The supplier was, within fourteen (14) days of signing the contract or date of the bid acceptance, whichever was earlier, to provide a performance security of 10% of the contract sum.

Technical specifications for the oxygen plant were as follows:

- i. Model CX14TA
- ii. Equivalent of approximately 27 large cylinders per day.
- iii. 93% purity +/- 3%

Apart from supplying the oxygen, the supplier of the equipment was also to provide:

- i. Related maintenance and operation/service.
- ii. Training of maintenance mechanics and operators.
- iii. Spares and service kits/tool for technical staff.

Service kits included for 1 year.

As at 31st March, 2016, a total amount of K500,000 (USD56,480.20) had been paid to the supplier representing 38% of the contract sum leaving a balance of K813,265 (US\$91,520). See table below.

Date	Amount US\$	Amount K
Dec-15	37,000	271,657
Mar-16	19,480	224,023
Mar-16		4,320
Total		500,000

The following were observed:

i. Failure to Deliver Oxygen Plant

A physical inspection of the project carried out in June, 2019 revealed that the Oxygen plant had not been delivered, fifty three (53) months after signing the contract and thirty nine (39) months after the second instalment was paid. Only a concrete slab for placing the Oxygen Plant had been constructed at a cost of K4,320, representing 0.3% of the contract sum. See picture below.



Slab constructed in readiness for the Oxygen plant

ii. Failure to Issue Performance Bond

The supplier did not renew the performance bond as the one that had been issued expired on 30th September 2015. As a result, no claim had been made by the Ministry for the funds that had been paid.

d. Construction of a Guard’s Quarter and Electric Fence at L85 Borehole Site in Lusaka West

On 18th January 2018, the Ministry of Defence entered into a contract with Lazu Tech Minerals Zambia Limited for the construction of Guard’s Quarter and electric fence covering an area of 134,960m² at L85 borehole site in Lusaka West and the remedying of any defects therein at a

contract sum of K2,205,664. The Completion period was twenty (20) weeks starting from 15th November 2018.

The scope of works included form work/sub structural works, roofing and plumbing works, electrification and plastering, construction of the proposed electrical fencing, painting and housekeeping and landscaping and its associated works.

As at 31st August 2019, the contractor had been paid a total amount of K945,893. See table below.

Date	Amount K
09.07.18	441,132
26.12.19	204,761
20.08.19	300,000
Total	945,893

A physical inspection of the project carried out in February 2019 revealed that the construction of the Guard's Quarter and electrical fencing had not been completed. The outstanding works included; plumbing, electrical installation, wall and ceiling finishing, glazing, painting and decorating, electric fencing and landscaping.

e. Contract for Paving of the Cenotaph at the Parade Square

On 6th September 2018, the Ministry of Defence signed a contract with Grika Construction and Landscaping for the paving of the Cenotaph at the Parade Square at a contract sum of K238,956 inclusive of VAT. The mode of payment of the contract sum was 45% advance and 55% upon signing of the completion certificate for the project.

As at 31st December 2018, the contractor had been paid a total amount of K119,478 representing 50% of the contract sum.

A physical inspection of the works carried out in May 2019 revealed that although the works were completed, they were poorly done in that whereas the contract stipulated that the paver bricks be laid according to agreed slopes and set out levels, the pavers were not properly laid in that the surfaces had depressions where water was collecting during the rain season.

Although in his response dated 16th September 2019, the Controlling Officer stated that the contractor was instructed to rectify the defects, no remedial works had been done.

f. Operations at Northern Command Military Hospital (NCMH) in Ndola

i. Failure to follow Procurement Procedures - Contract for Upgrading of the Roof Top

On 27th December 2018, NCMH signed a contract with Touchline International Ltd for upgrading of the roof top at a contract sum of K486,000.

The following were observed:

- Clause 3.8 of the contract provided that the Institution shall pay to the contractor for the works as agreed between the parties as follows:

3.8.1 On signing of the contract, a sum not exceeding 50% shall be paid to the contractor for resource mobilisation and resuming of construction works on the site depending on the arrangements between the institution and the contractor,

3.8.2 the other 50% payment shall be done upon completion of the building, the completion of the interior works such as the ceiling, plumbing and plumbing fixtures, electrical wiring, all carpentry works, exterior plastering and installation of doors and window frames, including painting and exterior plumbing works and permanent water supply service.

Contrary to the contract terms, the contractor was paid the full contract price in two (2) equal instalments of K243,000 on 28th December 2018 and 29th December 2018 before commencement of the works.

- Procurement Regulation No. 140 (4) states that any advance payment shall only be made against the provision by the contractor of an advance payment guarantee, covering the full amount of the advance payment. Contrary to the regulation, no payment guarantee was issued by the contractor thereby making the government prone to loss in case there was a breach of contract by the contractor.

ii. Repair of a CT Scan Machine

On 27th December 2018, NCMH signed a contract with BCM Networking and Telecoms Limited for repair of the CT scan Machine at a contract sum of K393,000.

The following were observed:

- **Failure to Follow Procurement Procedures**

- Clause 3.9 of the contract provided that the Institution shall pay to the contractor for the works as agreed between the parties as follows:

3.9.1 On signing of the contract, a sum not exceeding 50% shall be paid to the contractor for resource mobilisation and resuming of construction works on the site depending on the arrangements between the institution and the contractor.

3.9.2 the other 50% payment shall be done upon completion of the building, the completion of the interior works such as the ceiling, plumbing and plumbing fixtures, electrical wiring, all carpentry works and exterior plastering and installation of doors and window frames, including painting and exterior plumbing works and permanent water supply service.

Contrary to the contract terms, the supplier was paid the full contract sum of K393,000 on 28th December 2018.

- Procurement Regulation No. 140 (4) states that any advance payment shall only be made against the provision by the supplier of an advance payment guarantee covering the full amount of the advance payment. Contrary to the regulation, no payment guarantee was issued by the contractor against the advance payment thereby making the government prone to loss in case there was a breach of contract by the contractor.

- **Physical Status**

A physical inspection of the CT scan machine carried out in May 2019 revealed that the machine was not operational. See picture below.



CT scan not working

Further, inquiries revealed that the CT scan machine had not been operational since July 2018.

Head: 80 **Ministry of General Education**
Department: Various
Units: Various
Programme: Various
Activities: Various

35. In the Estimates of Revenue and Expenditure for the financial year ended 31st December, 2018, a provision of K9,502,894,033 was made to cater for operations at the Ministry Headquarters against which amounts totalling K8,681,304,468 were released resulting in an underfunding of K821,589,565.

Accounting and Other Irregularities

An examination of accounting and other records maintained at Headquarters and selected provinces and a physical inspection of some projects carried out from January to August 2019 revealed the following:

a. Lack of a Strategic Plan

A strategic plan is a management tool used to set priorities, focus energy and resources, strengthen operations, to ensure that employees and other stakeholders are working towards common goals. The purpose of a strategic plan is to set overall goals for the business and to develop strategies to achieve them.

However, as at 20th September 2019, the Ministry had been operating without a strategic plan.

b. Lack of Information Technology and Communication (ICT) Policy

A review of the ICT environment revealed that there was no ICT policy in place to guide the operations of ICT packages for the Ministry to derive maximum benefits and help improve service delivery.

c. Comingling of Funds

The Ministry maintained bank accounts designated for specific activities under different programmes and projects. However, during the period under review, it was observed that payments were not restricted to specific designated programmes and project bank accounts thereby defeating the purpose of maintaining separate bank accounts. In particular, the following were observed:

i. Questionable Borrowings and Reimbursement of Funds

During the year under review, the Ministry made refunds of borrowed funds in amounts totalling K2,281,639 to the National Implementation Framework (NIF) and Keeping Girls in School (KGS) accounts. As at 20th September 2019, no documentation such as authority for the borrowings, payment vouchers, budgets, retirement details, activity reports, receipt and disposal details were available for audit thereby making the transactions questionable.

ii. Misapplication of Funds

Contrary to the Appropriation Act of 2017, funds in amounts totalling K34,593,167 meant for Curriculum and materials development, Secondary School Infrastructure Development, Early Childhood Education provision and open and distance learning were applied on activities such as purchase of motor vehicles, air tickets, subsistence allowances, decentralisation of e-payslips and payment of settling in allowances among others not related to the purpose for which the funds were appropriated without Treasury authority. As a result, planned and funded activities were not fully implemented.

d. Weaknesses in Recurrent Departmental Charges Expenditure

i. Unsupported Treasury Single Account (TSA) Payments

Treasury and Financial Management Circular No. 5 of 2015 Part IV provides that TSA payments are initiated by MPSAs. The process starts with parking of source documents, followed by verification of the parked documents, completion and release. The end product on the part of the Ministry is an open item on which the Treasury processes payments. However, source documents such as open item reports and authorities for customer and

vendor payments in amounts totalling K399,061 and K2,663,452 respectively were not availed for audit.

ii. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96(1), accountable imprest in amounts totalling K73,850 issued to two (2) officers to facilitate office entertainment and purchase of refreshments for various activities had not been retired as at 20th September 2019. As a result, it was not possible to ascertain the activities on which expenditure was incurred and how the funds were utilised.

iii. Failure to Avail Acquittal Sheets

Contrary to Financial Regulation No. 45(3), amounts totalling K474,026 paid to five (5) officers to facilitate payment of subsistence allowance, transport refunds and lunch allowance to several other officers were not supported with acquittal sheets as at 20th September 2019. Further, the un-acquitted for funds were neither banked nor was cash found at hand.

iv. Unaccounted for Fuel

Contrary to Public Stores Regulation No. 16, fuel costing K42,063 procured during the period under review was not accounted for in that there were no receipt and disposal details.

e. Weaknesses in Management of Grants to Lower Level Institutions

i. Irregular Contributions by Schools

During the period under review, the DEBs offices required that primary and secondary schools make contributions for co-curricular activities, Teachers Day celebrations, selection of pupils to Grades 8 and 10 and collection of equipment among others. A sample of four (4) DEBS revealed that amounts totalling K223,345 were collected for these activities. In addition, part of the funds (K53,086) were subsequently remitted to the Provincial Education Offices (PEO) and District Administration Offices (DAO).

ii. Delayed Clearance of Grants Funding Commitments

A review of the customers' cleared payments report from the IFMIS and the bank statements at various DEB offices revealed that grants in amounts totalling K14,375,378 sent to lower

level institutions took periods ranging from one (1) to one hundred ninety nine (199) days to be paid from the time of commitment in the system. It was not clear why there were delays in remitting the funds.

iii. Delays in Disbursing Grants by Districts

A review of financial records revealed that there were delays in disbursing grants in amounts totalling K2,317,040 for periods ranging from twenty-four (24) to one hundred and twelve (112) days by some DEB offices.

iv. Lack of Communication between Ministry Headquarters and Lower Level Institutions

A visit to selected DEB Offices and Secondary Schools revealed that there was no communication in relation to the nature of grants received from the Ministry Headquarters through the Ministry of Finance. In this regard, grants in amounts totalling K2,051,160 meant for Secondary Education, Primary Education, Early Childhood Education, Home Grown School Feeding Programme (HGSFP), Orphaned Vulnerable Children (OVC) funds and Thermal power that were disbursed as block amounts were misclassified and not applied on the intended activities by the recipients. See the table below.

MOGE Headquarters Disbursement Details									Recieipient Details	
Name of Institution	Secondary School Grant K	Thermal Power K	Primary School Grant K	ECE Grant K	OVC Funds K	HGSFP K	Infras-structure K	Total K	Bank Statement Date K	Beneficiary Institution Classification
Milenge Secondary	12,309	15,000			20,321			47,630	28.12.2018	Thermal Power
Nyimba DEB			281,542	9,143		78,939	250,000	619,624	28.12.2018	ECE & Primary School Grant
Chiware Secondary	9,167	15,000			15,133			39,300	31.12.2018	OVC Funds
Luangwa DEB			465,551	62,849		43,155		571,556		ECE & Primary School Grant
Petauke DEB			568,596	15,904		188,551		773,051	23.01.2019	ECE & Primary School Grant
Total								2,051,160		

Further, although the Headquarters had changed their systems and codes in line with the introduction of the OBB, this had not extended to the DEBs who were still using ABB codes. Consequently, the DEB offices were using program codes that were different from the codes for the funded programs thereby making it difficult to relate the DEBs expenditure to the programs being implemented by the Ministry. See the table below.

Programs Codes at HQ		Programmes Codes at DEBs	
Code	Description	Code	Description
5501	Early Childhood Education	5001	General Administration
5502	Primary Education	5011	Infrastructure Development
5503	Secondary Education	5018	Curriculum Development
5505	Youth and Adult Literacy	5019	Distance and Open Learning
5508	Management Support Services	5021	Equity
		5043	Standards and Assessment
		5044	Teacher Education & Specialised Services

v. Failure to Disburse Grants to Schools by DEBS

During the period under review, amounts totalling K12,450,220 were disbursed to ten (10) DEB Offices to cater for grants for Early Childhood and Primary Education. However, out of the released amount, amounts totalling K7,553,970 were disbursed to schools while the balance of K4,896,250 was retained and used for operations at DEB offices. See table below.

Province	Names of DEBs	Grants Received K	Grant Disbursed K	Unremitted Amount K
Eastern	Nyimba	793,850	541,780	252,070
Eastern	Petauke	1,728,248	718,483	1,009,765
Luapula	Milenge	616,759	540,340	76,418
Lusaka	Luangwa	1,497,845	1,238,857	258,988
Northern	Mungwi	1,076,590	57,721	1,018,869
Western	Senanga	871,842	671,694	200,148
N/Western	Kasempa	897,303	597,826	299,477
N/Western	Solwezi	1,151,051	1,026,830	124,221
Copperbelt	Chingola	1,690,416	1,301,442	388,974
Copperbelt	Kitwe	2,126,316	858,996	1,267,320
Total		12,450,220	7,553,970	4,896,250

vi. Misapplication of Funds – Kitwe District Education Board Office

A review of expenditure details for grants for Primary Schools revealed that part of the funds were misapplied. Included in the unremitted amount of K1,267,320 was a total amount of K397,522 that was spent on farming activities such as payments for a tractor, salaries and wages for workers, construction of a piggery, hay for animals and subsistence allowance for monitoring activities among others without obtaining authority from the Secretary to the Treasury.

f. Failure to Distribute Equipment

Following the introduction of the new curriculum in 2013 that had a bias towards skills development subjects, the Ministry embarked on the procurement of educational equipment and other learning materials such as text books, computers, food and nutrition kits, science

apparatus, musical instruments and aerobic equipment among others, to facilitate the implementation of the new curriculum.

A review of the warehouse report and goods received vouchers revealed that the Ministry had not distributed educational equipment costing K20,535,006 and various other equipment whose value could not be ascertained but received between 10th October 2015 and 24th December 2018. This is despite the fact that the equipment was key to the implementation of the revised curriculum that was being implemented since the year 2013.

g. Over Payment to a Supplier of Musical Equipment

On 30th December 2014, the Ministry signed a contract with 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 4-6 weeks.

The terms of payments for the contracts were as follows:

Advance Payment: Ten percent (10%) of the contract price to be paid within thirty (30) days of signing the contract against a simple receipt and a bank guarantee for equivalent amount.

On Delivery: Eighty percent (80%) of the contract price to be paid on receipt of goods and delivery documents and,

On Acceptance: The remaining ten percent (10%), within thirty (30) days of acceptance certificate.

In paragraph 45 (l) of the Report of the Auditor General for the financial year ended 31st December 2017, mention was made on the overpayment involving a supplier of musical equipment who was paid amounts totalling K41,930,303 despite supplying equipment valued at K36,321,300 thereby resulting in an overpayment of K5,608,730.

In their Report for the Third Session of the Twelfth National Assembly, the Public Accounts Committee expressed shock that a Ministry that purported to have challenges with funding for a contract could afford to overpay for the same contract. The Committee recommended that the Secretary to the Treasury should investigate this case with a view to taking disciplinary action

against the Controlling Officer. As the irregularity resulted in loss of government funds, the Committee also called for stiffer sanctions to be meted out against the officers who authorised the overpayment.

A scrutiny of records and inquiries made revealed that:

- Despite being queried on the overpayment on 19th July 2018, the Ministry made an additional payment of K5,500,000 to the same supplier on 14th September 2018.
- Although the Ministry issued Goods Received Voucher (GRV) numbers 488 and 489 in respect of delivery note No. 003 from Muleka Investments Ltd on 30th October 2015, there was no evidence that the goods were delivered to the Ministry.

However, on 24th April 2019, the Ministry acknowledged receiving equipment through delivery note number 005 and Goods Received Voucher (GRV) number 19379 dated 1st and 4th April 2016. In this regard, the actual value of musical equipment received was K28,644,020 although the supplier was paid amounts totalling K44,430,303 as at 31st December 2018 resulting in an overpayment of K15,786,010.

h. Procurement of Grades 3, 7 and 12 Textbooks

In 2016, grades 3,7 and 12 started using the revised curriculum. In this regard, in August 2017, the Ministry awarded contracts for supply and delivery of grades 3, 7 and 12 books to four (4) companies. An examination of procurement and other related documents revealed the following:

i. Failure to Procure all Grade 3 Books

A review of tender minutes revealed that Luvale and Kikaonde textbooks for grade 3 integrated science, social studies, creative and technological studies had not been procured as of June 2019.

ii. Weaknesses in Grades 3, 7 and 12 Textbooks Distribution

The Ministry allocated all the books that were procured to District Education Board Offices countrywide. However, the following weaknesses were observed in the distribution exercise.

- **Haphazard Distribution of Textbooks**

A comparison of the grades 3, 7 and 12 textbooks allocation schedule with the warehouse report and the dispatch notes for books to various DEB offices revealed that quantities that were being dispatched differed from the allocated quantities.

Whereas as of May 2018, the total value of undistributed books from the warehouse report was US\$424,325.58 and K3,361,923, the total value of books for Districts that had not received the books they were allocated with was US\$467,451.47 and K3,941,576.

- **Failure to Distribute Textbooks Countrywide**

Despite the Ministry having procured and allocated all the procured textbooks to all DEB offices, textbooks costing K3,361,923 (US\$424,325.58) had not been distributed to the intended beneficiaries but were being kept at warehouses by the Ministry Headquarters as at 30th June 2019.

- **Failure to Reconcile Inventory Records**

A review of the warehouse goods received report, which is a document where inventory receipts and issuances are recorded revealed that the Ministry issued more books than the quantities received for three (3) book titles. It was not possible to ascertain how issued out books could be more than available quantities.

Further, a visit to Nyimba and Milenge District Education Boards (DEBs) revealed that there were variances between quantities recorded as issued in the warehouse report, quantities indicated as dispatched on the dispatch note and quantities indicated as received on the dispatch note and distribution schedule.

- **Unaccounted for Books**

A physical count of the textbooks in stock at three (3) DEB Offices revealed that there were variances between the expected undistributed quantities and the actual available textbooks. In particular, the physical actual stocks were more than the expected undistributed quantities of books with various books in amounts totalling

K1,247 and US\$18,580.15 and in other instances the books were less by books costing K690 and US\$2,063.40

iii. Failure to Pay Suppliers

Public Procurement Regulation No. 31 (1) requires a Procurement Unit to ensure that adequate funds are budgeted for prior to initiating procurement proceedings, taking into account all costs involved in the procurement. In this regard, in the Invitation for Bids and the background for the evaluation reports for the tender for the supply and delivery of text books for Grades 3, 7 and 12, there was mention that the Ministry received financing from the Government of the Republic of Zambia and Cooperating partners towards the cost of learning materials part of which the Ministry intended to apply on this procurement. However, despite the execution of the contracts, the suppliers had not been fully paid as at 30th June 2019.

i. Failure to Supply Early Grade Reading Tools in the Seven Local Languages

On 18th June 2018, the Ministry signed a contract with Messrs Maiden Publishing House and Stationers for the reprinting of Early Grade Reading Tools in a box in the seven local languages (Icibemba, Cinyanja, Chitonga, Silozi, Kiikaonde, Luvale and Lunda) at a sum of K7,619,475 with a delivery period of 12 to 16 weeks.

The terms of payments for the contracts were as follows:

Advance Payment: Not exceeding twenty-five (25) percent of the contract sum

On Delivery: Sixty (60) percent of the contract price paid on receipt of goods and delivery documents and,

On Acceptance: The remaining twenty (20) percent within thirty (30) days after the date of the acceptance certificate for the respective delivery issued by the procuring entity.

On 12th December 2018, the Ministry made an advance payment of K1,904,868 representing twenty-five (25) percent of the contract sum. However, it was observed that the books had not been delivered as at 20th September 2019, eight (8) months after the advance payment was made.

According to the contract, the supplier was to provide a performance security valued at K2,285,843 for the performance of the Contract whose proceeds would be payable to the procuring entity as compensation for any loss resulting from the supplier's failure to complete its obligations under the contract. However, as at 20th September 2019, despite the supplier not performing, the Ministry had not taken any action in line with the remedies provided in the contract.

j. Secondary School Infrastructure

During the year under review, the Ministry was funded amounts totalling K331,740,302 for secondary school infrastructure development.

However, the following observations were made;

i. Unpaid Interim Payment Certificates

During the period under review the Ministry had seventy-seven (77) outstanding Interim Payment Certificates (IPCs) valued at K214,014,176. In addition, there were sixty-six (66) IPCs valued at K178,661,674 brought forward from 2017 bringing the total outstanding IPCs to one hundred and forty-three (143) outstanding certificates valued at K392,675,850.

ii. Misapplication of Funds – Kitwe DEB Office

On 4th December 2018, a sum of K50,000 was disbursed to Kitwe District Education Board Office and was received on 14th January 2019 to repair a blown off roof at Kamaipa OVC School. However, the funds were applied on recurrent departmental charges activities such as subsistence allowances, settling in allowance, leave travel benefits and imprest among others. As a result, the roof had not been repaired as at 20th September 2019.

k. Misapplication of Funds

During the year under review, amounts totalling K12,367,573 meant for secondary education were applied on activities not related to the same such as handing over of ECE centres, procurement of motor vehicles, commemoration of literacy day, reprinting of early grade reading tools in local languages, commemoration of literacy day, purchase of air tickets,

corporate T/shirts and Electricity units. However, no treasury authority for the variation of funds was availed for audit.

1. Failure to Provide Copies of Insurance Cover Certificates

Contrary to the Road Traffic Act No. 11 of 2002, there were seventy-one (71) motor vehicles that were not insured as at 20th September 2019.

Head: 80 Ministry of General Education

Departments: Regional Headquarters, District Education Offices, Secondary Schools and Primary Schools

Programme: Various

Activities: Various

36. During the year under review, amounts totalling K56,935,023 were released to seventy-four (74) institutions as operational and School grants, among others. In addition, thirty (30) institutions expected to collect K58,308,185 but collected K44,171,183 leaving a balance of K14,137,002. See table below.

Province	Station	Expected Revenue K	Revenue Collected K	Uncollected K
North Western	Solwezi College of Education	4,464,460	4,393,245	71,215
	Kyawama Secondary School	1,789,360	670,280	1,119,080
	Kikombe Secondary School	1,613,045	950,040	663,005
	Kasempa Boys Sec School	1,447,870	1,087,295	360,575
Western	Mongu College of Education	5,812,712	5,623,744	188,968
	Kambule Technical Secondary School	3,340,587	2,563,907	776,680
	St. John's Secondary School	1,999,907	1,614,684	385,223
Copperbelt	Kansenshi Secondary School	1,563,920	1,314,287	249,633
	Kamba Secondary School	1,327,420	613,730	713,690
	Milemu Secondary School	891,700	763,216	128,484
	Ndeke Caritas Secondary School	429,000	424,756	4,244
	Chiwala Technical Secondary School	1,575,000	1,443,250	131,750
	Mpongwe Boarding Secondary School	2,080,800	2,029,317	51,483
	Luanshya Boys Secondary School	959,884	900,947	58,937
Luapula	Mansa Secondary School	2,502,300	1,595,525	906,775
	Mwense Secondary School	1,876,800	1,284,423	592,377
	Ngona Secondary School	809,100	633,634	175,467
Central	Kabwe Secondary School	1,405,340	1,005,578	399,762
Eastern	Katopola Secondary School	1,040,620	583,516	457,104
	Katopola Primary School	400,250	231,584	168,667
Muchinga	Lubwa Secondary School	249,900	165,155	84,745
	Chinsali Day Secondary School	1,073,260	760,567	312,693
	Kalwala Secondary School	408,450	258,755	149,695
	Ilondola Day Secondary School	438,900	266,333	172,567
Lusaka	Zambia Institute of Special Education	804,000	585,000	219,000
	Lusaka Boys Secondary School	2,014,600	1,533,860	480,740
	Kabulonga Girls Secondary School	4,333,500	3,218,560	1,114,940
	Northmead Secondary School	4,341,000	2,218,877	2,122,123
	Munali Boys Secondary School	3,084,000	2,234,509	849,491
	Munali Girls Secondary School	4,230,500	3,202,610	1,027,890
	Total	58,308,185	44,171,183	14,137,002

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Education Offices (PEOs), District Education Board (DEB) offices, Colleges and Schools carried out from January to July 2019 revealed the following:

a. Use of Revenue at Source

Financial Regulation No. 121 (1) 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 school management in two (2) schools spent user fees in amounts totalling K25,708 before banking. See table below.

Province	Station	Amount K
North Western	Kyawama Secondary School	10,981
Southern	Linda Secondary School	14,727
	Total	25,708

b. Delayed Banking of User Fees - Linda Secondary School

Contrary to Financial Regulation No. 121 (1), fees in amounts totalling K27,847 which were collected by the school were delayed to be banked for periods ranging from four (4) to ten (10) days after collection.

c. 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 filed, secured against loss, and be readily available for audit, seven (7) payment vouchers in amounts totalling K18,524 were not availed for audit. See table below.

Province	Station	No. of Transactions	Amount K
North Western	Kyawama Secondary School	2	980
	Kasempa Boys Secondary School	4	8,544
Muchinga	Kenneth Kaunda Secondary school	1	9,000
Total		7	18,524

d. 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, one hundred and nine (109) payments in amounts totalling K312,438 were not supported with relevant documents such as leave forms, transfer letters, quotations, cash sales receipts and LPOs, among others. See table below.

Province	Station	No. of Transactions	Amount K
North Western	Kyawama Secondary School	9	114,826
	Kasempa Boys Sec School	45	88,359
Southern	Sinazongwe DEB	3	9,800
Eastern	Katopola Secondary School	6	11,950
	Katopola Primary School	6	5,630
Muchinga	Shiwangandu DEBS	2	7,533
	Kalwala Secondary School	14	24,796
	Kenneth Kaunda Secondary School	21	39,164
Lusaka	PEO	1	4,100
	Kabulonga Girls Secondary School	2	6,280
Total		109	312,438

e. Misapplication of Funds

Contrary to Financial Regulation No. 31 (1) which states that Treasury Authority should be obtained on varying funds, amounts totalling K4,346,566 meant for school grants, revolving funds, library, sports and infrastructure were applied on activities not related to the intended purpose such as utility bills, workshops, subsistence allowances, operations at the DEBs offices and repair of motor vehicles among others. This had a negative impact on the operations of the schools. See table below.

Province	Station	Intended Purpose	Misapplied on	Amount K
North Western	PEO	Library	To attend grade 8 &9 Selection and PAC sitings	13,601
Western	Kaoma DEB	School Grants	Operations	424,962
	Lukulu DEB	School Grants	Operations	24,510
	PEO - Western	Revolving Fund	Utilities, Workshops	393,088
Northern	Luwingu DEB	School Grants	Operations	290,354
Copperbelt	Ndola DEB	Sports and Infrastructure	Subsistance Allowances, Labour Day and Electricity	10,000
Southern	PEO	Loans and Advances	Payment of imprest, fuel and electricity bill	218,216
	Livingstone DEB	School Grants	Payment of electricity bills, allowances and repair of motor vehicles	107,729
	Monze DEB	School Grants	Purchase of cleaning materials, stationary and payment of allowances	281,694
	Pemba DEB	School Grants	Repair of motor vehicles, purchase of cleaning materials and payment of allowances	76,266
	Sinazongwe DEB	School Grants	Payment of allowances, purchase of electricity units and fuel	224,352
Central	Kabwe DEB	School Grants	motor vehicle maintance,fuel and lubricates and utility bills.	478,219
	Chibombo DEB	School Grants	motor vehicle maintance,fuel and lubricates and utility bills.	463,283
	kapiri Mposhi	School Grants	motor vehicle maintance,fuel and lubricates and utility bills.	848,493
Eastern	PEO	Library and infrastructure	General Operations	28,156
	Mansa DEB	School Grants	Operations	26,494
	Mwansabombwe DEB	School Grants	Operations	79,942
Luapula	Nchelenge DEB	School Grants	Management and administration of examinations	36,114
Lusaka	PEO	Sports	General Operations	11,770
	Kafue DEB	School Grants	General Operations	265,453
	Chongwe DEB	Sports	General Operations	43,869
	Total			4,346,566

f. Failure to Deduct Tax

Contrary to the Income Tax and Value Added Tax (VAT) Acts, payments in amounts totalling K478,073 involving two hundred and twenty-nine (229) transactions at ten (10) stations were made without deducting Pay As You Earn (PAYE) and VAT. See table below.

Province	Station	No. of Transactions	Amount K
Copperbelt	Milemu Secondary School	9	103,302
	Ndola DEBS	21	21,183
	Milemu Secondary School	32	7,739
	Kansenshi Secondary School	50	26,240
	Kamba Secondary School	6	3,237
	Chiwala Secondary School	45	26,284
	Mpongwe Boarding Secondary School	3	2,690
	Luanshya Boys Secondary School	3	6,407
Western	Mongu College of Education	37	200,147
	Kambule Technical Secondary School	23	80,844
	Total	229	478,073

g. Failure to Remit Tax and NAPSA Contributions

Contrary to Income Tax and the National Pensions Scheme Acts, amounts totalling K453,413 (PAYE K186,130 and NAPSA contributions K267,283) deducted from various officers had not been remitted to the respective institutions as of September 2019. See table below.

Province	Station	PAYE Amount K	NAPSA Amount K	Total Amount K
North Western	PEO	71,239	-	71,239
Western	Mongu College of Education	33,634	-	33,634
	School	17,648	2,420	20,068
	Luanshya DEBS	4,775	-	4,775
Muchinga	PEO	21,834	-	21,834
	Chinsali DEBS	24,000	-	24,000
	Kalwala Secondary School	13,000	-	13,000
	Kenneth Kaunda Secondary school	-	250,213	250,213
	Ilondola Secondary School	-	14,650	14,650
	Total	186,130	267,283	453,413

h. Claims Without Obtaining Prior Authority

During the period under review, amounts totalling K56,986 involving thirty-seven (37) transactions were paid to twenty-one (21) officers as refund for using their personal money on

government activities such as procurement of goods, transport refunds 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
North Western	Solwezi College of Education	8	12	25,542
	Kyawama Secondary School	6	12	21,350
	Kikombe Secondary School	1	5	1,975
	Kasempa Boys Secondary School	6	8	8,119
	Total	21	37	56,986

i. 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, sixteen (16) officers were paid amounts totalling K49,914 in respect of subsistence allowances (K23,570) and meal allowances (K26,344) 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
North Western	PEO	1	1	-	1,275	1,275
	Kyawama Secondary School	2	2	-	405	405
	Kikombe Secondary School	1	1	-	850	850
	Kasempa Boys Secondary School	3	7	-	2,015	2,015
Western	Lukulu DEBS	6	9	23,570	6,035	29,605
Lusaka	Kabwila Secondary School	3	7	-	15,764	15,764
	Total	16	27	23,570	26,344	49,914

j. Unacquitted Funds-Lusaka Provincial Education Office

Contrary to Financial Regulation No. 45 (3) which states that any document which is acquitted, certified and approved by a responsible officer shall form part of cash sale receipts, payments in amounts totalling K12,713 made to one (1) officer during the period under review were not acquitted by the beneficiaries and no cash was found on hand as at 20th September 2019.

k. Unretired Accountable Imprest

Financial Regulation No. 96 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. Contrary to the regulation, accountable imprest in amounts totalling K264,986 issued to thirty (30) officers during the period under review had neither been retired nor recovered from the officers as at 20th September 2019. See table below.

Province	Station	No. of Officer	No. of Transactions	Amount K
North Western	Kyawama Secondary School	13	28	219,037
	Kasempa Boys Secondary School	6	12	21,965
Southern	Sinazongwe DEBS	1	1	5,200
Eastern	Katopola Secondary	8	8	15,326
	Katopola Primary	2	4	3,458
	Total	30	53	264,986

l. Failure to Produce Activity Reports-Kenneth Kaunda Secondary-Muchinga Province

During the period under review, imprest in amounts totalling K9,130 was issued to five (5) officers to carry out various activities such as performance assessments, meetings, school nutrition programmes and inspection of schools, among others.

However, there were no activity reports produced to confirm whether the activities were undertaken.

m. 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.

Contrary to the Financial Regulation, accountable imprest in amounts totalling K671,515 was issued to ninety-five (95) officers to procure goods and services whose values could be ascertained. See table below.

Province	Station	No. of Officers	Amounts K
North Western	PEO	4	13,375
	Solwezi College of Education	7	31,891
	Kyawama Secondary School	30	244,332
	Kikombe Secondary School	18	189,518
	Kasempa Boys Secondary School	8	25,841
Western	St Johns Secondary School	6	75,111
	Lukulu DEBS	3	16,203
Northern	Luwingu Day Secondary School	1	1,778
Central	Kabwe Secondary School	4	11,484
Eastern	Katopola Secondary School	4	6,171
Muchinga	Kenneth Kaunda Secondary School	4	21,264
Lusaka	Kabulonga Girls Secondary School	3	29,367
	Northmead Secondary School	1	2,130
Southern	Pemba DEBS	2	3,050
		95	671,515

n. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items costing K490,176 (General Stores - K423,318 and Fuel- K66,858) procured during the period under review. See table below.

Province	Station	General Stores K	Fuel K	Total K
North Western	Kyawama Secondary School	15,930	-	15,930
	Kasempa Boarding	312,179	-	312,179
Western	Mongu DEBS	-	22,000	22,000
	Lukulu DEBS	29,858	44,858	74,716
Northern	Luwingu DEBS	5,251	-	5,251
Southern	Sinazongwe DEBS	26,405	-	26,405
Eastern	Katopola Secondary School	1,550	-	1,550
	Kenneth Kaunda Secondary School	27,100	-	27,100
	Kalwala Secondary School	5,045	-	5,045
Total	Total	423,318	66,858	490,176

o. Fuel Drawn by Motor Vehicles Not on Institutional Fleet – Chibombo DEB-Central Province

During the period under review, fuel costing K3,315 was drawn by motor vehicles which were not on the fleet owned by the Chibombo DEB.

p. Failure to Insure Motor Vehicles

Contrary to the Road Traffic Act No. 11 of 2002 which compels all users of motor vehicles or trailers to have at-least third-party insurance, twenty-six (26) motor vehicles belonging to various institutions as shown in the table below were not insured during the period under review.

Province	Station	No. of motor vehicles
Luapula	PEO	6
	Mwense DEBS	3
	Chibombo DEBS	2
	Kapiri Mposhi DEBS	3
Eastern	Chipata DEBS	2
Muchinga	PEO	3
	Kenneth Kaunda Secondary School	2
	Mpika Boys Scondary School	2
Lusaka	Kabulonga Girls Secondary School	1
	Munali Boys Secondary School	2
Total		26

As at 20th September 2019 the motor vehicles were still not insured.

q. 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, twenty six (26) assets costing K86,249 had no identification marks. See table below.

Province	Institution	No. of Items	Amount K
North Western	Kyawama Secondary School	7	21,200
	Kikombe Secondary School	1	2,169
	Kasempa Boys Sec School	4	15,145
Copperbelt	Chiwala Technical Secondary School	2	5,985
Eastern	Katopola Primary School	4	19,000
Muchinga	Kalwala Secondary School	8	22,750
Total		26	86,249

r. Outstanding Bills

A review of documents revealed that amounts totalling K95,180,129 in respect of utility bills and personal emoluments among others, from twenty-one (21) institutions had not been paid as

of 20th September 2019. Some of these bills have been outstanding from as far back as 2006. See table below.

Province	Name of Institution	Type of Bills	Amount K
North Western	Kikombe Day Secondary School	Goods and Services	61,300
Copperbelt	PEO	Personal emoluments and Goods and Services	1,112,214
	Masaiti DEBS	Personal emoluments and Goods and Services	6,684,007
	Milemu Secondary School	Personal emoluments and Goods and Services	110,152
Southern	Linda Day Secondary School	Personal emoluments	150,505
Central	PEO	Personal emoluments	863,671
	Kapiri Mposhi DEBS	Personal emoluments	5,358,470
Eastern	Katopola Secondary School	Personal emoluments and Goods and Services	68,842
Lusaka	PEO	Personal emoluments	1,290,781
	ZAMISE	Personal emoluments	1,114,120
	Lusaka DEBS	Personal emoluments	44,931,894
	Kafue DEBS	Personal emoluments	10,353,802
	Chongwe DEBS	Personal emoluments	5,583,584
	Chilanga DEBS	Personal emoluments	6,264,611
	Rufunsa DEBS	Personal emoluments	2,898,148
	Luangwa DEBS	Personal emoluments	4,512,726
	Chirundu DEBS	Personal emoluments	3,821,304
Total			95,180,129

s. Failure to Recover Salary Advances

Contrary to the Terms and Conditions of Service of Public Service No. 92, which states that an advance of salary shall be repaid within a reasonable period of time but not exceeding six (6) months, recoveries in respect of salary advances in amounts totalling K72,372 had not been effected as at 20th September 2019. See table below.

Province	Station	No. of Officers	Amount K
North Western	PEO	16	48,500
	Kasempa Boys Secondary School	3	3,750
Lusaka	PEO	1	1,980
	Lusaka DEBS	1	9,000
	Kabulonga Girls Secondary School	11	9,142
Total		32	72,372

t. Failure to Reimburse Borrowed Funds

During the period under review, amounts totalling K40,420 were borrowed by three (3) institutions. As at 20th September 2019, the funds had not been reimbursed. See table below.

Province	Station	Borrowing Institutions/Account	Amount K
North Western	Solwezi College of Education	PEO	20,000
	Kasempa Boys Secondary School	Kasempa DEBS	10,000
Central	Kapiri Mposhi DEBS	World Bank Project	10,420
Total			40,420

u. Unauthorised Transfer of Funds between Accounts

Contrary to the Public Finance Management Act No.1 of 2018 Section (5) which states that a transfer of public money shall not be made between accounts at the same bank or different banks without the written approval of the Secretary to the Treasury, funds in amounts totalling K772,638 were transferred from one account to another without prior authority from the Secretary to the Treasury. See table below.

Province	Station	Amount K
North Western	Kikombe Secondary School	10,000
	Kasempa Boys Secondary School	205,338
Copperbelt	PEO	138,300
Central	PEO	134,000
Lusaka	PEO	215,000
Southern	PEO	70,000
Total		772,638

v. Payments Above Prescribed Threshold

The Public Procurement Act No. 12 of 2008 stipulates that all procurements above K10,000 but between K10,000 and K50,000 should be authorised or approved by the Controlling Officer whereas the Head of Department can only authorise or approve payments up to K10,000. Contrary to the Act, amounts totalling K235,538 involving fifteen (15) transactions were paid for the procurement of goods and services without adhering to the above guidelines. See table below.

Province	Station	Amount K
Copperbelt	Chiwala Technical Secondary School	15,640
North Western	Kyawama Secondary School	77,710
	Kasempa Boys Secondary School	142,188
Total		235,538

w. Issuance of Cheques on Insufficiently Funded Bank Accounts – Mongu College of Education

Contrary to the National Payment System Act of 2007 which criminalises issuance of cheques on bank accounts which are not sufficiently funded, Mongu College of Education issued three (3) cheques in amounts totalling K13,400 on an insufficiently funded bank account resulting in bank charges of K2,520.

x. Irregular Engagement of Suppliers

According to the Public Procurement Regulation No 155 (1), a procurement entity shall clearly state in the solicitation document any documentation required as evidence of a bidder's eligibility, which includes the bidder's certificate of registration, certificate of incorporation or similar document and copies of the bidder's tax registration, Value Added Tax registration, tax clearance certificates or similar documents.

Contrary to the regulation, goods costing K34,360 were procured from nine (9) suppliers that were not registered with the Patent and Companies Registration Agency (PACRA) and Zambia Revenue Authority for tax. See table below.

Province	Station	Amount K
Southern	Pemba DEBS	6,400
	Sinazongwe DEBS	14,290
Muchinga	Kalwala Secondary School	13,670
Total		34,360

y. Misappropriation of Funds – Linda Secondary School, Livingstone

During the period from November 2017 to April 2018, amounts totalling K61,354 involving fifteen (15) transactions were drawn from the Student Requisite Account by a School Typist and driver by forging the signatures for the Assistant Accountant and the Deputy Head Teacher.

The two officers were suspended on 8th August 2018, and as of July 2019, the matter had not yet been concluded.

z. Failure to Provide Contract for the MTN Tower – Linda Secondary School, Livingstone

During the period under review, the school received amounts totalling K35,514 from MTN Zambia for the tower that was constructed in the school premises.

However, there was no contract availed for audit and thus it was not possible to verify the correctness of the money received from the network provider.

aa. Procurement of Second-hand Bus without Authority – Linda Secondary School, Livingstone

During the period under review, the school procured a second-hand Hino Selega bus from Ramadbk Limited of Japan at a cost of K179,820 (\$18,000). However, there was no authority obtained from the Plant, Vehicle and Equipment Committee (PVEC) to purchase a second-hand motor vehicle.

bb. Overcharging of Centre Fees – Kasempa Boarding Secondary School

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 documents maintained at the school carried out in March 2019 revealed that one hundred and sixty-four (164) pupils were charged K300 each. In this regard, the school collected amounts totalling K49,200 instead of K16,400 resulting in an overcharge of amounts totalling K32,800. As at 20th September 2019, the overcharged students had not been refunded.

cc. Failure to Use Accounts Form 40

Contrary to Financial Regulations No. 99 (3), two (2) stations collected amounts totalling K467,520 without using General Receipts (Accounts Form 40). See table below.

Station	Amount K
Solwezi College of Education	88,482
Kyawama Secondary School	379,038
Total	467,520

Included in K467,520 were amounts totalling K144,550 which were receipted using non GRZ receipts by Kyawama Secondary School contrary to Financial Regulations No. 100 (2).

dd. Failure to Avail Lease Agreements – Kasempa Boys Secondary School

During the period under review, Kasempa Boys Secondary School leased out a tuck shop and a classroom to a teacher and a college respectively. However, there were no lease agreements availed for audit making it impossible to ascertain the terms and conditions, the amounts the tenants were supposed to pay and the dates when the agreements were entered into. In addition, there were no records to show how the rental income was accounted for.

ee. Under Deduction of Tax - Kasempa Boys Secondary School

During the period under review, a Head teacher was transferred from Mwinilunga to Kasempa Boys Secondary school. In this regard, he was paid amounts totalling K29,472 in respect of settling in allowance and Pay As You Earn of K8,975 was deducted. A recalculation of Pay As You Earn revealed that an amount of K11,052 should have been deducted from his settling in allowance, resulting in an under deduction of K2,077.

As at 20th September 2019, the under deducted amount of K2,077 had not been recovered from the officer and the deducted tax of K8,975 had not been remitted to ZRA.

ff. Irregular Settlement of Officer’s Meals and Accommodation - Kasempa Boys Sec School

During the period under review, Kasempa Boys Secondary School paid bills in amounts totalling K2,040 to Bwalya Lodge in respect of accommodation and meals for a Head Teacher who had been transferred from Mwinilunga High School in September 2018. The payment was irregular in that the Terms and Conditions of Service do not provide for accommodation of officers.

gg. Unreceived Funds – Lusaka Province

A review of the Cleared Customer Payments Report from IFMIS revealed that amounts totalling K6,237,824 were released to seven (7) stations during the period under review. However, a scrutiny of bank statements showed that amounts totalling K5,960,087 were received by respective institutions, leaving a balance of K277,737 still not received as at 20th September 2019. See table below.

Station	Amount on Funding Slip K	Amounts Received K	Variance K
PEO	559,370	429,685	129,685
Lusaka DEBS	3,780,005	3,743,465	36,540
Kafue DEBS	1,214,493	1,194,876	19,617
Lusaka Boys Secondary School	116,382	81,119	35,263
Kabulonga Girls Secondary School	142,833	129,872	12,961
Northmead Secondary School	132,890	119,556	13,334
Munali Girls Secondary School	291,851	261,514	30,337
Total	6,237,824	5,960,087	277,737

hh. Irregular Payment of Household Loans - PEO

Contrary to Public Service Management Division Circular No. B.12 of 2012 which stipulates that household loans shall be paid by the Public Service Microfinance Company, amounts totalling K334,792 were paid to thirty three (33) officers in respect of Household loans and no recoveries had been made as at 20th September 2019.

ii. Delay in Utilising Infrastructure funds Lusaka DEBS.

Amounts totalling K516,667 (blown off roofs – K300,000 and Other Infrastructure Projects – K216,667) were received in December 2018 from Ministry of Finance for blown off roofs at Chitukuko Community and Chamwama Nkolo Schools and other infrastructure projects. It was however observed that the funds had not been spent as at 20th September 2019, eight months after the funds were received.

jj. Failure to Collect Rental Income – Kabulonga Girls Secondary School

On 10th May 2014, Kabulonga Girls Secondary School entered into a lease agreement with IHS ZAMBIA Limited to erect a communication tower for MTN and AIRTEL on school premises at a rental charge of K29,793 per annum. However, as at 20th September 2019, rentals in amounts totalling K18,000 from Airtel for the period from January 2018 to December 2018 had not been collected.

Head: 80 Ministry of General Education

Programme: Personal Emoluments

Activity: Various

37. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018 a provision of K8,125,787,924 was made to cater for personal emoluments and related costs against which amounts totalling K7,903,615,589 were released resulting in an underfunding of K222,172,335

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters, Provincial Education Offices (PEOs), District Education Offices (DEOs), Colleges and High Schools carried out from March to May 2019 revealed the following:

a. Misplacement of Payroll Area

A reconciliation of the payroll and staff returns at Ministry Headquarters, Provincial Education Offices and selected District Education Offices revealed that four thousand seven hundred and sixty eight (4,768) officers who drew salaries in amounts totalling K286,247,773 were not serving at the stations where they had been paid from. See table below.

Province	Station	No.of Officers	Amount K
Central	PEO	6	290,765
	Chibombo DEB	44	2,791,990
	Kabwe DEB - Caritas Sec Sch	6	310,014
Copperbelt	Ndola DEB	208	14,843,758
	Ndola DEB	80	6,752,330
Eastern	PEO	42	3,178,441
	Chipata DEB	1,338	62,679,948
	Lundazi DEB	87	5,389,072
	Petauke DEB	474	38,576,469
Luapula	Mwense	5	331,148
	Mansa College of Education	11	1,043,616
Muchinga	Chinsali DEB	325	23,953,513
Northern	PEO	12	950,943
	Mbala DEB	81	5,039,652
	Luwingu	787	61,780,458
North-Western	Kasempa Boys Sec	12	782,874
	Kywama Sec	27	1,785,204
	Solwezi Tech Sec	23	3,135,202
	Solwezi Urban Sec	53	1,966,654
	Mushitala Primary Sch	13	808,936
	Solwezi	1	95,237
Southern	PEO	43	1,635,619
	Livingstone DEB	163	6,110,649
	Monze DEB	437	16,732,421
	Pemba DEB	194	8,576,518
	Sinazongwe DEB	122	5,413,515
	Linda Sec School	30	1,364,431
Western	PEO	128	8,788,379
	Lukulu DEB	16	1,140,015
	Total	4,768	286,247,773

As at 20th September 2019, no corrective measures had been taken to address the matter.

b. 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 K3,357,503 were paid as housing allowances to three hundred and seventeen (317) officers who were accommodated in Government institutional houses. See table below.

Province	Station	No. of Teachers	Amount K
Western	Mongu	16	110,269
	Kaoma	3	10,474
Muchinga	Mpika	22	235,328
Copperbelt	Masaiti	1	23,062
Eastern	PEO	3	34,877
	Chipata DEBS	192	2,093,287
	Lundazi DEBS	8	59,848
	Petauke DEBS	19	214,350
North Western	Katete DEBS	4	47,839
	Solwezi	6	85,283
Lusaka	Lusaka DEB	41	422,697
	Kafue DEB	2	20,189
Total		317	3,357,503

c. Irregular Payment of Rural and Remote Hardship Allowances

According to the Terms and Conditions of Service for the Public Service No. 166, an officer serving in an area declared to be 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.

Contrary to the Terms and Conditions of Service, amounts totalling K3,337,166 were paid as Rural (K2, 071,527) and Remote (K1,265,639) hardship allowances to three hundred sixty-seven (367) officers who worked at stations which did not qualify for the allowances. See table below.

Province	Station	No. of Officers	Rural Paid K	Remote Paid K	Total K
Eastern	PEO	17	204,126	-	204,126
	Chipata DEB	16	153,512	-	153,512
	Petauke DEB	22	228,248	11,969	240,217
Muchinga	Mpika DEBS	50	269,188	352,967	622,155
	Chinsali DEB	66	-	808,072	808,072
North Western	PEO	1	1,537	-	1,537
	Solwezi Tech School	5	5,967	-	5,967
	Kikombe Day Sec	5	3,209	2,919	6,128
	Mushitala Primary School	3	-	2,470	2,470
	Kasempa Boys	3	4,325	-	4,325
	Kyawama Secondary School	3	1,621	997	2,619
	Solwezi College of Education	7	4,886	3,844	8,730
	Solwezi Urban Sec School	1	-	1,029	1,029
Western	Mongu DEBS	109	1,163,643	-	1,163,643
	Kaoma DEBS	5	24,227	26,222	50,449
Lusaka	Kafue DEB	50	4,673	55,150	59,823
	Chongwe DEB	4	2,364	-	2,364
Total		367	2,071,527	1,265,639	3,337,166

d. Irregular Payment of Responsibility Allowance

According to the Collective Agreement between the Government and Secondary School Teachers Union of Zambia (SESTUZ) of 3rd April 2013, responsibility allowance was to be paid to degree

holders teaching ‘A’ level classes or diploma holders teaching senior classes or certificate holders teaching upper basic/secondary school classes.

Contrary to the Collective Agreement, amounts totalling K92,111 were irregularly paid to one hundred and seven (107) officers as responsibility allowance who were not eligible. See table below.

Province	Station	No. of officers	Amount K
Lusaka	Lusaka DEB	92	76,208
	Kafue DEB	9	7,308
	Chongwe DEB	4	3,217
Western	Lukulu	2	5,378
	Total	107	92,111

e. Irregular Payment of Double Class Allowance to Secondary School Teachers

According to the Terms and Conditions of Service for the Public Service No. 167 (k), a double class allowance shall be paid to teachers who are required to teach double classes at primary school level.

Contrary to the Terms and Conditions of Service, double class allowances in amounts totalling K41,810 were paid to eight (8) secondary school teachers. See table below.

Province	Station	No. of Officers	Amount K
Southern	Pemba DEB	1	9,575
Western	Mongu DEB	7	32,235
	Total	8	41,810

f. Irregular Payment of Allowances without Authority – Chinsali DEB

During the period under review, double class and responsibility allowances in amounts totalling K1,181,030 comprising double class (K690,367) and responsibility (K490,663) were paid to one hundred and thirty-seven (137) teachers without authority from the responsible officers.

g. Irregular Payment of Salaries to Officers that Resigned from the Civil Service

During the period under review, two (2) officers were paid salaries totalling K91,861 after resigning from the Civil Service. See table below.

Province	Station	No. of Officers	Amount K
Eastern	Chipata School of Continuing Education	1	55,555
Westren	Kaoma DEB	1	36,306
Total		2	91,861

h. Failure to Remove Convicted Officers from the Payroll

Contrary to Public Service Commission Disciplinary Code and Procedures for handling offenses in Public Service Nos. 58 and 59, it was observed that three (3) officers who were convicted for offences of theft and abuse of authority had not been removed from the payroll.

In this regard, the officers had been paid salaries in amounts totalling K113,666. See table below.

Station	No. of Officers	Date of Conviction	Amount K
Lukulu	1	2017	66,679
e	2	2014	46,987
Total	3		113,666

As at 20th September 2019, the officers had not been removed from the payroll.

Although in his response dated 16th September 2019 the Controlling Officer stated that the Teaching Service Commission has been written concerning the matter and guidance was being awaited, it was not clear why the Controlling Officer took long to act.

i. Failure to Recommend Retirement on Medical Grounds

Contrary to the Terms and Conditions of Service, recommendations for retirement on medical grounds in respect of eight (8) officers who stopped working due to illness between 2016 and 2018 had not been made to the Ministry of Health as at 20th September 2019. Consequently, the officers had drawn salaries and allowances in amounts totalling K810,978. See table below.

Province	District	No. Of officers	Period of Absence (days)	Amount K
Copperbelt	Ndola	3	300	200,466
Western	Mongu	5	480	610,512
	Total	8	780	810,978

j. Introduction of Officers on Payroll without Authority – Northern Province

Contrary to the Terms and Conditions of Service No. 4, amounts totalling K239,400 were irregularly paid to eight (8) officers who were introduced on the payroll without appointment letters from the Public Service Management Division (PSMD). See table below.

Station	No. of Officers	Amount K
Mbala	2	102,463
Luwingu	6	136,937
Total	8	239,400

k. Officers with Net Pay below 40% of Basic Pay – Central Province

Contrary to Public Service Management Division Circular No. B.19 of 2007, which states that net pay after deductions should not be less than 40% of the Basic Pay, sixteen (16) officers were received net pays less than 40% of their basic pay. See table below.

Station	No. of Officers
Kabwe DEB	4
Chibombo DEB	8
Kapiri Mposhi DEB	4
Total	16

l. Employees with Duplicate Bank Account Numbers – Eastern Province

An analysis of the DDAC and Payroll records revealed that fifty-nine (59) officers who drew salaries in amounts totalling K309,256 had duplicate bank account numbers. As at 20th September 2019, these anomalies had not been rectified.

m. Failure to Remove Deceased Officer from Payroll – Southern Province

During the period under review, a Cook based at Livingstone College of Education was separated from service through death in October 2015. As at 20th September 2019, the deceased officer had not been removed from the payroll for more than forty (40) months from the date of death. In this regard, the deceased officer was paid salaries in amounts totalling K39,960.

n. Delay to effect Action on Teachers Recommended for Dismissal and Demotions – Western Province

In February 2018, the Provincial Education Office - Western Province recommended to the Teaching Service Commission that eight (8) officers in the Ministry of Education should be dismissed and three (3) other officers should be demoted from the substantive positions to lower positions. These recommendations were made on various disciplinary offences that some teachers committed such as absconding from teaching duties for periods exceeding ten (10) days and abrogating the code of ethics for the public service.

However, as at 31st August 2019, no action had been taken on the erring officers as the Teaching Service Commission had not responded.

o. Questionable Payment of Salary – Muchinga Province

A review of the payroll and the DDACC files revealed that in December 2018, an amount of K56,605 was remitted through DDACC to the bank account for a class teacher at Chikana Primary school. However, the officer's payslip for December 2018 retrieved from the PMEC system revealed that the officer's net pay was K5,140 resulting in an overpayment of K51,465.

However, a physical verification conducted in August 2019 revealed that the named school and officer do not exist. Further, the inputs for the named officer were done at the Ministry Headquarters and not at the Province.

p. Irregular Payment of Salaries to Officers Absent from Duty without Leave - Copperbelt Province.

Contrary to Terms and Conditions of Service No. 60 (a) and (b) which state that an officer who absents himself or herself from duty for a period of ten (10) days or more without official leave must be separated from the service and shall not get a salary for the period he or she is absent from duty, a teacher from Dambo Combined School in Ndola District who had been absent from duty since August 2017 had not been separated from service and drew salaries in amounts totalling K107,016. As of March 2019, the officer had not reported for work and was still on the payroll.

q. Irregular Payment of Salaries to an Officer who Resigned from the Service – Southern Province

Cabinet Office Circular No. B1 of 2019 (3) (d) states that employees who are separated from employment by way of resignation, dismissal or discharge should be terminated from the payroll with effect from the date of resignation, dismissal or discharge.

Contrary to the Circular, an officer who resigned from Chikuni Girls High School of Monze District had not been terminated from the payroll as at 31st July 2019. In this regard, the officer was irregularly paid salaries totalling K25,389.

r. Irregular Payment of Fuel and Transport Allowances – North Western Province

Contrary to Cabinet Office Circular No B13 of 2012 which states that an officer who is entitled to transport allowance shall not be entitled to fuel allowance, an officer from Kanyama Day High School of Mwinilunga District who was entitled to and was paid transport allowance of K6,150 was irregularly paid fuel allowance in amounts totalling K18,862 for the period under review. As at 20th September 2019, the irregularly paid amount had not been recovered.

s. Irregular Payment of Salaries to a Seconded Officer – Southern Province

The Terms and Conditions of Service No. 34 (d) states that a seconded officer shall not receive a salary from the Public Service during the period of secondment as payment of his or her salary shall be the responsibility of the organisation he or she is seconded to.

It was however observed that during the period under review, two (2) officers based at Linda Secondary School of Livingstone District who were on secondment to Seychelles drew salaries in amounts totalling K40,058. As at 20th September 2019, the teachers were still on secondment and drawing salaries from the Public Service.

t. Officer Drawing Double Salaries – Muchinga Province

A review of the payroll and the DDACC files revealed that a subject teacher at Kopa High school in Mpika drew salaries from her school as well as Masi Basic School in Isoka in amounts totalling K115,700 for the period March to December 2018, resulting in overpayments of K53,861. As at 20th September 2019, the overpaid amount had not been recovered.

u. Salaries Paid to Unknown Officers – Western Province

During the period under review, salaries in amounts totalling K84,843 were paid to two (2) officers who were appearing on the payroll for Lukulu DEB who were not known by the head of station at Lukulu DEB.

Head: 80 Ministry of General Education – National Implementation Framework III (NIF III)

Programmes: Various

Activities: Various

38. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K9,577,288,885 was made to cater for the implementation of various NIF III programmes by the Ministry. The 2018 Estimates of Revenue and Expenditure only reflected the budget that was to be financed by the Government as Cooperating Partners did not make any pledges.

The Ministry, however, received funds in amounts totalling K8,591,507 from the United Nations International Children’s Emergency Fund (UNICEF), the Commonwealth of Learning, borrowings from the National Science Centre (NSC) and refunds from Recurrent Departmental Charges. In addition, there was a combined opening balance of K733,378 in four (4) NIF III accounts and a reversal of US\$13,298.00 (K130,320) bringing the total available funds for expenditure in the year under review to K9,455,206. See table below.

Details	Amount US\$	Exchange Rate	Amount K
UNICEF	-	-	5,046,915
Commonwealth	-	-	278,527
Borrowing from NSC	-	-	984,426
Refunds from GRZ (RDCs)	-	-	2,281,639
			8,591,507
Opening balance	-	-	733,378
Reversal of Transfer	13,298	9.8	130,320
			863,699
Total			9,455,206

As at 31st December 2018, the Ministry had spent amounts totalling K8,451,520 as per the cashbooks.

Accounting and Other Irregularities

An examination of accounting and other records maintained at Headquarters carried out from January to August 2019 revealed the following:

a. Unsupported Payments

Contrary to Financial Regulations No. 45(2) and 52(1), thirteen (13) payments in amounts totalling K457,293 processed during the period under review were not supported with relevant

documents such as cash sale receipts, invoices, competitive quotations and bills among others as at 20th September 2019.

b. Unremitted Value Added Tax

The Ministry of Finance through Treasury and Management Circular No. 6 of 2017 instructed all institutions which were appointed to act as tax agents to collect and remit withheld Value Added Tax (VAT) effective 1st June 2017.

During the period under review, the Ministry procured goods and services in amounts totalling K598,514 involving thirteen (13) transactions out of which net amounts totalling K515,443 were paid to the suppliers leaving a balance of K83,071 which was withheld as Value Added Tax (VAT). However, contrary to the circular, the Ministry had not remitted the withheld amount to the Zambia Revenue Authority (ZRA) as at 20th September 2019.

c. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, various stores items in amounts totalling K60,030 procured during the period under review were unaccounted for in that receipt and disposal details such as receipts, delivery notes, goods received vouchers and issue vouchers, among others, were not availed for audit as at 20th September, 2019.

d. An Unexplained Reversal of Funds

A review of the cash books and bank statements for NIF for a US Dollar account held at Bank of Zambia (BOZ) revealed that an amount of K130,320 (US\$13,298.28) was debited on the BOZ account on 19th January 2017 as a transfer to a NIF Kwacha account held at a commercial bank. However, there was no corresponding credit entry reflecting on the NIF Kwacha account. On 25th July 2018 the BOZ account was credited with the same amount, as a reversal of the transaction eighteen (18) months after the date of the initial transaction.

As at 20th September 2019, no explanation was provided on what the funds were meant for when the transfer was made to the commercial bank, in which account the funds were held before the reversal was made and why the transaction was reversed.

e. Failure to Reimburse Borrowed Funds - National Science Centre (NSC)

During the period under review, a total amount of K984,426 was borrowed from the National Science Centre, with a view to reimbursing the funds once the Ministry received funding for June 2018. The funds were used to facilitate payments for the Trade Fair, Agricultural Show and a Joint Annual Review field trip. However, no authority from the Secretary to the Treasury for the borrowing was availed for audit. Further, the funds had not been reimbursed as at 20th September 2019 and the expenditure was not included in the financial statements for the Ministry as at 31st December 2018.

Head: 85 Ministry of Lands and Natural Resources

Programmes: Various

Activities: Various

39. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K268,424,532 was made to cater for operations of the Ministry against which amounts totalling K92,694,092 were released resulting in an under funding of K175,730,440.

Accounting and other Irregularities

An examination of accounting and other records maintained at Headquarters and selected provinces carried out from January to June 2018 revealed the following:

a. Fuel Drawn by Motor Vehicles not Appearing on the Fleet

During the period under review, fuel costing K17,705 was drawn from the fuel pool account at Imran Service Station by six (6) motor vehicles whose registration numbers were not appearing on the fleet of motor vehicles availed for audit. Further, no authority to draw fuel by the same vehicles was availed for audit as at 31st August 2019. As a result, it was not possible to ascertain whether the drawn fuel was used on government activities and for the intended purpose.

b. Misapplication of Land Development Funds

The total funds available for land development in 2018 amounted to K25,979,654 comprising a brought forward balance from 2017 of K2,229,654 and an amount of K23,750,000 which was transferred to the account for the Fund by the Ministry during the year under review. Out of the

available amount of K25,979,654 only K16,378,349 was utilised leaving a balance of K9,601,305. As at 31st December 2018, the Land Development Fund account had a balance of K2,862,471 while the amount of K6,738,834 was applied on unrelated activities such as hire of aircraft, Trade Fair and rehabilitation works.

However, it was not clear why the Ministry did not utilise all the funds on land development, considering that it had received funding applications from twenty two (22) Local Authorities in amounts totalling K95,581,405 out of which applications from only twelve (12) Local Authorities in amounts totalling K16,378,349 were funded while the applications for the remaining Local Authorities were rejected on grounds that there were insufficient funds.

c. Engagement of Casual Workers without Authority – Zambia Forestry College

During the period under review, the College engaged casual and part time office workers and paid wages in amounts totalling K100,862 without obtaining authority from the Ministry.

d. Failure to Avail a Signed Memorandum of Understanding (MoU) – Chongwe Town Council

The Ministry's Land Development Steering Committee at its meeting held on 6th December 2018 approved Chongwe Town Council as a beneficiary of funds totalling K3,020,802 for opening up of township roads. In this regard, on 10th December 2018, the Ministry paid Zambia National Service (ZNS), as a service provider, a total amount of K3,020,802 on behalf of Chongwe Town Council.

The Council was instructed by the Ministry to sign a Memorandum of Understanding (MoU) with the Zambia National Service as a service provider on 10th December 2018. However, no signed MoU with ZNS detailing the agreed scope of works was availed for audit as at 20th September 2019. In this regard, it is not clear on what basis the Ministry paid ZNS in the absence of an MoU and detailed scope of works.

Inquiries made in July 2019 with officers at the Council revealed that ZNS had started clearing roads in State Lodge and Mwanawasa Resettlement areas without the approved detailed scope of works.

Head: 89 Ministry of Agriculture
Department: 09 Agribusiness and Marketing Department
Unit: 4 Agriculture Finance and Credit Management
Programme: Farmer Input Support Programme (FISP)
Activities: Various

40. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K2,485,000,000 was made to cater for various activities under the Farmer Input Support Programme (FISP) against which a total amount of K1,584,079,595 was released resulting in an under funding of K900,920,405.

During the 2018/2019 farming season, the Farmer Input Support Programme (FISP) was implemented using the Electronic Voucher (E-Voucher) and the Direct Input Supply Systems. According to the arrangement, verification of beneficiary farmers was initiated by the DACO and subsequently approved by the Permanent Secretary, Ministry of Agriculture (MoA) and once approved beneficiaries were uploaded onto the Zambia Integrated Agricultural Management Information System (ZIAMIS). The approved list of beneficiaries was then used by the participating banking institutions to print E-Voucher Cards bearing details of eligible farmer beneficiaries.

During the 2018/2019 farming season, the Ministry engaged Mobile Payment Solutions (MPS) as the processing banking institution whose role was to upload into the system, the details of beneficiary farmers after confirmation of depositing of the initial contribution of K400 per farmer into the FISP Revenue Collection Account. Thereafter, the cards of beneficiary paid up farmers would be activated with government's contribution of an additional amount of K1,600 to bring the total value of a single E-Voucher Card to K2,000. Farmers would then access inputs from the approved Agro Dealers using the activated MPS E-Voucher Cards.

During the period under review, amounts totalling K144,085,200 were deposited by three hundred and sixty thousand, two hundred and thirteen (360,213) farmers in thirty-three (33) districts as shown in the table below.

Province	District	No of Beneficiaries	Amount Deposited K
Eastern	Chipata	25,036	10,014,400
	Sinda	15,763	6,305,200
	Mambwe	5,433	2,173,200
	Vubwi	7,987	3,194,800
Lusaka	Chongwe	24,341	9,736,400
	Chirundu	2,330	932,000
	Siavonga	1,391	556,400
Muchinga	Chinsali	8,153	3,261,200
	Nakonde	11,590	4,636,000
	Mpika	8,947	3,578,800
	Shiwangáandu	5,810	2,324,000
North Western	Solwezi	6,397	2,558,800
	Mwinilunga	8,338	3,335,200
Luapula	Mansa	13,549	5,419,600
	Mwense	3,500	1,400,000
	Samfya	7,296	2,918,400
Northern	Kasama	22,721	9,088,400
	Mbala	10,214	4,085,600
Southern	Namwala	12,516	5,006,400
	Sinazongwe	3,251	1,300,400
Western	Mongu	310	124,000
	Senanga	600	240,000
	Lukulu	2,000	800,000
	Kaoma	310	124,000
Central	Kabwe	24,928	9,971,200
	Kapiri Mposhi	27,780	11,112,000
	Chibombo	22,408	8,963,200
	Serenje	20,274	8,109,600
Copperbelt	Luanshya	9,021	3,608,400
	Masaiti	13,440	5,376,000
	Mpongwe	18,630	7,452,000
	Kalulushi	7,340	2,936,000
	Ndola	8,609	3,443,600
Total		360,213	144,085,200

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters, ten (10) Provincial Agricultural Coordinating Offices (PACOs), twenty-four (24) District Agricultural Coordinating Offices (DACOs) and selected farmers' cooperatives carried out from January to June 2019 revealed the following:

a. Non-Issuance of Authority to Collect (ATC)

During the period under review, fourteen (14) agro dealers in five (5) districts did not have enough stock of farming inputs such as fertiliser and seeds for the farmers who were on E-Voucher. Consequently, on 12th January 2019, the Ministry issued Circular No. MAL/101/22/1 instructing the DACOs to issue Authority to Collect (ATC) for 3 x 50 Kg bags Urea and 3 x 50 Kg bags D Compound. In this regard, Nyimba Investment Limited was contracted to issue the inputs to the affected farmers.

However, it was observed that two (2) DACOs did not issue Authority to Collect (ATC) to 878 farmers that had deposited their farmer contribution in amounts totalling K351,200. See table below.

Province	District	No. of Farmers	Amount K
Copperbelt	Kalulushi	581	232,400
	Ndola	297	118,800
Total		878	351,200

b. Irregular Engagement of Agro Dealers – Central Province

- i. Contrary to FISP Guidelines Annex 8 (e) which states that all Agro dealers should have a relevant licence for handling of agricultural inputs (e.g. herbicides, seed, etc.), nine (9) agro dealers who were engaged in Chibombo and Kapiri Mposhi districts had no relevant licences.
- ii. Contrary to the FISP guidelines which states that an agro dealer must have physical presence in the district, eight (8) agro dealers who were engaged in Kapiri Mposhi district and invoiced amounts totalling K2,108,780 to Government had no physical presence in the district.

c. Failure to Issue Inputs

There were three thousand and fifty-five (3,055) farmers who swiped for inputs costing K5,812,907 at forty-three (43) agro dealers in six (6) districts. However, the agro dealers failed to issue the inputs to the farmers due to lack of capacity.

As at 20th September 2019, the inputs swiped for had not been issued to the farmers. See table below.

Province	District	No. of Agro Dealers	No. of Farmers	Amount K
Central	Kabwe	9	896	1,792,000
	Kapiri Mposhi	4	95	190,000
	Chibombo	1	207	414,000
Eastern	Sinda	13	378	533,055
	Mambwe	5	512	950,127
	Vubwi	11	967	1,933,725
	Total	43	3,055	5,812,907

d. Unqualified Farmer Groups/Co-operatives – Chongwe DACO

Contrary to Annex 3, Nos 1 to 9 of FISP guidelines on selection criteria for participating farmer organisation which states that participating cooperatives among others, need to be duly registered with the Registrar of Cooperatives and have written by-laws or constitution to manage their funds, one hundred and twenty four (124) co-operatives/farmer groups participated despite not having certificates of registration and written by-laws.

e. Non-Delivery of Inputs

During the 2018/2019 farming season, six (6) districts were allocated inputs costing K20,644,243 out of which inputs costing K11,560,621 were delivered to the districts while inputs costing K9,083,622 had not been delivered by Ministry Headquarters as at 20th September 2019. See table below.

Province	District	Input Type	Average Unit Price	Inputs Allocated		Inputs Delivered	
				Quantity	Cost K	Quantity	Cost K
Copperbelt	Masaiti	Groundnuts (20Kg)	365.25	6,220	2,271,839	2,720	993,473
		Sorghum (5 Kg)	250.00	3,387	846,750	3,328	832,000
		Soya Beans (50 Kg)	331.68	6,700	2,222,256	994	329,690
North Western	Mwinilunga	Soya Beans (50 Kg)	331.68	8,000	2,653,440	5,570	1,847,458
Central	Serenje	Sorghum (5 Kg)	250.00	8,000	2,000,000	7,980	1,995,000
		Soya Beans (50 Kg)	250.00	10,000	2,500,000	6,700	1,675,000
Eastern	Chipata	Soya Beans (50 Kg)	250.00	23,850	5,962,500	9,452	2,363,000
Lusaka	Chongwe	Soya Beans (50 Kg)	250.00	8,500	2,125,000	6,100	1,525,000
	Siavonga	Groundnuts (20Kg)	365.25	171	62,458	-	-
Total					20,644,243		11,560,621

f. Non-Distribution of Inputs

During the period under review, three (3) districts received inputs costing K84,652,525. However, inputs costing K138,652,525 were distributed while inputs costing K4,994,515 were not distributed by the DACOs as at 20th September 2019. See table below.

Province	District	Type of Input	Average Cost per Unit	Inputs Received		Inputs Distributed		Inputs not	
				Quantity	Cost K	Quantity	Cost K	Quantity	Cost K
Lusaka	Chongwe	Basal dressing (50 Kg)	559.18	70,376	39,352,852	70,082	39,188,453	294	164,399
		Urea (50 Kg)	524.03	53,376	27,970,759	53,206	27,881,673	170	89,086
		Maize seed (10 Kg)	323.14	17,972	5,807,526	17,270	5,580,680	702	226,846
		Soya Beans (50 Kg)	331.68	6,100	2,023,248	-	-	6,100	2,023,248
Southern	Namwala	Maize seed (10 Kg)	323.14	12,516	4,044,458	12,508	4,041,873	8	2,585
	Sinazongwe	basal dressing (50 Kg)	559.18	9,753	5,453,683	5,303	2,965,332	4,450	2,488,351
Total					84,652,525		79,658,010		4,994,515

g. Undelivered Farming Inputs - Chipata District

On 17th December 2018, 213 x 50kg bags of urea fertiliser costing K111,619 meant for three (3) farmer groups namely Nsanjika Association I, Nsanjika Association II and Dambo Plate were collected by Dekhan Transporter on ATC Nos. 2018-23-17213-3020109, 2018-23-17259-3020109 and 2018-23-17500-3020109. However, the inputs were not received by the beneficiaries and the matter was only reported to the Police on 2nd January 2019. As at 20th September 2019, no recoveries had been made.

h. Supply and Distribution of Dead Groundnuts Seed - Chipata District

On 15th October 2018, Farmers Barn Ltd was contracted to supply 1,023 mts of groundnuts, 552.24 mts maize and 710 mts soya beans seed to various Provinces at a contract price of K73,442,035. In this regard, Chipata district received and distributed 46,713 x 10kg (467.13mts) of groundnuts seed (MGV 4 and MGV 5) costing K17,061,806.

However, inquiries made with the Chipata DACO's office and selected farmers in July 2019 revealed that the seed did not germinate as it was dead and that was confirmed by tests carried out at Msekera Research Station on 29th May 2019.

i. Unacquitted for Inputs, Namwala, Southern Province

Contrary to the FISP Direct Input Supply Implementation Manual No. 5.4.3 which requires that all ATCs issued to farmers be signed for by the beneficiaries, farming inputs costing K24,200,082 issued to 46,995 farmers were not signed for as at 20th September 2019. It was

therefore not possible to ascertain whether the inputs were collected by the rightful beneficiaries. See table below.

Input Type	Qty Not Acquitted for	Average Unit Price	Amount K
Basal dressing fertiliser (50 Kg)	23,453	559.18	13,114,449
Urea fertiliser (50 Kg)	17,314	524.03	9,073,099
Maize seed (10 Kg)	6,228	323.14	2,012,535
Total	46,995		24,200,082

j. Civil Servants who Benefited from FISP

Farmer Input Support Programme Requirement Annex 3, No. 5 on selection of individual farmer beneficiaries states that a beneficiary shall not be a civil servant. It was however observed that twelve thousand five hundred and sixty-one (12,561) civil servants in one hundred and four (104) districts redeemed inputs in amounts totalling K25,122,000 from FISP for the farming season 2018/2019. See table below.

Province	No of Districts	No. of Civil Servants	Amount K
North Western	11	1,848	3,696,000
Muchinga	9	887	1,774,000
Northern	11	522	1,044,000
Luapula	11	589	1,178,000
Copperbelt	7	846	1,692,000
Central	11	3,241	6,482,000
Southern	12	1,412	2,824,000
Western	15	430	860,000
Eastern	9	1,319	2,638,000
Lusaka	8	1,467	2,934,000
Total	104	12,561	25,122,000

k. Failure to Replace Damaged Seed, Sinazongwe, Southern Province

During the period under review, inputs costing K44,172 received by DACO Sinazongwe were damaged and as at 20th September 2019, the inputs had not been replaced by the Warehouse Managers. See table below.

Type of input	Qty Damaged	Average Price per Unit	Amount K
Basal Dressing (50 Kg)	64	559.18	35,788
Urea (50 Kg)	16	524.03	8,385
Total	80		44,172

I. Unaccounted for Inputs – Sinazongwe, Southern Province

During the period under review, inputs costing K1,059,649 had not been accounted for in that the inputs were neither in the warehouse nor distributed to the beneficiaries. See table below.

Type of Input	Qty Received	Qty Distributed	Qty in Stock	Unaccounted for	Cost per Unit K	Amount K
Basal Dressing (50 Kg)	20,098	14,561	4,450	1,087	559.18	607,829
Urea (50 Kg)	11,240	10,289	111	840	524.03	440,187
Maize Seed (10 Kg)	3,287	3,251	-	36	323.14	11,633
Total						1,059,649

**Head: 89/34 Ministry of Agriculture – Agricultural Training Institutions Zambia
College of Agriculture (Monze) – Southern Province**

Programme: Various

Activities: Various

41. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K1,141,585 was made to cater for Recurrent Departmental Charges against which amounts totalling K533,667 were released resulting in an under funding of K607,918.

In addition, the institution collected amounts totalling K6,187,932 in respect of user fees, tuck-shop, sale of farm produce among others and had a brought forward balance of K274,552 bringing the total available funds to K6,462,483 out of which K6,042,021. See table below.

Details	Opening Balance K	Collections K	Available Balance K	Amount Spent K
Training	110,177	2,730,147	2,840,325	2,579,308
Farm	7,986	267,352	275,338	267,352
Open Distance Learning Programme	116,048	1,825,541	1,941,589	1,868,229
Feedmilling	3,914	146,245	150,159	146,245
Centre for Inservice and Continuing Education - Main	15,280	674,395	689,675	674,394
Centre for Inservice Continuing Education - Tuckshop	3,854	10,585	14,439	6,989
Sub -Total	257,260	5,654,265	5,911,524	5,542,516
Government grant	17,292	533,667	550,959	499,505
Grand Total	274,552	6,187,932	6,462,483	6,042,021

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Zambia College of Agriculture (ZCA) carried out in June 2019 revealed the following:

a. Failure to Collect Revenue

During the period under review, revenue in amounts totalling K154,950 had accrued to the institution as a result of the fees owed by students for the period from 2017 to 2018 which had not been collected as at 20th September 2019.

b. Weaknesses in Payment of Allowances

i. Irregular Payment of Out of Pocket Allowances

Cabinet Office Circular No. 1 of 2010 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.

However, contrary to the provisions of the circular, amounts totalling K77,090 were paid to various officers as out of pocket allowances for activities such as marking, meetings and trainings, activities that did not involve an overnight stay and that were done within the district boundaries.

ii. Irregular Payment of General Allowances

Contrary to Cabinet Office Circular No.11 of 2013 which abolished all administrative allowances to officers in the Public Service, during the period under review, amounts totalling K86,790 were paid to various officers as general allowances, compilation of results and research presentation allowances, among others.

c. Failure to Deduct Tax

Contrary to the Income Tax Act, during the period under review, amounts totalling K474,450 were paid to various officers as allowances for teaching open distance learning classes, general and marking allowances without deducting Pay As You Earn (PAYE).

d. Weaknesses in the Management of Assets

i. Failure to Secure Public Properties (Title Deeds)

Contrary to Section 41 (4) of the Public Finance Management Act No. 1 of 2018 which states that a Controlling Officer shall ensure that all public properties under the Controlling

Officer's charge are secured with title deeds, there were no title deeds for the Zambia College of Agriculture availed for audit.

ii. 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, assets costing K202,801 procured during the period under review had no identification marks.

iii. Failure to Insure Livestock

During the period under review, the College reared different types of animals such as cattle, pigs, sheep and goats as shown in the table below.

Category	Number of Animals
Breeding Cattle	170
Daily Cattle	20
Goats	55
Sheep	17
Pigs	33
Total	295

However, as at 20th September 2019, the animals were not insured.

e. Outstanding Staff Obligations

A review of records revealed that the College had accrued amounts totalling K1,424,355 in respect of personnel related outstanding bills to officers dating as far back as 2010. As at 20th September 2019, the outstanding bills had not been paid.

Head: 90/01 Office of The President – Lusaka Province

Programmes: Various

Activity: Various

42. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K145,019,090 was made to cater for various activities against which amounts totalling K76,211,056 were released resulting in an underfunding of K68,808,034.

Accounting and Other Irregularities

An examination of financial and other records maintained at the Provincial Administration and a visit to selected districts carried out from March to June 2019 revealed the following:

a. Personal Emoluments

i. Misplacement of Payroll Area

A comparison of the staff returns and the payroll revealed that twenty nine (29) officers were paid salaries from pay points which were different from their physical stations.

ii. Irregular Payment of Rural and Remote Hardship Allowances

According to the Terms and Conditions of Service for the Public Service No. 166 and Cabinet Office Circular No. B2 of 2010, an officer serving in an area declared to be in a remote and rural 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 K934,230 were paid as Rural (K837,480) and Remote (K96,750) hardship allowances to one hundred and thirty seven (137) officers who were ineligible to receive the allowances as they were working at stations which were not declared as rural and remote areas.

iii. Officers Acting in Higher Positions without Letters of Appointment

According to the Terms and Conditions of Service for the Public Service, Section 26 (b (i)) Officers selected for promotion shall normally be appointed by the Public 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 it was observed that amounts totalling K21,151 were paid as acting allowances to six (6) officers who acted in higher positions for administrative convenience only without letters of appointment.

b. General Administration

i. 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 filed, secured against loss and be readily available for audit, six (6) payment vouchers in amounts totalling K32,556 made during the year under review were not availed for audit.

ii. Unsupported Payments

Contrary to Financial Regulation Nos. 45 and 52, forty-three (43) payments in amounts totalling K106,190 made during the period under review were not supported with relevant documentation such as receipts and invoices among others.

iii. Failure to Remit Withholding Tax and PAYE to ZRA

During the period under review, taxes in amounts totalling K612,900 involving withholding tax (K2,350) and PAYE (K610,550) deducted from settling in allowances and terminal benefits were not remitted to the Zambia Revenue Authority (ZRA) as at 20th September 2019 contrary to the Income tax Act.

Nature of Tax	Source	No. of Transactions	Amount K
Withholding Tax	District Office R	5	2,350
Pay As You Earn	Settling In Allow	46	610,550
Total		51	612,900

iv. Questionable Payments

• Updating Payments and Retirement in the Integrated Financial Management Information System (IFMIS) in Chongwe

Amounts totalling K39,200 were paid as subsistence allowance to six (6) officers to go and camp in Chongwe for five (5) days in order to update payments and retirements in the IFMIS. A review of pertinent records, however revealed that Chongwe district was not connected to the IFMIS, therefore rendering the payments questionable.

- **Journalising of Payments in IFMIS in the Districts**

On 14th February 2018, a payment of K131,971 was made to an officer to enable him and other officers to undertake a trip to the districts for the purpose of journalising payments in the IFMIS. However, it was observed that during this same period, the IFMIS was not working as it had crashed thereby making the payment questionable.

v. **Irregularities in the Payment of Allowances**

- **Subsistence Allowances**

Terms and Conditions of Service for the Public Service No. 154 (a) provides that Subsistence Allowance shall be paid to an officer to cover additional expenses he or she has to meet when travelling on duty away from his or her normal station of duty. Contrary to the conditions, amounts totalling K232,247 were irregularly paid as subsistence allowance to four (4) officers for work done within their work station (K4,200), others without spending a night at a visited station (K89,860) while others were on other activities at the same time (K138,187).

- **Subsistence Allowances Paid to a Typist to Undertake Social Work Programmes**

During the period under review, amounts totalling K22,539 involving four (4) transactions were paid as subsistence allowance to a typist to carry out social work activities. However, there were no activity reports to ascertain whether the activities were undertaken and if a typist was qualified to do social work programmes.

vi. **Irregularities in the Payment of Imprest - Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K322,807 was issued to various officers to facilitate payment of allowances for various activities such as Personal Emoluments data collection, monitoring and evaluation and allowances for investment expo among others. However, as at 20th September 2019, the imprest had not been retired and no action had been taken against the officers.

vii. Questionable Retirement of Accountable Imprest

During the period under review, accountable imprest in amounts totalling K157,970 was issued to two (2) officers to carry out various activities. However, a scrutiny of retirement details revealed various irregularities in that:

- the retirements which included details of the vehicles used on assignment trips and the purpose or period of the activities undertaken were not indicated,
- the vehicles which were purported to have been used on the assignment trips were on other duties,
- the claim forms were not approved among others, making it not possible to ascertain as to whether the activities were undertaken.

viii. Double Payment of Imprest

Payment of group Imprest for subsistence allowance in amounts totalling K171,303 were issued to three (3) officers to carry out various activities in various districts in the Province. However, a review of the retirement documents revealed that activities were taking place in two different locations on the same dates.

ix. Irregular Procurement of Goods and Services Using Accountable Imprest

Financial Regulation No. 86 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 imprest in amounts totalling K69,108 involving nine (9) transactions was issued to procure goods and services whose values were known at the time.

x. Un-acquitted Funds

Contrary to Financial Regulation No. 45, three (3) payments in amounts totalling K60,480 made to three (3) officers to facilitate payments to various officers to carry out activities such as validation and certification of payroll, monitoring of illegal mining activities and landscaping at the office among others had not been acquitted by the beneficiaries. As at 20th September 2019, no cash was found on hand and there was no evidence that the money had been banked.

xi. Misapplication of Funds

Contrary to the Appropriations Act of 2017, an amount of K20,375 meant for dismantling of arrears was applied on hire of a boat for the study of how to control the weeds on the Kafue River. Consequently, some arrears such as payments of leave travel benefits and settling in allowances could not be honoured.

xii. Unaccounted for Fuel

Contrary to Public Stores Regulation Nos. 16, fuel costing K165,085 procured during the period under review was not accounted for in that there were no receipt and disposal details.

xiii. Fuel Drawn By Non Runner Vehicle

During the period under review, fuel and lubricants in amounts totalling K1,540 were drawn in respect of motor vehicle registration number GRZ 158 CA which was a non-runner. As at 20th September 2019, no explanation was given.

c. Revolving Fund Account

During the year under review, a total amount of K106,999 was received as recoveries on the revolving fund account. In addition, amounts totalling K34,488 were brought forward from the previous year, bringing the total funds available to K141,488.

As at 31st December 2018, amounts totalling K138,995 had been spent leaving a balance of K2,491.

The following were observed:

i. Non - Recovery of Tuition and Salary Advances

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of tuition and salary advances in amounts totalling K18,000 paid to four (4) officers during the period under review had not been effected as at 20th September 2019.

ii. Misapplication of Funds

On 9th February 2018, an amount of K12,000 was applied on payment of commutation of leave days to an Assistant Accountant and as at 20th September 2019, the amount had not been reimbursed.

d. Misapplication of Funds - Lusaka Provincial Planning Authority

Contrary to the Appropriations Act of 2017, the Provincial Administration applied amounts totalling K586,985 meant for planning activities on unrelated activities such as payment of meal and subsistence allowances, fuel and attires for labour day without written authority from Secretary to the Treasury.

Head: 91/01 Office of the President - Copperbelt Province

Programme: General Deposit Account

Activities: Various

43. The Provincial Administration maintains a General Deposit Account in 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.

In the year 2018, the Provincial Administration received amounts totalling K3,179,996 from various Government Ministries and Departments through the General Deposit Account to cater for activities under various departments such as Presidential Visits to the province, National Day of Prayer and Fasting, compensation of resettled farmers in Misaka and state funerals, among others.

In addition, an amount of K10,004,856 was brought forward from 2017, bringing total funds available to K13,184,854.

As of December 2018, amounts totalling K12,717,615 had been spent leaving a balance of K467,239.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and physical inspection of selected projects carried out from January to June 2019 revealed the following:

a. Wasteful Expenditure.

During the period under review, the Provincial Administration paid amounts totalling K12,016 to the National Pensions Scheme Authority (NAPSA) as penalties for failure to meet the monthly payment deadlines of contributions deducted from Chief Retainers' earnings. However, the

expenditure was wasteful in that the penalties arose as a result of the Provincial Administration's failure to timely settle NAPSA bills despite the availability of funds.

b. Misaka Resettlement Project

In Paragraph 60 of the Auditor General's Report on the accounts of the Republic for the financial year ended 31st December 2017, mention was made of the failure to allocate compensated farmers new lots, drilling of boreholes and opening up of access roads.

In its Report for the Third Session of The Twelfth National Assembly, the Public Accounts Committee found the Controlling Officer's submission unacceptable. It, therefore, recommended that the Controlling Officer mobilises funds to ensure that the re-alignment exercise was undertaken by the Resettlement Action Plan (RAP) team in order to have the remaining three farmers allocated new lots, without fail.

A review of accounting records, project reports and interviews with officers from the Departments directly involved in the project revealed the following:

i. Misapplication of Funds

During the period under review, amounts totaling K9,049,158 were brought forward from 2017 to cater for activities such as vacant land identification, resettlement, compensation and preparation of the relocation site. However, contrary to Financial Regulation No. 31(1) which states that treasury authority should be obtained on varying funds, amounts totaling K1,215,416 were spent on unrelated activities such as payment of statutory allowances, Parliamentary sessions, Cabinet meetings, tracking of implementation of progress of infrastructure projects in the province, trip to china for a seminar on Local Government, allowances for Regional Joint Permanent Commission, Zambia International Trade Fair, Copperbelt Agricultural Mining Industrial Networking And Enterprise Expo (CAMINEX) among others, without obtaining authority from the Secretary to the Treasury. Consequently, some farmers were not compensated.

ii. Failure to Compensate Farmers with Land and Cash

Forty-eight (48) affected farmers who were supposed to be compensated with a total of two hundred and eighty-four (284) hectares of land and cash totalling K16,368,883 had not been compensated as at 20th September 2019.

iii. Failure to Compensate ZAFFICO

The Zambia Forest and Forestry Industry Corporation (ZAFFICO) which was supposed to be compensated an amount of K50,258,191 for the 347 hectares of land it surrendered for the Airport Construction Project, had not been compensated as at 20th September 2019.

iv. Failure to Allocate Land to Paid Farmers

One hundred and ninety (190) farmers who were supposed to be compensated with portions of land totalling 717 hectares had not been allocated land as at 20th September 2019. See table below.

Details	No. of Farmers	Hectares Required	Amount of Compensation K
2017	118	404	7,567,817
2018	72	313	5,451,147
Total	190	717	13,018,964

c. Construction of Chief Mwinuna’s Palace

On 29th December 2017, the Provincial Administration engaged Messrs. EI Mech Limited of Kitwe to construct Chief Mwinuna’s Palace - Phase II in Mpongwe District at a contract sum of K933,309 inclusive of VAT. The contract was for a period of twenty (20) weeks from 13th January to 3rd June 2018, fourteen (14) days after site hand over with a defect liability Period of twelve (12) months from the expected date of completion.

The scope of works included preliminaries, superstructure, roofing, metal works, glazing, carpentry and joinery, floor/wall finishes, ceiling, plumbing, electrical works, power supply, painting and external works.

As at 20th September 2019, an amount of K138,681 representing 15% of the contract price had been paid to the contractor.

A visit to the site on 20th June 2019, forty-seven (47) weeks after the expected completion period, revealed that although the structure had been roofed, plastered, window and door frames fitted, the project had delayed with glazing, painting, ceiling board, floor finish (tiling), fitting of doors, fitting of toilet pans and cisterns, benching of the man hole, fascia boards, construction of a separation wall in the septic tank, power connection and introduction of glazing bars to window sashes still outstanding.

However, it was observed that the interim payment certificate No. 2 for certified works costing K391,855 prepared in October 2018 had been outstanding as of 20th September 2019. Consequently, the project had stalled and the contractor was not on site. There was no indication that the contract period had been extended.

Head: 91/01 Office of the President – Copperbelt Province

Programmes: Personal Emoluments

General Administration

Activities: Various

44. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K161,418,120 was made to cater for personal emoluments and operations of the Provincial Administration against which a total amount of K83,603,608 was released resulting in an under funding of K77,814,512.

Accounting and Other Irregularities

An examination of accounting and other related records maintained at Provincial Administration and selected districts carried out from January to July 2019 revealed the following:

a. Overpayment to Officers

During the period under review, six (6) officers in salary scales H and J were paid basic salaries in amounts totalling K256,258 instead of their entitlement of K226,957 in line with their salary scales, resulting in overpayments in amounts totalling K29,301. There was no supporting documentation to indicate that the officers had moved from the entry notch. As at 20th September 2019, the overpayments had not been recovered.

b. Irregular Payment of Commuted Night Duty Allowance – Provincial Administration

Terms and Conditions of Service for the Public Service No. 167 (i) states that, commuted night duty allowance shall be paid to nursing and paramedical personnel who work during the night over and above normal working hours. However, eleven (11) officers from the Meteorological Department were paid commuted night duty allowances in amounts totalling K36,116 during the period January to December 2018, when they were neither nursing nor paramedical staff.

c. Failure to Conclude Staff Disciplinary Cases – Provincial Administration

There were three (3) officers (Clerical Officer and two Assistant Registration Officers), who were placed on suspension in May 2008 facing disciplinary charges. As of May 2019, the three (3) officers' disciplinary cases had not been discharged 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 the period from May 2008 to December 2012. However, for the period from January 2013 to May 2019, the officers received salaries in amounts totalling K600,533. As at 20th September 2019, there was no evidence to show how management was resolving the matter with the Public Service Management Division.

d. Irregular Payment of Subsistence and Meal Allowances - Department of Water Affairs

Cabinet Office Circular minute of 2015 dated 30th December 2015 states that meal allowances shall only 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 whereas subsistence allowance is payable to officials that work out of the station including an overnight stay. However, contrary to the circular, the Water Affairs Department paid amounts totalling K26,135 as subsistence (K24,350) and meal (K1,785) allowances to various officers for activities undertaken within their normal station of duty.

e. Failure to Deduct and Remit Tax

- i. Contrary to the Income Tax Act, CAP 323, an amount of K4,015 deducted in January 2018 as Pay As You Earn (PAYE) from the payment of commutation of leave days for the Senior Executive Officer at the Provincial Agriculture Coordinating Office had not been remitted to the ZRA as at 20th September 2019.
- ii. Contrary to the VAT Amendment Act of 2017 and Treasury and Financial Management Circular No. 6 of 2017, the Provincial Agriculture Coordinating Office made twenty five (25) payments in amounts totalling K178,932 to various suppliers without withholding VAT.
- iii. Contrary to the Income Tax Act, Cap. 323, the Provincial Agriculture Co-ordinating Office did not deducted Pay As You Earn (PAYE) in respect of settling in allowances and commutation of leave days totalling K31,977.

f. Lack of Title Deeds for Properties

The Public Finance Management Act, 2018 section 41(4) state that a Controlling Officer shall ensure that all public properties under the Controlling Officer’s charge are secured with title deeds.

Contrary to the Act, the Provincial Administration had no title deeds for twenty three (23) properties making it difficult to verify the ownership of these properties. Consequently, the properties were not insured.

g. Failure to Change Ownership of Donated Motor Vehicles

On 15th September 2017, Zambia Consolidated Copper Mines Investment Holdings (ZCCM-IH), Copperbelt Environmental Project, donated four (4) motor vehicles to the Provincial Administration. See table below.

Motor Vehicle Type	Registration No.
Nissan Patrol	ABT 5295
Nissan Navara	ABT 5306
Nissan Navara	ABT 5444
Nissan Navara	ABT 5296

However, as at 20th September 2019, the Provincial Administration had not changed ownership of the vehicles.

h. Unauthorised Retention and Use of Revenue – Department of Town and Country Planning

During the period under review, the Town Planning Department spent K124,247 which was collected as scrutiny fees and other related charges without obtaining authority from the Secretary to the Treasury contrary to Financial Regulation No. 121 (1).

i. Payment of Advances to Officers with Net Pay Less than 40% after Recoveries

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% of the gross pay, salary advances in amounts totalling K70,000 were paid to thirteen (13) officers whose net pays were below the 40% threshold once the deductions were effected.

Head: 92 Office of the President – Central Province

Programme: Various

Activity: Various

45. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K155,090,130 was made to cater for personal emoluments and operations at the Provincial Administration against which amounts totalling K88,334,668 were released resulting in an underfunding of K66,755,462. See table below.

Programme	Budget K	Funding K	Variance K
RDC	56,365,110	15,125,972	41,239,138
PE	98,725,020	73,208,696	25,516,324
Total	155,090,130	88,334,668	66,755,462

Accounting and Other Irregularities

A review of accounting and other records maintained at the Provincial Administration and selected District Administration offices carried out from February to June 2019 revealed the following:

a. 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.

Contrary to the Terms and Conditions of Service, three (3) officers acted in various positions without authority from the Public Service Management Division (PSMD). In this regard, the officers were irregularly paid acting allowances in amounts totalling K32,112.

b. Misplacement of Payroll Area

A reconciliation of the payroll and staff returns at the Provincial Administration revealed that there were fifteen (15) officers who drew salaries in amounts totalling K712,400 under the Provincial Administration payroll, while their physical station was the Kabwe National Registration Office under the Ministry of Home Affairs.

c. Failure to Transfer Payroll

In 2015, the Rural Roads Unit was transferred to the Zambia National Service.

An examination of records of the payroll data for the period ended 31st December 2018, revealed that a total of thirty (30) personnel who were transferred to the Zambia National Service from Rural Roads Unit during the period August 2015 to June 2016 were still on the Provincial Administration Payroll and consequently, drew salaries amounting to K1,264,821.

d. Irregular Payment of Fuel Allowance

Public Service Management Division Circular No B22 of 2013 states that 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.

Contrary to the above circular, a Senior Human Resource Officer who was in Salary Scale J was paid fuel allowance arrears in amounts totalling K19,451. As at 20th September 2019, the amounts irregularly paid to the officer had not been recovered.

e. Uninsured Motor Vehicles

The Road Traffic Act No. 11 of 2002 section 86 (3) states that, “Notwithstanding the provision of any other written law, there shall be in respect of all vehicles such a policy of insurance of such a security in respect of third-party risks referred to in sub-section (1) as the Minister, in consultation with the Agency, may prescribe”.

Contrary to the above regulation, seventeen (17) motor vehicles and eighteen (18) motor bikes were not insured as at 20th September 2019. See table below.

Department/ Unit	No of Motor Vehicle	No of Motor Bikes
PACU	6	0
PACO	8	0
Kapiri DACO	3	9
Kapiri DFLCO	0	9
Total	17	18

f. Misapplication of Funds

Contrary to the Appropriation Act of 2017, amounts totalling K11,000 meant for general administration at Kapiri Mposhi District Administration were spent on dismantling of personnel related payments such as settling in allowances and other allowances without authority from the Controlling Officer.

g. Irregular Use of Accountable Imprest

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

Contrary to the regulation accountable imprest in amounts totalling K17,420 was issued to facilitate the purchase of stationery, motor vehicle batteries and ladies suits, whose values could be ascertained and paid directly to the supplier. See table below.

District	No. of Transaction	Amount K
Chibombo D C	3	3,450
Kapiri D C	1	2,000
Kapiri DACO	10	11,970
Total	14	17,420

h. Unretired Accountable Imprest – District Commissioner’s Office

Contrary to the Financial Regulation No. 96 (1), accountable imprest in amounts totalling K6,060 issued to an officer during the period under review had not been retired as at 20th September 2019.

i. Failure to Deduct Value Added Tax (VAT)

A review of suppliers’ transactions revealed that three (3) payments were made to VAT registered suppliers of goods and services amounting to K72,498 between 1st March to 31st December 2018. However, VAT in amounts totalling K9,999 was not deducted contrary to 2017 budget pronouncements and Section 8 (8A) of the VAT Act.

Head: 94 Office of the President – Western Province

Programmes: Various

Activities: Various

46. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K181,804,940 was made to cater for various activities against which amounts totalling K124,114,484 were released resulting in underfunding of K57,690,456.

Accounting and Other Irregularities

A review of accounting and other related records maintained at Provincial Administration and selected districts carried out from January to May 2019 revealed the following:

a. Failure to Dismiss Officers Absent from Duty without Official Leave

Terms and Conditions of Service for the Public Service Section 60 (a)(b) state that an officer who is absent from duty without leave for a continuous period of ten (10) working days shall be liable for dismissal and an officer shall not be paid a salary for the period he or she is absent from duty without leave unless he or she produces satisfactory evidence justifying such absence.

Contrary to the Terms and Conditions of Service above, five (5) officers who were absent from duty without leave for periods ranging from 10 to 180 days, had not been dismissed from the Public Service and had been paid salaries and allowances in amounts totalling K190,728.

b. Failure to Report Back to the Station After Study Leave - Kaoma District Administration

The Terms and Conditions of Service for the Public Service, Section 134 states that an officer who has been granted paid study leave shall be required to enter into a formal agreement binding him or her to remain in the Public Service following the completion of his or her course. No officer may be granted exemption from serving the full period of his or her bond. In this regard, on 15th April 2015, an Accountant based at Kaoma District Administration Office, was granted paid study leave effective 1st February 2015 to 31st December 2017 to enable him pursue a three (3) year training programme in Masters in Business Administration with Herriot Watt University under sponsorship of the Accountant General's Office, Ministry of Finance.

A review of personnel files and the payroll revealed that as of March 2019, a year after expiry of the study leave, the officer had not reported back to his station of duty and had drawn salaries

and allowances in amounts totalling K76,378. As at 20th September 2019, the officer had refunded an amounts totalling K31,119 leaving a balance of K45,259.

c. Failure to Report Back to the Station after Vacation Leave - Kaoma DACO

Terms and Conditions of Service for the Public Service, Section 137 states that when a Head of Department receives a report that an officer on leave has not reported for duty he or she shall investigate the cause of such absence and report his or her finding to the Responsible Officer. The Responsible Officer shall, unless the officer gives a satisfactory explanation, institute disciplinary proceedings against that officer.

However, in May 2016, the District Agricultural Coordinator (DACO) for Kaoma was granted vacation leave of 120 days from 7th October 2016 to 3rd April 2017.

A review of personnel files, inquiries made and head count undertaken in May 2019 revealed that twenty five (25) months after expiry of the approved vacation leave, the officer had not reported back to the station and had drawn salaries in amounts totalling K127,319 in 2018 and management had not taken any action.

d. Irregular Payment of Salaries to an Officer who Resigned from Public Service

Terms and Conditions of Service for the Public Service, Section 137 states that an Established Officer may resign at any time by giving the Government three (3) months' notice, in writing, exclusive of leave, or by paying Government one (1) month's salary in lieu of notice. On 23rd February 2018, an Agricultural Officer resigned from his position.

A review of the payroll revealed that the officer received salaries in amounts totalling K17,471 for two months after the date of resignation.

As at 20th September 2019, the amount had not been recovered from the officer.

e. Irregular Payment of Subsistence and Meal Allowances

Contrary to Cabinet Circular Minute of 2015, dated 30th December, Implementation of Cost Saving Measures No. 9, which defined work station as a place of work within the district boundary and prohibited payment of subsistence and meal allowances while at work station, twenty eight (28) officers were paid amounts totalling K30,910 in respect of subsistence and meal allowances for activities undertaken within the district boundaries. See table below.

Station	No. of Officers	Subsistence Allowance K	Meal Allowance K	Total K
Mongu DC	10	11,080	1,360	12,440
Mongu DFLCO	10	-	3,145	3,145
Lukulu DFLCO	8	10,650	4,675	15,325
Total	28	21,730	9,180	30,910

f. Failure to Report Motor Vehicle Accidents - Provincial Administration

Contrary to Stores Regulation No. 122 d (1) which states that all accidents involving plant and vehicles shall be reported to the police, the Secretary to the Treasury in the Ministry responsible for Finance and Standing Accidents Board, management failed to report road traffic accidents involving two (2) motor vehicles (GRZ 134 CM and GRZ 266CM) that occurred during the period under review.

g. Failure to Withhold Tax

Contrary to the Value Added Tax (VAT) amendment Act of 2017 which requires government institutions to withhold VAT from payments to suppliers of goods and services and simultaneously remit the VAT withheld to ZRA at the time of making payments, amount totalling K45,296 were not withheld during the period under review from various suppliers who supplied goods and services to five (5) stations.

In addition, contrary to the Income Tax Amendment Act of 2018, no withholding tax (10%) (K4,224) on rental payments in amounts totalling K42,240 was deducted at source in respect of the property occupied by the Department of Forestry. See table below.

Station	Rentals K	VAT K	Amount K
Provincial Administration	4,224	36,504	40,728
Mongu DFLCO	-	1,253	1,253
Mitete DFLCO	-	2,476	2,476
Lukulu DFLCO	-	1,280	1,280
Kaoma DC	-	3,783	3,783
Total	4,224	45,296	49,520

h. Unrecovered Tuition Advance

Contrary to Terms and Conditions of Service No. 92, recoveries in respect of tuition advance of K16,200 paid to a Technician at Office Equipment in May 2018 had not been effected as at 20th September 2019.

i. Payment of Salary and Tuition Advances to Officers with Net Pays Below 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 Gross pay, salary advances in amounts totalling K38,580 were paid to four (4) officers whose salaries fell below the 40% during the period under review. See table below.

Station	No. of Officers	Amount K
Provincial Administration	2	31,780
PACO	2	6,800
Total	4	38,580

Head: 95 Office of the President - Eastern Province

Programmes: Various

Activities: Various

47. In the Estimates of Revenue and Expenditure for the year ended 31st December 2018, a provision of K144,737,420 was made to cater for various activities at the Provincial Administration, against which amounts totalling K73,633,764 were released resulting in an underfunding of K71,103,656.

Accounting and Other irregularities

An examination of accounting and other records maintained at the Provincial Administration and selected district offices carried out from January to June 2019 revealed the following:

a. Misplacement of Payroll Area

A reconciliation of the payroll and staff returns at the Provincial Administration revealed that there were four (4) officers who drew salaries in amounts totalling K458,898 and were not serving at the stations where they had been paid from.

b. Misapplication of Funds

Contrary to the Appropriation Act of 2017, amounts totalling K154,345 meant for various programs under the Ministries of Agriculture and Fisheries and Livestock in the province such as monitoring and backstopping were spent on activities such as procurement of fuel and stationery and payment of allowances at Provincial Administration and various District

Commissioner's offices not related to the purpose for which the funds were appropriated for by Parliament.

Consequently, programmes and activities related to agriculture and fisheries and livestock were not undertaken.

Head: 96 Office of the President - Luapula Province

Programme: Various

Activities: Various

48. The Provincial Administration maintains a General Deposit Account (GDA) in 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 financial year ended 31st December 2018, a total amount of K1,275,601 was received in the GDA to cater for various activities in the province on behalf of Ministries and other Institutions by Provincial Administration. In addition, an amount of K127,857 was brought forward from the year 2017 bringing the total available funds to K1,401,458 for the period under review.

Included in the K1,401,458 was a total amount of K1,296,136 meant to cater for ten (10) projects on behalf of various MPSAs, against which a total amount of K1,161,252 had been spent leaving a balance of K134,884.

Accounting and Other Irregularities

An examination of accounting and other records relating to the management of the account carried out from January to June 2019 revealed the following:

a. Failure to Provide Funding Details

Although amounts totalling K127,857 were brought forward from 2017 as opening balance in the year 2018, for implementation of the funded programmes and activities, the Provincial Administration could not provide information outlining the programmes/ activities to be implemented.

b. Misapplication of Funds

Contrary to the Appropriation Act of 2017, twelve (12) payments in amounts totalling K101,380 were applied on activities such as Cooperative Assessment, District Commissioners' interviews, motor vehicle servicing and settling of utility bills among others, all not related to programmes and activities funded in the year under review.

c. Failure to Withhold VAT.

Contrary to Circular No. 6 of 2017 which directed all Government Institutions to withhold Value Added Tax (VAT) on all supplies of goods, works and services received in a particular month and simultaneously remit to ZRA at the time of making payment to the supplier, two (2) payments were made to suppliers without withholding VAT in amounts totalling K2,714.

Head: 96 Office of the President - Luapula Province

Programme: Various

Activities: Various

49. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K93,285,878 was made to cater for various activities at the Provincial Administration against which amounts totalling K48,017,859 were released, resulting in an underfunding of K45,268,019.

Accounting and Other Irregularities

An examination of accounting and other records maintained at Provincial Administration and selected districts as well as physical inspection of some projects carried out from January to June 2019 revealed the following:

a. Employees on the Provincial Payroll but not Working within the Province

There were eight (8) officers working at various stations in other Provinces who were appearing on Luapula Provincial Payroll and were paid amounts totalling K627,049 during the period under review.

b. Payments without Authority to Travel Abroad and Failure to Retire Accountable Imprest

The Republic of Zambia and Democratic Republic of Congo (DRC) hold annual meetings to discuss the security concerns affecting the two nations. In this regard, a Zambian delegation comprising officers from Copperbelt, Luapula, Northern, North-Western Provinces as well as representatives from Ministries of Commerce, Trade and Industry, Foreign Affairs and Works and Supply were scheduled to attend the 11th session of the Regional Joint Permanent Commission meeting which was to be held in Lubumbashi DRC from 26th to 29th April 2018.

In relation to travel abroad, Financial Regulation No. 87 (1) states that, “special and accountable imprest shall not be issued in respect of tours outside Zambia without the authority of the Secretary to the Cabinet”. In addition, Cabinet Office Circular No. 10 of 2012 (x), states that “Where the foreign travel vote is exhausted, the Controlling Officer shall not vary funds from other programmes.” Further, Cabinet Circular Minute No. CO.101/11/27 dated 6th January 2014 states that, “all requests for travel abroad must be received by Cabinet Office at least two (2) weeks before the date of intended departure and that applications for retrospective authority will not be entertained”.

However, the following were observed:

i. Payment of Imprest before Approval of Authority to Travel Abroad

On 12th April 2018, the Provincial Administration processed payments in amounts totalling K649,322 to thirty-nine (39) officers to travel to Lubumbashi, DRC to attend a Zambia Congo Joint Permanent Commission meeting when the request for authority to travel abroad was sought on the 25th April 2018. It was observed that on 2nd May 2018, Cabinet Office only granted authority to (20) officers to travel out of the thirty- nine (39) officers leaving nineteen (19) officers without authority but had already been issued with imprest in amounts totalling K318,933.

Contrary to Financial Regulation No.96 (1), the imprest had not been retired as at 31st December 2018 and no action had been taken against the erring officers.

ii. Failure to Recover Imprest

It was observed that commencement of recoveries from officers who did not undertake the trip was only effected in May 2019, in respect of seventeen (17) out of nineteen (19)

officers who were irregularly paid. As at 20th September 2019, recoveries of a total amount of K22,550 paid to two (2) officers had not commenced.

c. Failure to Collect VAT.

Value Added Tax Amendment No. 44 of 2016 (Section 8A) empowers the Zambia Revenue Authority (ZRA) Commissioner General to appoint a taxpayer as an agent for the withholding of Value Added Tax on payments for supplies made to that person by the VAT registered suppliers. In this regard, Luapula Provincial Administration was appointed as an Agent on 6th January 2017. It was however, observed that VAT in amounts totalling K3,471 was not withheld from two (2) transactions made by the Provincial Administration as at 20th September 2019.

d. Construction of Ablution Block and Changing Rooms - Cultural Village, Mansa

In July 2017, an amount of K101,540 was released by the Treasury against a budget provision of K128,699 for the construction of an ablution block at Mansa Cultural Village. In this regard, on 7th June 2018, the Provincial Administration entered into a labour based contract with Messrs Mabenga General Dealers at a contract sum of K45,400. The contract was for a period of thirty (30) days from 28th June to 10th August 2018.

The scope of works included construction of substructures and superstructures, roofing, metal works, carpentry, joinery and Iron monger, plumbing installations, electrical installations, glazing, finishings, painting and decorations, tiling, concrete aprons and water reticulation.

As at 31st December 2018, a total amount of K86,270 had been spent on building materials (K73,331) and labour (K12,939).

A physical inspection of the project carried out in April 2019 revealed that the structure stalled at wall plate level. See picture below.



Incomplete ablution block

Although building materials were on site, the contractor had not been on site since 7th August 2018.

e. Chishinga Breeding Centre - Kawambwa

The Provincial Fisheries and Livestock Coordinating Office has a breeding centre in Kawambwa District, the Chishinga Livestock Breeding Centre. The ranch was meant to provide breeding stock for all the districts of Luapula province and neighbouring provinces namely; Copperbelt, Central, Northern and Muchinga. The ranch is managed by the District and Provincial Steering Committees chaired by the District Commissioner and Provincial Permanent Secretary respectively.

In the Estimate of Revenue and Expenditure for the financial year ended 31st December 2018, a total provision of K592,510 was made to cater for activities under District Livestock Development against which K209,339 was released resulting in underfunding of K383,171. In addition, amounts totalling to K187,000 were received from the sale of bulls bringing the total funds available for expenditure to K396,340.

An examination of accounting and other records relating to Chishinga Revolving Account revealed the following:

i. Failure to Deduct NAPSA Contributions

During the period under review, Kawambwa District Fisheries and Livestock paid wages to workers at Chishinga Breeding Centre in amounts totalling K72,000. However, Contrary

to Section 15 (1) of the National Pension Scheme Authority (NAPSA) Act of 1996, NAPSA contributions amounting to K3,600 were not deducted.

ii. Casualisation of Workers at the Breeding Centre

Contrary to the provisions of the Employment Act Cap 268 section 3 which requires that a casual employee should be engaged for a period of not more than six months, six (6) casual workers at the breeding centre who have worked for a continuous period of more than sixty (60) months remained as casual workers as at 20th September 2019.

Head: 98 Office of the President - Southern Province

Programme: Various

Activities: Various

50. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K74,188,130 was made to cater for Recurrent Departmental Charges against which amounts totalling K14,245,456 were released resulting in an under funding of K59,942,674.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration Office and selected districts carried out in May 2019 revealed the following:

a. Misapplication of Funds

Contrary to the Appropriation Act of 2017, amounts totalling K186,013 were spent on activities not related to the purpose for which the funds were released as detailed below:

i. Funds Meant for General Administration

Amounts totalling K154,047 were processed as payments on activities not related to General Administration (utilities, office administration and registry services among others), such as settling in allowances, imprest for familiarisation tour, qualifications audit in the districts and allowances to travel to Muchinga Province on a fact-finding mission on GRZ housing units, among others.

ii. Twinning Southern Province with Quanzhuou Province in China

During the year under review, a total of K32,000 was released to cater for travel expenses by officers conducting exchange visits and knowledge sharing between Southern Province and Quanzhuou Province in China as a way of promoting tourism and investment between the two countries. However, a scrutiny of payments and ledgers revealed that amounts totalling K31,966 were applied on payment of out of pocket allowances and air tickets for three officers to travel to China to attend the Third Forum on China Africa Local Government Cooperation in Beijing.

b. Weaknesses in Transport Management

During the year under review, a total of K5,983,470 was authorised for transport management, against which amounts totalling K2,222,706 were released. An examination of payments and other documents under the program revealed the following;

i. Failure to Effect Recoveries from the Surcharged Officer

On 21st January 2018, a Prado GX-R registration number GRZ 733 CN belonging to the Provincial Minister was involved in an accident. At the meeting held on 26th September 2018, the Standing Accidents Committee resolved that the driver was responsible for the accident and be surcharged K101,139 which was 10% of the replacement costs of the vehicle.

However, the pay slip for the month of July 2019 showed that K35,500 was going to be recovered (K500 in 71 instalments) leaving a balance of K65,639 unrecovered. As at 20th September 2019, there was no explanation on how the amount of K65,639 was going to be recovered.

ii. Missing Motor Vehicle

A physical verification of motor vehicles belonging to the Survey Department revealed that a Toyota Land Cruiser (ABR 2384) was missing. Inquiries made with the Controller of Government Transport revealed that the vehicle was involved in a road traffic accident on an unknown date and was parked in Lusaka. As at 20th September 2019, the details of where the vehicle was parked in Lusaka had not been provided for verification.

c. Weaknesses in the Management of District Administration Funds

i. Misapplication of Funds

Contrary to Financial Regulation No. 31(1) which states that “treasury authority should be obtained on varying funds,” amounts totalling K108,207 meant for General Administration (utilities and office materials among others), Development Planning and Monitoring were spent on paying settling in-allowance, commutation of leave and allowances to travel for school among others, activities not related to the purpose for which the funds were appropriated without obtaining treasury authority. See table below.

District	Department	Amount K
Choma	District Administration	28,777
Sinazongwe	District Administration	16,900
	DACO	22,285
	DFLCO	7,500
Pemba	District Administration	23,705
Livingstone	District Administration	9,040
Total		108,207

ii. 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.

Contrary to the regulation, accountable imprest in amounts totalling K68,670 was issued to twenty-two (22) officers to procure goods and services whose values could be ascertained. See table below.

Station	No. of Officers	Amount K
Choma DC	2	1,500
Sinazongwe DC	4	10,950
Pemba DC	11	17,950
Livingstone DC	5	38,270
Total	22	68,670

iii. Failure to Insure Motor Vehicles

Contrary to Section 133 of the Roads and Road Traffic Act which requires that all motor vehicles using public roads must have a minimum of third-party insurance cover, ten (10)

motor vehicles and seventy six (76) motor bikes belonging to various departments in four (4) districts were not insured during the period under review. See table below.

District	Department	Motor Vehicles	Motor bikes
Livingstone	District Administration	1	-
	DACO	3	13
	DFLCO	-	5
Pemba	District Administration	1	-
Sinazongwe	District Administration	1	-
Monze	DACO	2	38
	DFLCO	2	20
Total		10	76

As at 20th September 2019, the motor vehicles had not been insured.

d. Failure to Provide Authority to Employ - Monze DFLCO

During the period under review, wages in amounts totalling K4,655 were paid to two (2) casual workers at Monze DACO whose authority to employ from the Controlling Officer was not availed for audit.

Head: 98 Office of the President - Southern Province

Programme: Personal Emoluments (PEs)

Activities: Various

51. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2018, a provision of K95,307,480 was made to cater for personal emoluments against which amounts totalling K80,366,510 were released resulting in an underfunding of K14,940,970.

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration Office carried out in May 2019 revealed the following:

a. Irregular Payment of Rural Hardship Allowances

According to the Terms and Conditions of Service for the Public Service No. 166 and Public Service Management Division Circular No. B6 of 2010, an officer serving in an area declared

to be in a rural or 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, twenty seven (27) officers from the Ministry of Agriculture and Ministry of Fisheries and Livestock were paid rural and remote hardship allowances in amounts totalling K96,330 (Rural hardship allowance - K27,928 and Remote hardship allowances - K68,402) while operating in areas which were not designated as rural or remote.

b. Irregular Payment of Housing Allowances

The Public Service Management Division Circular No. B 24 of 2013 states that housing allowances shall be paid to officers not accommodated by Government in standard/pool houses through the payroll.

Contrary to the Circular, twenty-two (22) officers who were occupying Government Houses from the Ministries of Fisheries and Livestock and Agriculture were irregularly paid housing allowances in amounts totalling K161,302 (Ministry of Fisheries - K33,634 and Ministry of Agriculture – K127,669).

c. Non-Recovery of Tuition Advances

Contrary to the Terms and Conditions of Service for the Public Service No. 92, recoveries in respect of a tuition advance amounting to K10,000 paid to an officer on 7th September 2018 had not been effected as at 20th September 2019.

Recommendations

52. In order to improve Public Finance Management and ensure that the Ministries, Provinces and Other Spending Agencies (MPSAs) are operating within the financial management and accounting framework as set out in the Public Finance Management Act (PFMA), the Public Procurement Act, the Appropriations Act as well as any other relevant laws and regulations, the following are recommended:
- i. Controlling Officers should exercise the duty of care to ensure that assets and records of their respective public bodies are protected and these records should be promptly disclosed to the Auditor General on request as provided for under Section 12 (1) of the PFMA;
 - ii. Controlling Officers must ensure that revenue collection and expenditure is appropriately planned and controlled as provided for under Section 11 (1) of the PFMA. This should be done by:
 - Establishing and maintaining an effective, efficient and transparent system of financial and risk management as well as adequate and robust internal controls;
 - Taking immediate and appropriate action on internal and external audit observations and recommendations;
 - Prevention of irregular or wasteful expenditure, misapplication of funds, theft or losses resulting from negligence or criminal conduct;
 - Taking immediate, effective and appropriate disciplinary steps against an office holder in the ministry or department who contravenes or fails to comply with the provisions of the PFMA;
 - Taking effective and appropriate steps to collect revenues due to the Ministry that is under their charge; and
 - Managing and safeguarding all the public assets and revenues.
 - iii. The general revenue collected by appointed agents on behalf of Government should be promptly remitted to the Consolidated Fund in accordance with Section 28 (1) of the PFMA as a failure to do so will amount to financial misconduct;
 - iv. Controlling Officers should ensure that there is adherence to procurement procedures as set out in the Public Procurement Act and that all contract provisions are strictly adhered to;
 - v. Cabinet Office should ensure prompt updating of the Establishment Register;

- vi. Controlling Officers should strictly adhere to Cabinet Office Circular No.13 of 2019 (Placement of Staff in Designated Duty Stations) by ensuring that Staff Assignments are timely updated according to the Establishment Register to ensure that the correct staff are paid as per their duty stations and avoid inappropriately paying ineligible staff hardship allowances;
- vii. Controlling Officers must ensure that all the assets under their custody are insured; and
- viii. Controlling Officers must ensure that all taxes and other statutory contributions are deducted and remitted to the respective institutions.

Acknowledgements

53. 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

54. 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 2018 for which necessary remedial action is required. This forms part of my Report for the financial year ended 31st December 2018 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 – Summary or the Status of the Unresolved Issues as at 31st December 2018

OUTSTANDING ISSUES FROM THE TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY.

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2005.

Ministry of Communication and Transport

Paragraph 37 (37) b. Aircraft Lease Agreement

OUTSTANDING ISSUES FROM THE TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY.

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2009.

Ministry of Health

Paragraph 42(40) d. Drugs without disposal details K5,406,298,725

Paragraph 42(40) n. Infrastructure development

Ministry of Home Affairs Passport – 2009

Paragraph 18 (16) m. Failure to Operationalise Photo capturing facility

Paragraph 10 (8) a. Misappropriation of Revenue – K3,746,266,735, Immigration Headquarters

Paragraph 10 (8) dishonoured Cheques – K13,000,000.00

Ministry of Science Technology and Vocational Training

Paragraph 46(44) c. Management of Contracts i. Kasiya Trades Training Institute, Male Hostels

Office of the President, Western Province

Paragraph 66 (64) a. Construction of Health Posts

Paragraph 68 (66) g. Completion of Construction of a Clinic, i. Failure to prepare Bill of Quantities – K169,744,898

Paragraph 68(66) ii. Unverified Building Materials K91,375,898

Paragraph 68 (66) iii. Physical Inspection of the Project

OUTSTANDING ISSUES FROM THE TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY.

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2010.

Ministry of Finance

Paragraph 33(33) f. weaknesses in the Administration of Outstanding Bills (JJ Lowe Ltd – Kashikishi – Lunchinda Road – Overstatement K20, 040, 096, 855 and JJ Lowe Ltd (Mbesuma Bridge – K14, 437, 218,315) and NCC Phoenix (Kashikishi – Luchinda Road – K72, 095, 637, 323)

Ministry of Local Government and Housing

Paragraph 31 (31) b. Unaccounted for funds – HQs Details Chadiza K7,321,000

Paragraph 31(31) c. Stores Items without Receipts and Disposal Details Chadiza K385, 038,754

Paragraph 31 (31) c. ii. Central Province -Kabwe Municipal Council, Non-Delivery of Motor Vehicles K55,107,000.

Ministry of Agriculture and Cooperatives – 2010

Paragraph 40 (50) a. Construction and Rehabilitation of Disease Free Zone infrastructure i. Renovation of Central Veterinary Research Institute (CVRI) (a) Nelkan Industrial Construction, i.v. Construction of Office Block and 2x3 Bed Roomed Houses at Luangwa Bridge – Lot 7

Paragraph 49 (50) v. Renovation of a House and Construction of an Office Block at Nkalamabwe – Lot 9

Paragraph 49 (50) Renovation of Four Houses at Nkalamabwe Site – Lot 10

Paragraph 50 (51) a. Stores – No. Receipt and Disposal Details – K555,441,356) (No. Disposal details – K1,028,074,881)

Paragraph 50 (51) Unretired imprest K1,281,928,738

Paragraph 9 (9) c. Unaccounted for Revenue – K62,859,000- Manda Hill Police Post

Paragraph 9 (9) a. Receipt Books not presented for Audit

Paragraph 9 (9) c. Refer to Drawer Cheques – K7,279,994

Paragraph 14 (14) j. Incomplete Contractual Works , i. Mongu Records, ii. Kazungula Boarder Post

Ministry of Science Technology and Vocational Training

Paragraph 39 (39) a. Rehabilitation of Technical, Education Vocational and Entrepreneurship Training Authority (TEVETA) Building

Paragraph 39 (39) iii. Substandard Electrical Installations

Paragraph 39 (39) iv. Poor workmanship on Carpentry and Joinery and ironmongery

Paragraph 39 (39) e. Trades Training Institute

Paragraph 39 (39) iii. Kabwe Trades Training Institute

Paragraph 39 (39) i.v. Kasiya Secretarial and Business College K366,116,700

Office of the President – Southern Province

Paragraph 75 (76) b. Extension of an Office Block and Rehabilitation of two (2) Staff Houses at Nanga in Mazabuka

Paragragh 75(76) iii. Questionable Issuance of Certificates

Paragraph 75 (76) Irregular Payment

Paragraph 75 (76) Failure to Effect Contract clauses

Office of the President – Copperbelt Province

Paragraph 57(58) a. Headquarters Infrastructure Development

Paragraph 57(58) ii. Construction of District Commissioner's House - Ndola

Paragraph 57(58) iii. Construction of Teachers House in Kafubu Block Resettlement

OUTSTANDING ISSUES FROM THE TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY.

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Ministry of Finance

Paragraph 9 (8) a. Rent of govt premises – Uncollected revenue. b. (i) Failure to provide accurate data on the sale of pool houses. b. (ii) Unaccounted for revenue from sale of pool houses – K404,894, 842

Ministry of Local Government and Housing

Paragraph 38(37) e. Failure to Submit Expenditure Returns – K70,000,000

Paragraph 38 (37) g. Weaknesses in the Management of Revolving Fund Account

Ministry of Health

Paragraph 44(43) b. Tender and award of contract to AVIC international limited, (i) Irregular award of the contract.

Ministry of Transport Works and Supply and Communication

Paragraph 46 (45) d. Upgrading of Kasaba Bay Run Way

Paragraph 46 (45) e. District Aerodromes K3,939,432,900, Provincial Administration Western Province, Shangombo, Lack of Receipt and Disposal Details for fuel, Senanga District , Unretired Imprest Sesheke District, and Kalabo District

Mission Abroad Lubumbashi – 2011

Paragraph 22 (21) iii. Staff Houses

Paragraph 22 (21) b. Delayed replacement of Title Deeds

Paragraph 22 (21) c. Rehabilitation of Properties , i. Termination of contract

Mission Abroad Washington

Paragraph 23 (22) b. Failure to recover Security Deposit

Paragraph 23 (22) c. Properties i. Chancery – 2419 Massachusetts Ave ii. 2300 Wyoming Ave, iii. Wasteful Expenditure on Rentals

Mission Abroad – Lilongwe

Paragraph 24 (23) b. Repairs maintenance Residence K55,588,776 (US\$10,548)

Mission Abroad – London

Paragraph 25 (24) a. internal Control Weaknesses, ii. Unclaimed Rental Security Deposits K197,444,063 (25,539 pound)

Paragraph 25(24) g. Inspection of 13 Foscote Road, Hendon NW4

Mission Abroad Dar-Es-Salaam

Paragraph 26(25) e. Mission Properties i. The Chancery ii. The Residence, iii. Plot No. 396 Toure Drive Masaki, iv Plot No. 22 Ocean Road

Mission Abroad – Gaborne

Paragraph 27 (26) The Chancery – 1118-1119- Main Mall Gaborone, ii. Plot No. 4703/105 – Mongana Close

Mission Abroad 29 (28) c. Prperties i. The Residence – 1 George Hunter Street Olympia, ii. House No. 14 Lydia Street- Ludwigsdorf, iii. 93 –Gever Street Ludwigsdorf i.v. 17 Veronica Street Ludwogsdorf

Mission Abroad Brussels

Paragraph 30 (29) h. Failure to rehabilite the Residence- 260 Dreve Richele Waterloo

Mission Abroad Paris

Paragraph 34 (33) iii. Property Management: The Chancery and the Residence. The Chancery – 18 Avenue de Trouville 75007

Ministry of Livestock and Fisheries Development

Paragraph 53 (53) a. Payment of Rural and Remote Hardship Allowance to Ineligible Officers K708,799

Paragraph 53 (53) b. Failure to submit monthly Expenditure Returns to the Ministry Headquarters K4,420,757

Paragraph 53 (53) c. Inadequately Supported Payments K1,460,188

Paragraph 53 (53) d. Unretired Accountable Imprest K933,411

Paragraph 53 (53) e. Unaccounted for Stores K1,028,845

Paragraph 53 (53) f. Misapplication of Funds K62,380

Paragraph 53 (53) g. Delays in Settling Outstanding Bills K2,609,980 (US\$388,769.41)

Paragraph 54 (54) a. Misplacement of Officers on the Payroll K5,987,513

Paragraph 54 (54) b. Irregular Payment of Acting Allowance K1,756,266

Paragraph 54 (54) c. Irregular Payment of Salaries to Separated Staff K385,627

Paragraph 54 (54) d.i. Allowances Paid to Ineligible Officers K682,094

Paragraph 54 (54) d.ii. Payment of Remote instead of Rural Hardship Allowances K109,018

Paragraph 54 (54) d.iii. Overpayment of Rural Hardship Allowance K14,660

Paragraph 54 (54) e. Irregular Payment of Housing Allowances

Paragraph 54 (54) e.i. Allowances Paid to Ineligible Officers K320,832

Paragraph 54 (54) e.ii. Overpayment of Housing Allowance Muchinga

Paragraph 54 (54) f.i. Payment of Salaries to Officers absent from work without Official Leave K238,851

Paragraph 54 (54) f.ii. Failure to effect Half pay , Southern Province PACO K220,587

Paragraph 54 (54) f.iii. Payment of Salaries Resigned Senanga District Agricultural Coordinator K27,300

Paragraph 54 (54) f.iv . Questionable Payment of Salary Arrears – National Agriculture Research and Development Centre (NARDC) – Kitwe K14,066

Paragraph 54 (54) g. Introduction to Payroll without Authority K467,113

Paragraph 54 (54) h. Failure to recover Salary Advances – Lusaka PACO K6,400

Paragraph 55 (55) a. Missing Payment Vouchers K116,941

Paragraph 55 (55) b. Unsupported Payments K478,925

Paragraph 55 (55) c. Misapplication of Funds – Southern Province K281,036

Paragraph 55 (55) d. Irregular Refunds – Chinsali District Agricultural Coordinator K51,868

Paragraph 55 (55) e.i. Irregularities in the payment of Allowances K86,197

Paragraph 55 (55) e.ii. Out of Pocket Allowance – Western Province K5,416

Paragraph 55 (55) e.iii. Meal Allowance

Paragraph 55 (55) f. Irregularities in the payment of imprest

Paragraph 55 (55) i. Unretired Accountable Imprest K163,463

Paragraph 55 (55) f.ii. Retirement of Imprest

Paragraph 55 (55) f.iii. Failure to Produce Activity or Monitoring Reports K208,611

Paragraph 55 (55) f.iv Irregular use of Accountable imprest K41,626

Paragraph 55 (55) f. Management of Stores

Paragraph 55 (55) i. Unaccounted for Stores K1,203,585

Paragraph 55 (55) g.ii. Failure inscribe Government Assets K465,503

Paragraph 55 (55) g.iii. Failure to insure Assets

Paragraph 55 (55) h. Failure to Remit Pay As You Earn Tax K87,753

Paragraph 55 (55) i. Failure to Sign Payment Vouchers – Chipata Provincial Agricultural Coordinator

Paragraph 55 (55) j. Failure to Report A Road Traffic Accident – Ndola PACO

Paragraph 55 (55) k. Irregular Payment of Wages – Chapula Zambia Horticulture Training Centre Kalulushi

Paragraph 55 (55)l. Questionable Drawing of Fuel

Paragraph 55 (55) m. Irregular Management of Infrastructure, Senanga, Livingstone, Mansa, Samfya, Masaba, Katebe and Chongwe

Paragraph 56(56) a.i. Eastern Province, Chilombwe Dam- Chipata

Paragraph 56 (56) a.ii. Kalichelo and Chiparamba Dip Tanks Incomplete Works and Works contrary to the project Bill of Quantities and Project Manager’s Instruction

Paragraph 56 (56) a.iii. Mshoka Dip Tank – Katete

Paragraph 56 (56) a.iv. Kagoro Dip tank – Katete

Paragraph 56 (56) a.v Joel Dip Tank – Katete

Paragraph 56 (56) a.vii. Construction of Nyamphande Dip Tank and Rehabilitation of North Nyamphande Dip Tank Rehabilitation of North Nyamphande Dip Tank – K39,569

Paragraph 56 (56) a.vii. Nsenya Dam, Petauke

Paragraph 56 (56) Southern Province, b.i. Nega Nega Dip Tank – Mazabuka

Paragraph 56 (56) b.vii. Construction of an Office Block Sinazongwe

Paragraph 56 (56) b.viii. Construction of Two Low Cost Houses- Sinazongwe

Paragraph 56 (56) b.ix. Construction of One (1) Medium Cost House – Sinazongwe

Paragraph 56 (56) c. Copperbelt – Rehabilitation of the Exhibition Stand at the Show Grounds

Office of the President – Copperbelt Province

Paragraph 69(69) a. Undelivered Stores

Paragraph 69(69) c. Failure to Supply a Grader

Ministry of Livestock and Fisheries Development -2011

Paragraph 53 (52) b. Unretired imprest K299,425,500

Paragraph 53 (52) c. Non-recovery of Loans and Advances K847,000,000

Paragraph 53 (52) d. Unaccountable for fuel K1,394,100,00

Paragraph 53 (52) f. Chilanga Department of Fisheries, i. Non –recovery of Loans and Advances K155,000,00

Paragraph 53 (52) ii. Failure to utilise boats

Ministry of livestock and Fisheries Development (Copperbelt Province)

Paragraph 54(53) e. Unaccounted for Store K6,945,000

Paragraph 54 (53) d. Unretired imprest K24,597,000

Southern Province

Paragraph 55 (54) e. Unaccounted Stores K499,755,279

Paragraph 55 (54) g. Infrastructure – Provincial Livestock and Fisheries Office

Northern Province

Paragraph 56 (55) a. Unremitted funds K337,987,650

Western Province

Paragraph 57 (56) b. Unretired Imprest K78,822,560

Paragraph 57 (56) c. Unaccounted for fuel –K81,165, 611

Paragraph 58 (57) c. Unretired impres K47,703,500

Paragraph 58 (57) d. Questionable Retirement Imprest i. Mongu District livestock and Fisheries Office – K1,393,700

Paragraph 58 (57) e. Unaccounted for Fuel and Store – K290,664,214

Eastern Province

Paragraph 59 (58) d. Unretired Imprest K37,288,810

North-Western Province

Paragraph 60 (59) unretired Imprest K158,721,950

Paragraph 60 (59) c. Unaccounted for Stores and Fuel K57,489,285.60

Ministry of Agriculture and Co-operatives

Paragraph 14 (13) a. Unaccounted for Revenue, Zambia Agriculture Research Institute K147,417,300

Ministry of Home Affairs

Paragraph 18 (17) c. Construction of the National Registration Offices, i. Kapiri Mposhi Office Block – K3,074,445,907

Paragraph 18 (17) ii. Luangwa Office Block – K3,255,724,418

Paragraph 19 (18) a. Construction of Administration, Reception and Duty Rooms – Kalabo State Prison

Paragraph 19(18) Drilling of a borehole and mounting of overhead tank had not been done

Paragraph 20(20) c. Irregular Payment of House Rentals K160,249,191

Ministry of Defence – HQ (Medical Services)

Paragraph 48 (47) d. Construction of Housing Units for Defence, I. Non – Adherence to Contract Terms and Conditions

Paragraph 48 (47) ii. Rehabilitation of Bon Accord Building for Zambia Army in Livingstone

Ministry of Defence, Zambia National Service

Paragraph 50 (49) c. Renovation of Deputy Commandant's Residence – Outstanding works and defects, i. Non- Adherence to Agreed Specifications, ii. Physical Inspection

Office of the President- Western Province

Paragraph 80 (79) c. Weaknesses in the Management of PRP Projects, i. Kalabo – Kalongola Road (D319)

Office of President - Southern Province

Paragraph 87 (86) h. Rehabilitation Aerodromes, i. Choma, Lack of Bills of Quantities (BOQs)

Paragraph 87 (86) Incomplete works and poor workmanship

Paragraph 88 (87) a. Failure to Account for Funds K121,365,177

Paragraph 89 (88) ii. Procurement of two Graders K997,600,000

Paragraph 89 (88) c. Procurement of Tyres Tubes and Spare Parts K841,884,198

Paragraph 89 (88) f. Road Rehabilitation and Construction

Paragraph 89 (88) ii. Questionable usage of Fuel – Grading and Rehabilitation of Choma Roads

Office of the President – Luapula Province

Paragraph 71 (70) e. Infrastructure Development – Funds Released K1,440,000,005 i. Construction of Institutional House - Chongwe Over Commitment K359,779,750

Office of the President – Copperbelt Province

Paragraph 73(72) d. Rehabilitation of Kitwe Little Theatre K156,655,100

Paragraph 75(74) g. failure to implement project I, Drilling and Rehabilitation of Boreholes

Paragraph 75(74) h. Construction of Youth Skills Training Centre in Masaiti

Office of the Vice President – DMMU

Paragraph 37 (36) b. Provinces, ii. Central Province

Office of the President – Copperbelt

Paragraph 73 (72) d. Rehabilitation of Kitwe little Theatre K156,655,100

Paragraph 75 (74) g. Failure to implement Projects, I. Drilling and Rehabilitation of Boreholes

Paragraph 75 (74) h. Construction of Youth Skills Centre in Masaiti

Office of the President – Central Province

Paragraph 77 (76) a. Wasteful Expenditure Repairs of a Low Bed Truck K132,922,560

Office of the President – Eastern Province

Paragraph 82 (82) c. Unaccounted for Store K39,990.00

Paragraph 82 (82) i. Unaccounted for bags of cement – 666 bags

Paragraph 82 (82) i.. Undelivered Plumbing and Electrical Materials K21,914,500

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Ministry of Finance

Paragraph 12 (12) a. failure to collect arrears on rent of government premises

Paragraph 13 (13) a. Un-presented receipt books

Ministry of Local Government and Housing

Paragraph 31(31) i.iii. Decentralisation Secretariat, Disbursements to the District Councils, Chadiza District Council – Failure to Provide Accounting Records

Paragraph 31(31) Questionable Payment of Allowances

Ministry of Lands and Water Development

Paragraph 46 (46) c. Failure to Collect Materials K1,745,179,459

Paragraph 46 (46) c. failure to collect materials K1,745,179,459

Paragraph 47 (47) e. (i). Misapplication of Funds Customary Land Identification and Acquisition K1,680,217.478

*Paragraph 47 (47) e. (ii) Misapplication of funds customary land identification and acquisition
K1,680,217,478*

Ministry of Communication and Transport

Paragraph 39 (39) e. Abandoned Works, Nyangwe Airstrip

Paragraph 39 (39) h. Interest Erroneously Charged by the Bank

Ministry of Health

*Paragraph 37 (37) a. Grants (Recurrent Departmental Charges – RDCs), Missing payment
vouchers K1,240,612,324*

*Paragraph 37 (37) a. Unsupported payments and transfers of funds K5,738,272,259, Unretired
imprest K343,475,572*

Paragraph 37 (37) a. (xiv) Expired drugs

Paragraph 37 (37) a. (xv) Undelivered drugs

*Paragraph 37 (37) c. Wasteful expenditure – construction of sewer ponds – Kalabo district
hospital*

Paragraph 37 (37) c. (ii) Construction of Milenge district hospital – Phase 1: stalled project

Paragraph 37 (37) c. Delayed opening of Samfya District Hospital – Dry Boreholes

*Paragraph 37 (37) i. (v) Wasteful expenditure – Chitukuko Health Post (matero constituency)
Lusaka (DMO)*

Ministry of Education

*Paragraph 55(55) z. Abandoned Infrastructure Projects , Wasteful Expenditure, Nabwalya
Boarding Secondary School, Luansobe Boarding Secondary School, Chikando Day High
School, Chalimbana University , Kapekesa, Umi Primary School, Chikowa Basic School.*

*Paragraph 55 (55) z.vii. Musa Day High School, Ntumpa Baording High School, Kampamba
Day High School, John Mubanga Day High School, Copperbelt Secondary Teachers College
(COSETCO).*

*Paragraph 55(55) z.vii. Mukuba University, Chasefu Boarding Secondary School, Chikowa
Day Secondary School, Construction of Kanona Day Secondary School, Limulunga Day High
School, Construction Kaumba Boarding Secondary School*

Paragraph 55 (55) z. vii. Construction of two Hostel Blocks at Ukwimi Trades

Paragraph 55 (55) i. Luanshya Based Institution Abandoned Infrastructure Projects

Mission Abroad – New York 2012

Paragraph 20 (20) c.i Property Management, 201 Wyndcliff Road Residence

Paragraph 20 (20 c.ii. 237 East 52nd Street Chancery

Ministry of Justice

*Paragraph 35 (35) i.v. Un-reconciled Payments voluntary Separatees Association (VSA)-
K472,843,648,093*

Ministry of Youth and Sport

Paragraph 36(36) e.i. Youth Development Fund (YDF) irregular Disbursement of Loans

Paragraph 36 (36) f.i Youth Development Fund (YDF) irregular Disbursement of Loans

Office of the President- Western Province

Paragraph 66(66) a. Rehabilitation of Training Centre at Namushakende

Paragraph 67 (67) b. Un-Completed Works – Construction of Limulunga – Ushaa Road

Office of President - Southern Province

Paragraph 80 (80) PRP Projects Implementation incomplete Works/poor Workmanship

Office of the President – Northern Province

Paragraph 60 (60) e.ii. Construction of Rice Dehuller Shelter at Chiwenge

Paragraph 60 (60) e.iii. Completion of Police Post at Matipa in Chilubi District

Paragraph 63 (63) a. Contract for Drilling of Borehole and Irregular payment

Office of the President – Luapula Province

*Paragraph 71 (71) i.ii. Construction of Chipungu Boarder Post, K800,000,000 Failure to
follow Procedures on the Cancellation of Contract*

Paragraph 71 (71) i.vi. Incomplete Works

Office of the President – Copperbelt Province

*Paragraph 52(52) d. Infrastructure Development, Levy Mwanawasa Stadium Car Park ,
Poor Workmanship*

Office of the President – Central Province

Paragraph 58 (58) a. Non delivery of Materials

Office of the President – Eastern Province

Paragraph 68 (68) b. Drilling of Boreholes – Kaozi Resettlement Scheme in Chama District

Office of the President – North Western

Paragraph 74 (74) a.i. Irregular payments , irregular Award of Tender

Paragraph 74 (74) a.ii. Undelivered items

Paragraph 74 (74) g. Irregular payment on the provision of Security Services

Paragraph 76 (76) a. Resettlement Department, Failure to implement projects, Storage Shed - Janyauki Resettlement Scheme

Paragraph 76 (76) b. Rehabilitation and Maintenance of Solwezi Sports Complex

Paragraph 76 (76) c.i Magrade Extension Road Works paid for but not done

Paragraph 76 (76) c.ii. Delayed Completion

Paragraph 76 (76) d. Solwezi College Road

Paragraph 77 (77) d. Questionable payments

Paragraph 77 (77) e. failure to follow tender procedures

Paragraph 77 (77) b.i. Implementation of Road chikonkwelo- Kayombo Road Kabompo District Incomplete works

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Ministry of Finance

Paragraph 11 (11) b. Unreconciled revenue

Paragraph 32 (32) – c. (i) Eurobond Proceeds – Zambia Railways (Failure to recover advance payment guarantee)

Paragraph 39 (39) - Irregular investment of public funds into fixed deposit accounts.

Ministry of Lands

Paragraph 11 (11) b. Unreconciled Revenue

Ministry of Local Government and Housing

Paragraph 31(31) I. Questionable Payment of Allowances and Understanding of Activities

Paragraph 31 (31) n.i Disbursements to Provincial Department of Housing and Infrastructure Development (DHID) Offices and Councils, Failure to implement Funded Activities

Paragraph 35(35) g.ii. Irregularities in the purchase of Graders – Choma Council

Paragraph 35(35) g.iv Construction of an Administration Block at Chinsali Day Secondary K73,316

Paragraph 35(35) g.iv Construction of a Police Cell at Thendele Police Post K27,850

Paragraph 35(35) h.ii Kafue, Construction of 1 x2 Teachers Houses at Chikwama Basic School

Paragraph 35(35) h.ii Copperbelt Province, Project Management Masaiti District Council, Eastern Province, Project Management, Completion of a 1 X 2 Class Room Block at Chidolo Primary School K14,805

Paragraph 36(36) h.ix. Capital Projects

Paragraph 36(36) h.ix. Luapula Province, Mwense District Council, Construction of Kalanga Market –(Over-commitment of K394,638)

Paragraph 36(36) h. ix. Chipili District Council, Construction of Ten (10) Three Bedroom Medium Cost Houses (over commitment of K2,774,094)

Paragraph 36(36) h.ix. Mwansabobwe District Council – Construction of Ten Three-Bedroom Medium Cost Houses (Over -commitment of K3,156,774)

Paragraph 36(36) h.ix Eastern Province

Ministry of Health

Paragraph 46 (46) o. Infrastructure Development – Lewanika School of nursing construction of student hostel.

Paragraph 46 (46) o Lusaka province – Kanyama and Chelstone Maternity.

Ministry of Chiefs and Traditional Affairs

Paragraph 15 (15) Unaccounted for Stores K512,112

Ministry of Education

Paragraph 53 (53) b. Bursaries Abroad, Failure to Recover Student Loans

Paragraph 53 (53) h. Infrastructure Development, Abandoned Projects

Paragraph 54 (54) p. Failure to procure a Scania F95 HB 65 Seater Bus – Mongu PEO

Paragraph 54 (54) i. Mbunde Primary School, Construction of a Staff House and a Single VIP Latrine

Paragraph 54 (54) ii. Kalabo Resource Centre Construction of 3 Double VIP Latrines Maoma

Paragraph 54 (54) iii. Primary School, Construction of a Staff House and a Single VIP Latrine

Paragraph 54 (54) b. Construction of 2 Staff Houses and a VIP Toilet – Kaikumbe Primary School, Chipata, Project, and Statu

Mission Abroad London – 2013

Paragraph 20 (20) a. Transfer of Revenue without Authority

Paragraph 20 (20) f.ii Property Management, Lack of Title Deeds for Mission Properties

Mission Abroad Maputo

Paragraph 24(24) c. Rehabilitation of the Official Residence at Plot 20 Don Alfonso Henrique Avenue – Maputo

Paragraph 24 (24) d. Chancery plot No. 1286 Kenneth Kaunda Avenue

Mission Abroad Brussels

Paragraph 26 (26) c. Rehabilitation of the Chancery - Avenue Moliere 469 1050 Bruxelles

Ministry of Agriculture (PACOs) and (DACOs)

Paragraph 60 (60) hh. Li. Construction of a Dip Tank at Kalovya – Chama DACO

Paragraph 60 (60) nn. Construction of Chasato Earth Dam , Chama DACO

Paragraph 60 (60) oo. Other Projects , Western Province, Construction of a Regional Veterinary Laboratory, Mongu K4,299,995

Paragraph 60 (60) oo. Southern Province , Rehabilitation of One Staff House and construction of a Double Pit Latrine- K84,840

Paragraph 60 (60) oo. Choma Mochipapa Research Station construction of an Office Block K158, 450 (Materials K107,505 and Labour K50,945

Paragraph 60 (60) oo. Lusaka Province construction of a Breeding Centre K814,043.04

Paragraph 60 (60) oo. Muchinga Province, construction of Medium Cost Houses at Mbesuma State Ranch – K803,096

Mission Abroad Harare

Paragraph 27 (27) c.i.ii.iii.iv.v.vi Weaknesses in the Management of Properties Chancery, House No.8 Simms Road Mount Pleasant. , House No.44 , Sloans Road Highlands, 10 Turnsteas the garage, 5 Cowden , Close, Chisipite, 7 Samson Road Mount Pleasant

Missions Abroad 2009 - Berlin

Paragraph 30 (28) b. Properties, i. Vorschorho 23 Berlin-Pankow, Repairs on the Ambassador's Residence

Paragraph 34 (32) b. Unclaimed Rental Security deposit – Balance of K27,984,004 (5,500 pound)

Ministry of Community Development, Mother and Child Health

Paragraph 43(43) g.i. Weaknesses in Accounting for Drugs and Other Medical Supplies, Unaccounted for Drugs and Medical Supplies

Paragraph 43(43)g.ii undelivered Drugs and Medical Supplies- Mumbwa DCMO

Ministry of Youth and Sport

Paragraph 49 (49) a. Failure to recover Loans - Youth Development Fund (YDF)

Office of the President- Western Province

Paragraph 75 (75) d. Installation of Street lights Along Airport Road in Kalabo

Paragraph 75 (75) i. Construction of Office Block – Shangombo DC

Paragraph 76(76) a. Failure to Implement Funded Projects

Paragraph 76 (76) c. Construction of Liulunga – Ushaa Road

Paragraph 76(76) d.ii. Construction of Culverts on Kalabo Mapungu Road, Project Status

Office of the President – Southern Province

Paragraph (86) (86)a.ii. Infrastructure Project, Construction of Duty Room and Ablution Block at Monze State Prison

Paragraph 89 (89) a.iii. Rehabilitation Maramba Stadium

Paragraph 89 (89) a.iv. Rehabilitation of Harry Mwaanga Nkumbula Stadium

Paragraph 89 (89) e.ii. Construction of International Bus Terminus in Livingstone, Lack of Bills of Quantities Equal to Construct Sum

Paragraph 89 (89) i. Delayed Completion of Works

Paragraph 89 (89) f. Construction of an Ultra- Modern Market in Livingstone

Paragraph 90 (90) Failure to Implement Projects

Office of the President – Northern Province

Paragraph 71 (71) Irregular Award of Contracts

Paragraph 72 (72) a. i. Rehabilitation of Feeder Roads – Luwingu District , Irregular payments to the Contractor

Paragraph 72 (72) a.ii Failure to Enforce Performance Security Bond

Office of the President - Muchinga Province

Paragraph 58 (58) a. Failure to recover Funds - Contract for installation of Water tank

*Paragraph 58 (58) b. Rehabilitation of Five (5) Offices at the Marketing Department under **Ministry of Agriculture and Livestock in Chinsali***

Paragraph 58 (58) c. Construction of an Office Block for Shiwangandu District Administration

Paragraph 58 (58) d. Construction of a House for the District Commissioner Shiwangandu

Paragraph 58 (58) e. Construction of ten (10) Medium Cost Houses in Mafinga

Paragraph 58 (58) h. Drilling of five (5) Boreholes in Shiwangandu and Mafinga

Paragraph 58 (58) i. Rehabilitation of a House for a the District Commissioner in Mpika

Paragraph 58 (58) j. Construction of Curvets at Icheshi - Chinsali

Paragraph 58 (58) k. Construction of Nchenga - Upukwe Bridge - Nakonde

Office of the President - Luapula Province

*Paragraph 81 (81) d.i. Failure to Implement projects , Rehabilitation of Mulwe Road
Kawambwa District*

Paragraph 81 (81) d.ii. Rehabilitation of Feeder Roads - Mwansabombwe District

Paragraph 81 (81) d.iii. Rehabilitation of Senama – Fiyongoli Road

Paragraph 81 (81) d.vi. Construction of a Bridge on Mansa Tayali Road , Mansa District

Paragraph 81 (81) d.v. Rehabilitation of Chembe Kasmalwela Road – Chembe District

Office of the President – Lusaka Province

*Paragraph 64 (64) b.ii. Construction of Community Hall – Shibuyunji District, Unaccounted
for Building Materials*

*Paragraph 65 (65) f. D177 Kalubwe Road, D482 (Ngombe Ilede and Imbwe Munyama
Roads)*

Paragraph 65 (65) f. Mutimbisha Road 8.6 Km, Chishiko Kabeleka Road – 5.5 Km

Paragraph 65 (65) f. Nchute Lukoshi Road 4.3 Km, Mpango Road 7.8 Km

Paragraph 65 (65) f. Water falls Road, Luangwa – Other Roads

*Paragraph 65 (65) f. D168 Kacheta Road , Chilanga District, Kabanana/C hisakila Road –
Kafue District*

Cabinet Office

*Paragraph 13 (13) a.i. Procurement of Works for Rehabilitation of Kenneth Kaunda
International Airport (KKIA), Questionable justification for Direct Bidding*

Paragraph 13 (13) a.ii. Lack of Contract

Paragraph 13 (13) a.iii. Moving on Site before Award of the contract

Paragraph 13 (13) a.iv. Non Compliance with ZPPA Regulation on Advance Payment

Paragraph 13 (13) v. Payments made to the Contractor without issuing certificates of Completion

Paragraph 13 (13) vi. Inflating Quantities curtaining Materials Contract for fitting of Carpets

Paragraph 13 (13) b.i. questionable payment of contract sum

Paragraph 13 (13) b.ii Inflation of Office Space floor Area

Paragraph 13 (13) c. Failure to follow procurement procedures – Contracting

Paragraph 13 (13) c. VVIP and VIP Meals

Paragraph 13 (13) h. Undelivered Services FICOM Limited

Office of the President – Eastern Province

Paragraph 77 (77) a. Construction of Vubwi DCs Office Block

Paragraph 77 (77) b. Construction of Vubwi DCs Staff House

Paragraph 77 (77) c. Construction of a Low Cost House at Ukwimi Basic School

Paragraph 78 (78) b.i. Rehabilitation and Construction of Drainage Structures Non-Delivery of Culverts

Paragraph 78 (78) Kampondo – Chanyalubwe Road (Via Kapongolo Lundazi District)

Office of the President – North Western Province

Paragraph 83 (83) a. Failure to follow Procurement Procedures

Paragraph 83 (83) b.i. Infrastructure development – Headquarters- Construction of Dining Hall at Mutanda High School , Poor Workmanship

Paragraph 83 (83) b.ii. Rehabilitation of Kabompo Rest House Delayed Completion

Paragraph 83 (83) b.iii Rehabilitation of Kabompo Rest House Poor Workmanship

Paragraph 82 (82) b.ii. Implementation of Road Projects, Rehabilitation of Kanongesha Road

Paragraph 82 (82) b.iii. Rehabilitation Kakela Kakoma Road

OUTSTANDING ISSUES FROM THE TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY.

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Ministry of Finance

Paragraph 14 (14) I.i. Property without Land Size/Arrear

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Paragraph 40 (40) c. Water Supply and Sanitation Projects, Rehabilitation and Expansion of Chinsali Water Supply and Sanitation Infrastructure in Chinsali District

Paragraph 40(40) e. Network Expansion of Mufumbwe Water Supply System in Mufumbwe District

Paragraph 40 (40) e. Rehabilitation and Expansion of Isoka Water Supply System in Isoka District.

Paragraph 40(40)f. Markets and Bus Station, Construction of a Bus Station in Mpika District

Paragraph 40(40)f. Construction of a Bus Station in Chinsali District

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Paragraph 40(40) d. Unaccounted for Stores

Paragraph 40(40) e. Water Supply and Sanitation Projects, Rehabilitation and Expansion of Chinsali Water Supply and Sanitation Infrastructure in Chinsali District

Paragraph 40(40) e. Network Expansion of Mufumbwe Water Supply System in Mufumbwe District

Paragraph 40 (40) e, Rehabilitation and Expansion of Isoka Water Supply System in Isoka District

Paragraph 40 (40) f. Market and Bus, Construction of a Bus Station in Mpika District

Paragraph 40 (40) f. Construction of a Bus Station in Chinsali District

Paragraph 40 (40) f. Construction of Market and Bus Station in Sinazongwe District

Paragraph 40 (40) f. Construction of Ten Medium Cost Houses in Ikelenge District

Paragraph 40 (40) f. Construction of Ten Medium Cost Houses in Sinda District

Paragraph 40 (40) f. Construction of Ten Medium Cost Houses in Rufunsa District

Paragraph 40 (40) f. Construction of Ten Medium Cost Houses in Chipli

Paragraph 40 (40) f. Construction of Ten Medium Cost Houses In Chikantanta

Paragraph 40 (40) f. Construction of Ten Medium Cost House in Pemba District

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Paragraph 40 (40) g. Construction of Twenty (20) Medium Cost Houses in Lunga District, Construction of Twenty Medium Cost Houses in Lunga District Delayed Completion of Work

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Paragraph 42 (42) bb. Unreimbursed Borrowing – Mulobezi District Council

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Paragraph 42 (42) cc.ii Rehabilitation of Brown off Roof at Looma Primary School

Paragraph 42 (42) cc. Mulobezi (ii) Procurement

Paragraph 42 (42) cc. (ii) Shangombo (Sinjembela) – Construction of Kwandu Community Radio Station.

Paragraph 42 (42) cc. (ii) Completion of 1x2 classroom block at Malala community school

Paragraph 42 (42) cc. (ii) Completion of staff house at Liyuwayuwa

Paragraph 42 (42) cc. (ii) Rehabilitation of 1x2 classroom block Mashitolo Primary school in Samfya, Chifunabuli Constituency, Luapula province.

Paragraph 42 (42) cc. (ii) Mwense – Construction of 1x3 staff house block at Lwamfwe primary school, Luapula province

Paragraph 42 (42) cc. (ii) Construction of 1x3 staff house block at Kakomba Primary School, Luapula province

Paragraph 42 (42) cc. (ii) Construction of water borne toilets at Nsakaluba Primary School, Luapula Province

Paragraph 42 (42) cc. (ii) Construction of Market Shelter at Namwandwe, Luapula Province

Copperbelt Province

Kalulushi

Paragraph 42 (42) cc. (ii) Construction of 1x2 classroom block and double VIP Latrine at Musakashi Primary School.

Eastern Province

Katete

Paragraph 42 (42) cc. (ii) Construction of a staff house with a kitchen at Chavuka Community School.

Paragraph 42 (42) cc. (ii) Construction of 1x3 Classroom Block at Vulamukoko

Paragraph 42 (42) cc. (ii) Construction of Mwaziputa Health Post.

Paragraph 42 (42) cc. (ii) Rehabilitation of D128 Road from Chainage 0.0 Km to Chiyambi Primary School.

Muchinga Province

Paragraph 42 (42) cc. (ii) a project at Nakonde Council.

Central Province

Mumbwa

Paragraph 42 (42) cc. (ii) Construction of three (3) bedroom house at muleke community school.

Paragraph 42 (42) cc. (ii) Construction of a Market Shelter.

Paragraph 42 (42) cc. (ii) Construction of a clinic at soloboni community school.

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Paragraph 43 (43) j. (i) Unsupported payments – Shangombo district council K803,428

Paragraph 43 (43) j. (ii) Kasama municipal council – K963,857

Paragraph 43 (43) j. (iii) Solwezi municipal council K760,084,.09

Paragraph 43 (43) j. (iv) Mbala municipal council – K757,499

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Paragraph 14(14) d. Manipulated Receipts

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Paragraph 14 (14) j (ii) Revenue Generated from Survey Departments. Use of Revenue without Treasury Authority.

Paragraph 60 (60) a. Unvouched Expenditure K94,072

Paragraph 60 (60) b. Failure to Reimburse Funds K223,898

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Paragraph 50 (50) o. Construction of fire Station at Chipata Airport

Paragraph 51 (51) i. Construction of a Fore Station at Chipata Airport

Paragraph 51 (51) ii. Abandoned Works

Paragraph 51 (51) iii Failure to Submit Claims for Certification

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Ministry of Education

Wasteful Expenditure, Luansobe Boarding, Secondary School, Chikando Day High School, Chalibana University, Kapekesa, Umi Primary School

Paragraph 55(55) i. Chikowa Basic School

Paragraph 59(59) t. ii. Western Province, Failure to Account for Receipts – Luampa Secondary School

Paragraph 59 (59) t. iv Employees not Paying Statutory Contributions, Chama Boarding Secondary

Mission Abroad Lubumbashi

Paragraph 23(23) e. Rehabilitation of Mission Properties, Mission Properties, House No. 6 Lundula Avenue, House No. 18 Kamanyola Avenue, House, No. 26 Luvua Avenue (Residence) House /No. 1332 Kapenda Avenue, House No. 6 Tshinyama Avenue. The Chancery, Servants Quarters (x4), House No.6 Lundula Avenue, House No. 18, Kamanyola Avenue. House No. 26 Luvua Avenue (Residence). House No. 1332 kapenda Avenue House No. 56 Tshinyama Avenue . Kitchen Units (x6) . Construction of the Wall Fences, Screening Room.

Mission Abroad – Addis Ababa

Paragraph 28 (28) b.iv. Undeveloped Land

Mission Abroad Windhoek

Paragraph 32(32) e.i State of Mission Properties, The chancery- No. 22 Sam Nujuma/Mandume Ndemufayo Street.

Paragraph 32 (32) e.ii. Official Residence – No. 1 George Hunter Street Olympia

Paragraph 32 (32) e. iv (9) Schwerinburg Street, Luxury Hill

Ministry of Agriculture

Paragraph 15 (15) d. Missing Accountable Documents

Paragraph 66 (66) iii. Kalungwishi State Ranch –Mporokoso DACO, Unaccounted for Animals

Paragraph 66 (66) jii.i. Infrastructure Development, construction of Nsenga Earth Dam, Petauke District.

Paragraph 66 (66) jii.ii Southern Province, Construction of an Office Block at Kanchindu State Ranch

Paragraph 66 (66) jii.ii. Construction of a Medium Cost House at Kachindu Ranch

Paragraph 66 (66) jii.iii. Livingstone, Construction of an Office Block at livingstone DACO

Paragraph 66 (66) jii.ii. Lusaka Province, Chongwe, Construction of Milk Shed at Kanakantapa

Paragraph 66 (66) jii.ii. Rufunsa, Construction of Rufunsa Livestock Breeding Centre

Paragraph 66 (66) jii.ii. Sibuyunji, Construction of DIP tank at Chintanga and Rehabilitation of a Dip Tank at Martin Luther King, Construction of Dip Tank at Chingtanga

Paragraph 66 (66) jii.ii. Dip Tank at Martin Luther king

Paragraph 66 (66) jii.ii, Construction Milk Collection Centre

Paragraph 66 (66) jii.ii. Rehabilitation of Administration Block at Kaunga Farmers Training Centre

Paragraph 66 (66) jii.ii . Muchinga, Chama Construction of Chama dip tank at Chama central Camp

Paragraph 66 (66) jii.ii. Eastern , Chadiza, Rehabilitation of Khulika and Chilenga Dip Tank

Paragraph 66 (66) jii.ii. Mlolo Dip Tank

Paragraph 66 (66) jii.iii, Construction of Kapiri Mhhika Dip Tank

Paragraph 66 (66) jii.ii Lundazi, Rehabilitation of four (4) dip tanks at Kamphanda, Kathimba, Kamtomo and Kamamphina

Paragraph 66(66) jii.ii. Rehabilitation of Kamuzoole, Emusa, Mtwalo and Chiungwe Dip Tanks

Paragraph 66 (66) jii.ii. Vubwi, Construction of an Office Block at Vubwi DACO

Paragraph 66 (66) jii.ii. Katete, Rehabilitation of Mshoka Dip Tank/Storeroom and Sinking of Borehole

Paragraph 66 (66) jii.ii. Rehabilitation of Kagoro Dip Tank

Paragraph 66 (66) jii.ii. Luapula, Samfya, Construction of a Dip Tank at Chitundwa Camp

Paragraph 66 (66) jii.ii. Copperbelt , Mufulira

Paragraph 66(66) jii.iii. Kasaka Fisheries Training Institute- Kafue, Failure t Adhere to Procurement Guidelines

Paragraph 67 (67) b. Drawing of Salaries on Wrong Salary Scales

Paragraph 67 (67) b. irregular Payment of Rural and Remote Hardship Allowances

Paragraph 67 (67) d. Irregular Payment of Housing Allowances

Paragraph 68 (68) a. Failure to undertake Paid for Activities

Paragraph 68 (68) x.v. Missing ATDs Deposit Slips and ATCs

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Paragraph 14(14) a. Permits not Supported with Deposit Slips 2,509 permits at K87,815

Paragraph 14 (14) b. Delayed Banking of Revenue K9,183

Paragraph 14 (14) c. Missing Accountable Documents 117 imports and Export at K204,750

Ministry of Home Affairs

Paragraph 10 (10) d. Passports Produced without Payment

Paragraph 10 (10) e. Failure to Present Accountable Documents

Paragraph 16 (16) g. Lack of Comprehensive Data on Property

Paragraph 18 (18) Rehabilitation of the Office Block for National Registration and Passport in Mporokoso

Paragraph 19 (19) Western Region, construction of two low cost houses at Kalabo State Prison

Ministry of Home Affairs, Prison and Reformatories

Paragraph 19 (19) i. Western Region, construction of two low cost houses at Kalabo State Prison

Ministry of Defence

Paragraph 53 (53) f. Outstanding Arrears

Paragraph 53 (53) g. Drilling and installation of Boreholes – Zambia Army Operation Arrears

Paragraph 53(53) h. Procurement of Subdivision Farm 688 (Lusaka West) – Failure to transfer Title

Paragraph 54 (54) a. Irregular Drawing of Salary

Paragraph 54 (54) c. Unaccounted for Funds – Renovation of Officers Quarters- ZNS Luanshimba

Ministry of Tourism and Arts

Paragraph 13 (13) a. Outstanding Hotel License Fees, Complexity of the Application Cycle, Inadequate budget Releases, Creation of E-payment System for Tourism Licences

Paragraph 13 (13) b. poor Monitoring and Reconciliation of Tourism Development Credit Facility (TDCF) Loans

Ministry of Youth and Sports

Paragraph 52 (52) c.i Youth Development Fund (YDF) lack of Records – Loan Recoveries

Paragraph 52 (52) c.iii. Irregular Transfer of YDF Funds

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Office of the President- Western Province

Paragraph 84 (84) i. Overpayment of Fuel Imprest

Paragraph 84 (84) i. Rehabilitation of Mulobezi Dam – Department of Water Affairs

Paragraph 86 (86) b. Failure to implement funded project

Paragraph 86 (86) c. Drilling of Boreholes in Kalumwange Resettlement Scheme

Office of the President – Southern Province

Paragraph 98 (98) j. Failure to Collect Outstanding Rentals

Office of the President – Northern Province

Paragraph 80 (80) a. Rehabilitation of Feeder Roads - Mipita Lundu Road

Paragraph 82, (82) a. Failure to Deliver a Generator

Paragraph 82 (82) b. Fish cages – Livestock and Fisheries Development

Office of the President – Muchinga Province

Paragraph 61 (61) g. Construction of a Police Post at Ntantumbila - Nakonde District Administration

Paragraph 62 (62) b. Construction and Rehabilitation of Feeder Road

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Paragraph 64 (64) a. Construction of a Cultural Village - Failure to Sink a Borehole

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Office of the President - Luapula Province

Paragraph 92 (92) b. Failure to implement funded activities – Rehabilitation of Roads in Mwansa bombwe District

Paragraph 92 (92) c.i Failure to complete Projects, Chienge District

Paragraph 92 (92) c.ii. Mansa District, Kapesha – Mukanga Prison Farms Road, Mwense District

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Office of the President – Lusaka Province

Paragraph 70 (70) a. Unsupported Payments

Paragraph 70 (70) d. Unaccounted for Stores Items and Fuel

Paragraph 70 (70) e. Fuel Drawn unauthorised Motor Vehicles

Paragraph 71 (71) a. i Rehabilitation of Feeder Roads, Grading Spot Gravelling and Culvert Installation – 22 km Other Roads Luangwa (Chilombwe Road)

Paragraph 71 (71) a.xii Gravelling and Culvert Installation – 25 Km Nampundwe Mine Road and 24 Km Situmbeko Chimbotela Road, Nampundwe Mine Road, 24 Km Situmbeko Chimbotela Road

Paragraph 72 (72) c.ii. Questionable payments fo certificates for abandoned works on Rehabilitation of Dams, Rehabilitation on the Zemba Dam

Office of the President – Copperbelt Province

Paragraph 74 (74) d. i Poor project implementation, Rehabilitation of Kalulushi Town ship, Mwambashi Road

Paragraph 75 (75) d. Water Affairs Department Borehole Setting and Drilling in Masati

Paragraph 75 (75) c. Road formation inn Resettlement – Schemes Kambilombilo

Office of the President – Eastern Province

Paragraph 88(88) e.i. Grading and Reshaping of R296 Undi Off Road (T4 to msoro), Poor compaction of Embankments on culvert's

Paragraph 89 (89) d.ii construction of Chalets at Cultural Centre in Chipata , Delayed in completion of the Project

Paragraph 89 (89) e.i Construction of Boundary wall Fence – David Kaunda Stadium Irregular Engagement of a Contractor

Paragraph 89 (89) e.ii. Construction of Boundary wall fence – David Kaunda Stadium Abandoned Project

Office of the President – North-Western Province

Paragraph 96 (96) b. Rehabilitation of Manyimga Choonga Road

Paragraph 97 (97) c. Infrastructure Development, Construction of Zambia Compound Health Centre Staff houses and Three Pit Latrines K473,688

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Paragraph 97 (97) c. Construction of Weighbridge Health Centre, Staff house and Three Pit Latrines

OUTSTANDING ISSUES FROM THE TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY.

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2015.

Ministry of Finance

Paragraph 6 (6) a. Failure to meet revenue targets on some individual tax types – K2,057,789,533, b. Treasury unit – failure to recover domestic tax debt and failure to honour time to pay agreements.

Paragraph 6 (6) b.(i) Failure to recover domestic debt, (ii) Failure to honour time to pay agreement (iii) Failure to seize Assets from Taxpayers after expiry of warrant of distress; (iv) Reduction in Tax Arrears without supporting payments;

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Paragraph 6 (6) d. Custom taxes: (i) Uncollected duties and Transits, (ii) Failure to recover guarantied amounts on blocked accounts of Agents with Outstanding Transits, (iii) Amounts owed in customs Taxes, (iv) Motor vehicles Report order not on ZRA database of cleared vehicles, (v) Failure to provide Post Clearance Audit Reports – CACP

Paragraph 8 (8) a. Lack of Inspections at exit points

Paragraph 8 (8) b. Exportation of more than Permitted Mineral Quantities – 6,241,628 kg

Paragraph 8 (8) c. Non- enforcement of export permit returns

Paragraph 8 (8) d. Non-payment of area charges by Active mineral rights holders 617 mining rights

Paragraph 8 (8) e. Missing Accountable documents (10) general receipt books

Paragraph 11 (11) a. Failure to collect outstanding ERB Fees, K54,078,218

Paragraph 11 (11) b. Failure to collect outstanding water board fees, K3,553,332

Paragraph 18 (18) a. Questionable transfer of funds – Revolving Fund Account K150,000

Paragraph 18 (18) b. Unsupported transfers K156,283

Paragraph 18 (18) c. Failure to recover advances K40,525

Paragraph 18 (18) d. Failure to remit tax K173,914

Paragraph 18 (18) e. Failure to prepare accurate bank reconciliations

Paragraph 18 (18) f. (i) five (5) missing payment vouchers K55,527, (ii) Payment not captured in the IFMIS K1,537,046

Paragraph 18 (18) h. (i) Sitting and Audit Committee Allowance K125,275, (ii) Meal/lunch allowances K183,554, (iii) Transport refunds K749,995

Paragraph 18 (18) i. Unretired accountable imprest K133, 253

Paragraph 18 (18) j. Failure to produce activity reports K3,691,950

Paragraph 18 (18) k. Unsupported payments (38) K1,157,814

Paragraph 18 (18) l. Unaccounted for stores K523,752

Paragraph 18 (18) m. Unaccounted for furniture and equipment K54,366

Paragraph 18 (18) n. Geological survey department – Infrastructure development

Paragraph 18 (18) o. Construction of rural filling stations at Mporokoso and Luwingu in Northern province

Paragraph 18 (18) p. Contract for consultancy services for the development and establishment of an integrated mining information system for the mineral economics unit.

Ministry of Lands

Paragraph 13(13) Weaknesses in the Management of ZILMIS Database a. i Missing Land Size/Area

Paragraph 13 (13) b. Failure to Upload Receipts K235,684

Paragraph 13 (13) f. Unaccounted for Revenue for K7,940

Paragraph 13 (13) i. Dishonoured Cheques – ZEMA Headquarters K896,993

Ministry of Education

Paragraph 45 (45) a. Failure to Prepare Accurate Bank Reconciliations

Paragraph 45 (45) b. Failure to Remit Funds to Lower Level Institutions

Paragraph 45(45) c. (35) Missing Payment Vouchers K23,181,533

Paragraph 45 (45) d. Irregular Payments, i. Out of Pocket Allowance K241,066

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Paragraph 45 (45) d.v. Payment of Overtime Allowances K703,059

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Paragraph 45 (45) h. Unaccounted for Stores K3,462,017

Paragraph 45 (45) i. bursaries i. Misapplication of Funds – Bursaries for Orphans and Vulnerable Children K15,648,435, i.ii. Lack of Cash Book and Bank Reconciliation Statement and Bank Recommendation

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Paragraph 45 (45) i.iv Questionable Payments of Top Up Allowances K2,131,690

Paragraph 45 (45) i.v. Lack of Expenditure Returns K431,009 (UU\$46,345)

Paragraph 45 (45) j. Misapplication of Funds K500,000

Paragraph 45(45) k. Undistributed Educational Equipment K84,300,300

Paragraph 45 (45) m. Undelivered Educational Equipment, African Brothers Corporation Ltd

Paragraph 45 (45) n. Failure to insure Motor Vehicles

Paragraph 45 (45) o. Infrastructure development i. Unpaid Certificates

Paragraph 45 (45) o.ii Wasteful Expenditure- Interest Paid on Delayed Payments

Paragraph 46 (46) a. Irregularities in Establishment Register over staffing of 1,246 positions

Paragraph 46 (46) b. Misplacement of Payroll Arear K45,060, 222

Paragraph 46 (46) c. Irregular Payment of Salaries to Officers absent from Duty without Official Leave

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Paragraph 46 (46) g. Failure to remove Retired and Deceased Officers from the payroll K1,119,989

Paragraph 46 (46) h. Failure to Retire Officers after Attaining Retirement Age of 55 - Western Province K563,296

Paragraph 46 (46) i. Allowances Paid to Officers without Authority- Western Province K337,025

Paragraph 46 (46) j. Questionable payment of Double Class Allowances K559,340

Paragraph 46 (46) k. Irregular payment of Rural Hardship Allowance K8,319,244

Paragraph 46 (46) i. Officers getting Acting Allowance without Authority – Southern Province K1,624,965

Paragraph 46 (46) m. Irregular payment of Housing Allowance K8,902,784

Paragraph 46 (46) n. Irregular payment of Responsibility Allowance K373,930

Paragraph 46 (46) o. Payment of Remote instead of Rural Hardship Allowance K48, 816

Paragraph 46 (46) p. Failure to Constitute Medical Boards K976,535

Paragraph 46 (46) q. (34) Staff employed on positions not on Establishment K1,490,840

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*Paragraph 46 (46) s. (8) Officers with Duplicate National Registration Card on Payslips
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Paragraph 46 (46) t. Officers Drawing Double Salaries K40,560

*Paragraph 46 (46) u. Drawing of Salaries on Wrong Salary Scales – Central Province
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Central Province K46,862*

Paragraph 47 (47) a. (18) Missing Payment Vouchers K235,176

Paragraph 47 (47) b. Unsupported Payment K547, 045

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Paragraph 47 (47) e.i Unacquainted funds K7,200

Paragraph 47 (47) e. ii. Unacquainted funds K24,008

Paragraph 47 (47) f. Unretired Accountable Imprest K1,257,434

Paragraph 47 (47) g. Failure to provide Monitoring/Activity Reports

Paragraph 47 (47) i. Failure to follow Tender Procedures K199,661

Paragraph 47 (47) j. Failure to Inscribe Government Assets K135,505

Paragraph 47 (47) k. Unaccounted for Stores K396,309

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Paragraph 47 (47) n. Misapplication of Funds K1,599,033

Paragraph 47 (47) o. Failure to Deduct Tax K64,530

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*Paragraph 47 (47) q. Failure to Recovers Loans and Salary Advances – Revolving Fund
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Paragraph 47 (47) u. North-Western Province, i. Theft of Building Materials, Mukumbi Secondary School K31,147. Iii. Undelivered Building Materials- Solwezi District Education Board Secretary K140,176

Paragraph 47 (47) v. Copperbelt Province, i. Irregular Drawings of Fuel - Mpongwe District Education Board Secretary K7,825

Paragraph 47 (47) v.ii. Irregular fuel drawings by Private Vehicle- Lufwanyama, District Education Board Secretary 6,518

Paragraph 47 (47) v.iii Irregular Procurement of Computers – Ndola District Education Board Secretary K168,000

Paragraph 47 (47) w. Irregular Procurement of ICT Equipment- Petauke District Education Board Secretary K456,766

Paragraph 47 (47) X. Lusaka Province Revolving Account, i. Failure to collect Materials – Kafue District Education Board Secretary K3,459

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Paragraph 47 (47) y. Unreceived School Grants – Western Province K263,449

Paragraph 47 (47) z. Muchinga Province, i. Unreimbursed Borrowings – Chinsali Provincial Education Office, Revolving Fund Account K30,746

Paragraph 47 (47) z. ii Uninsured Motor vehicles – Chinsali Kafue District Education Board Secretary

Paragraph 47 (47) aa. Over Payment of Subsistence Allowance K6,160

Paragraph 47 (47) bb. Funds for Orphans and Vulnerable Childred (OVCS) K1,226,485

Paragraph 47 (47) cc. Irregular Procurement – Nyimba Kafue District Education Board Secretary K164,500

Paragraph 48(48) a. Failure to produce Activity Report K650,215

Paragraph 48 (48) b. irregular use of imprest to procure Goods and Service K51,022

Paragraph 48 (48) c. Unaccounted for Stores K106,394

Paragraph 48 (48) d. i. failure to Provide Contracts – Zambia Education Publishing House K8,155,245

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Paragraph 48 (48) e. Supply and Delivery of Textbooks for Grade1, 5,8 and 10, i. Lack of Bidding Documents and Evaluation Reports

Paragraph 48 (48) e.ii. Lack of Variation Order

Paragraph 48 (48) e.iii. Undelivered Textbooks K3,119,463

Paragraph 48 (48) f. Unaccounted for Textbooks between DEBS and Schools K440,194

Paragraph 48 (48)g. Failure to Distribute Books to Primary Schools K477,010

Paragraph 48 (48) h. Failure to Deliver Free Education Materials to Schools, Chembe District K3,330

Paragraph 48 (48) i. Failure to Distribute Books – Ikelenge DEBS Office K94,054

Paragraph 48 (48) j. Failure to Delivers Books to Schools as Per Allocation, District Education Board Office, Zimba K4,086

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Paragraph 48 (48) k. ii Failure to use Mobile Science Laboratories Provincial Education Officer, Mongu

Paragraph 48 (48) l. Failure to Supply Mathematical Graph Boards- National Science Centre, i. Undistributed Mathematical Graph Boards- Western Province K19,600

Paragraph 48 (48) ii. Failure to Distribute Mathematical Graph Boards, Southern Province

Paragraph 48 (48) iii. Failure to Distribute Graph Boards to schools, Chisamba District Education Board Secretary K8,750

*Paragraph 48 (48) m. Contract for the Construction of Wall Fence – Ya Investments Limited
i. Failure to Provide Pre-award of Contract Documents*

Paragraph 48 (48) m. ii. Questionable Payment K178,840.22

Paragraph 48 (48) n. Construction of Administration Block – October First Enterprises

Paragraph 48 (48) o. Failure to procure Apparatus and SWAP Chemicals K4,355,993

Ministry of Foreign Affairs- Washington DC

Paragraph 24 (24) a. Obsolete Stores Items and Aged Motor Vehicles, Allowance K81,370 (US\$8,749.44)

Paragraph 24 (24) c. Irregular Insurance of Personal Effects K466, 307

Paragraph 24 (24) d. Rehabilitation of the Properties , i. The Residence, ii. Chancery , iii. House, iv. – 5208 Linnean Avenue

Mission Abroad – London

Paragraph 25 (25) a. Revenue, i. Unaccounted for Revenue K19,531 (1,563 pound), ii. Delayed banking K532,938 (42,635 pound), iii. Irregular Transfers of Revenue K625,888 (52,231 pound)

Paragraph 25(25) a.iv. Irregular Transfer of Fund into a Personal Account K25,000 (2,000 pound)

Paragraph 25 (25) b. Expenditure i. (3) Missing Payments Vouchers

Paragraph 25 (25) b.iii Overpayment of Foreign Service Allowances K35,832 (2,755.48)

Ministry of Justice

Paragraph 31 (31) a. Misapplication of Funds K750,929

Paragraph 31 (31) b. delays in Settling Compensation and Award

Paragraph 31 (31) c. Judgement Entered in Default K1,674,752

Paragraph 31 (31) d. Loss of Public Funds Through Negligence by Public Workers K2,606,049

Ministry of Foreign Affairs

Paragraph 23 (23) a. Failure to Redeploy Recalled Diplomats K320,208

Mission Abroad – Paris

Paragraph 28 (28) a. Overpayment of Foreign Services Allowances K480, 164 (US\$78,307.48)

Paragraph 28 (28) b. Overpayment of Rentals for Officers K3,783 (US\$694.72)

Paragraph 28 (28) c. Failure to Dispose of Boarded Items K18,334

Paragraph 28 (28) d. Irregular Payment for Works Carried Out at a Rented House – First Secretary – Economic and Trade K44,486 (4,000 pound)

Paragraph 28 (28) e. Property Management Irregular Engagement of a Contractor – The Residence

Mission Abroad Harare

Paragraph 29(29) a. Uncollected Rental Arrears from Leased Propertis K624,415 (US\$98,364)

Paragraph 29 (29) b. Property Management I, Properties without Title Deeds

Paragraph 29(29) b. ii. 48 Kwame Nkrumah – The Chancery

Paragraph 29(29) b. iii. 4 Kevin Road Chisipite – The Residence

Paragraph 29 (29) b. iv 10 Turnstead the Grange

Paragraph 29 (29) b. v. 16 Cockington Mandara

Paragraph 29 (29) b. iv. 5 Cowden

Mission Abroad – Beijing

Paragraph 26(26) a. Stores without Receipt and Disposal Details K41,325

Paragraph 26 (26) b. Unauthorised Procurement of Carpet

Paragraph 26 (26) c. Failure to Mark Assets with CRZ Serial Numbers

Paragraph 26 (26) d. Failure to dispose of Motor Vehicles (6)

Paragraph 26 (26) e. Increment of Commuted Overtime without Approval K19,551 (RMB 13, 500)

Mission Abroad Stockholm

Paragraph 27 (27) a. Mission Performance

Paragraph 27 (27) b. Failure to Dispose a Boarded Vehicle and Obsolete Assets

Paragraph 27 (27) c. The Residence i. Engagement of a Consultant

Paragraph 27 (27) c.ii. Payment of Heating and Lighting Bills for a Vacated House K54,051 (SEK 48,096)

Paragraph 27 (27) c.iii. Defects at the Residence

Mission Abroad Seoul

Paragraph 30 (30) a. Failure to recover contribution Towards Utility Bills K30,042, (US\$4,026.48)

Paragraph 30 (30) b. Failure to recover contributions towards Medical Bills K9,406 (US\$1,008.76)

Paragraph 30 (30) c. Unretired Accountable Imprest K333,610 (US\$52,819.62)

Paragraph 30 (30) d. Unapproved Payments K11,140,487 (US\$ 1,545,366.72)

Paragraph 30 (30) e. Unsupported Payment K1,663,037 (US\$ 262,058.92)

Paragraph 30 (30) f. Stores without Receipt and Disposal Details K1,110,912 (US\$177,392.93)

Paragraph 30 (30) g. Failure to Mark Assets with GRZ Serial Numbers

Paragraph 30 (30) h. Payment of Rentals in Excess of Entitlement K747,420 (US\$60,000)

Ministry of Agriculture

Paragraph 57 (57) a.i Failure to recover funds for Fertiliser not supplied – Nyiombo K9,696,240

Paragraph 57 (57) a.ii. Irregularities in the supply of seed K29,371,644 and Unsupported Invoices K258,500

Paragraph 57 (57) b.i Failure to Collect Revenue – farmer input Support Programme Ring Fence Accounts

Paragraph 57 (57) b. ii. Failure to Avail Bank Statements – Lusaka K138,990

Paragraph 57 (57) c. ii. Late Delivery of Inputs

Paragraph 57 (57) c. ii. Late Distribution of Inputs to Farmers

Paragraph 57 (57) c. iii. Expired Inputs

Paragraph 57 (57) c. iv. Unacquainted for Farming inputs K417,30

Paragraph 57 (57) c.v. Stolen Farm inputs – Mpulungu K35,190

Paragraph 57 (57) c.vi. Issuance of Inputs to Unqualified farmers K584,930

Paragraph 57 (57) c.vi. Undelivered Farming Inputs K584,450

Paragraph 57 (57) c. viii. Inputs paid for but not delivered K460,630

Paragraph 57 (57) c. ix. Excess Delivery of inputs K1,718,090

Paragraph 57 (57) c. x. Unaccounted for input K224,940

Paragraph 57 (57) c. xi. Unsupported Collection of Inputs K2,571,630

Paragraph 57 (57) c. xii. Questionable Acquittals of Inputs – Rufunsa K10,800

Paragraph 57 (57) c. xiii. Excess Issuance of Inputs – Luampa

Paragraph 57 (57) d. xiv. Loss of Fertilizer in Transit – Manyinga K22,950

Paragraph 57 (57) d. i Failure to provide Bank Statements

Paragraph 57 (57) d. iii. Failure to Load E. Voucher Cards, (Choma, Pemba, Kalomo, Mazabuka, Chikankanta, Chongwe, Ndola, Monze)

Paragraph 57(57) d.vi. Beneficiaries with E.Voucher Cards Berring same Numbers

Paragraph 57 (57) d. v. Failure to Distribute E.Voucher Cards- Kalomo

Paragraph 57 (57) d.vi. Unqualified Farmer Groups/Co-operatives

Paragraph 57 (57) d. vii. Issuance of Unapproved Items by Agro Dealers – Monze K37,909

Paragraph 57(57) d. viii. Irregular Drawing of Cash from an ATM using E. Voucher Cards K19,590

Paragraph 57 (57) d. ix. Issuance of Cards to ineligible Farmers- Monze

Paragraph 57 (57) e. i. Missing Payment Vouchers

Paragraph 57 (57) d. ii. Misapplication of Funds K180,387

Paragraph 57 (57) d. iii. Unsupported Payments Headquarters K1,174,251

Paragraph 57 (57) d.vi. Unretired Accountable imprest K166,918

Paragraph 57 (57) d. v. Failure to provide breakdowns of inputs procured from agro dealers K109,718,700

Ministry of Home Affairs Zambia Police

Paragraph 7 (7) a. Failure to Reconcile Revenue K3,668,952

Paragraph 7 (7) b. Delayed Banking – HQ K4,770,988

Paragraph 16(16) a. i. Irregular Payment of Rural Hard and Remote Hardships Allowances K391,104

Paragraph 16 (16) a. ii. Irregular Payment of Housing Allowances K226,444

Paragraph 16 (16) b. Failure to deduct taxes K38,162

Paragraph 16 (16) c. Unretired Accountable Imprest K106,375

Paragraph 16 (16) d. Overpayment of Subsistence Allowance K20,597

Paragraph 16 (16) a Undelivered Goods I, Supply and Delivery of one Explosive trace particulate and vapour K299,00

Paragraph 16 (16) e. ii. Supply and Delivery of Test Bench K265,000

Ministry of Home Affairs Prisons and Reformatories

Paragraph 20 (20) a. Undelivered Soya Beans Seed K125,000

Paragraph 20 (20) b. Weaknesses in the Management of Infrastructure Projects

Paragraph 20 (20) c. Failure to insure farm equipment – Chitumba Prison farm

Paragraph 21 (21) a. Delayed Banking K23,296

Paragraph 21 (21) b. Failure to issue GRZ Receipts – Muchinga Province K35,166

Paragraph 21 (21) c. Failure to Refund borrowed funds K28,218

Paragraph 21 (21) d. Inadequately Supported Payments K29,103

Paragraph 21 (21) e. Unaccounted for fuel K5,166

Paragraph 21 (21) f. Kalonga Milling plant Revenue Account, failure to issue Receipts K374,845

Paragraph 21 (21) f. i. Unreimbursed borrowings K454,797

Paragraph 21 (21) f. i Uncollected Revenue (bounced cheque) K49,660

Paragraph 21 (21) f. ii. Expenditure, unretired Accountable imprest K27,530

Paragraph 21 (21) f. ii Irregular use of Accountable imprest K24,616

Paragraph 21 (21) f. ii. Expenditure, Outstanding Debt Insurance Premium K207,729

Paragraph 22 (22) a. Inadequately Supported payment K595,977

Paragraph 22 (22) b. Misapplication of funds K1,402,510

Paragraph 22 (22) c. Other Personal Emoluments I, under deduction of PAYE K25,335

Paragraph 22 (22) c. ii Failure to Deduct Tax from Settling in Allowances – Eastern Province K19,149

Paragraph 22 (22) d. Transport Management, i. Failure to Report Road Traffic Accidents to Standing Accidents Board K34,453

Paragraph 22 (22) d. ii. Failure to insure 4 Motor Vehicles, Northern Region

Paragraph 22 (22) e. Unaccounted for Uniforms and Accessories – Central Province K133,350

Paragraph 22 (22) f. Staff Uniforms distributed by HQ but not received by the intended stations K141,215

Paragraph 22 (22) g. Failure to Deliver Stores Items – North Western Region K4,176

Paragraph 22 (22) h. Unaccounted for General Stores K259,390

Paragraph 22 (22) i. Unaccounted for fuel K102,735

Paragraph 22 (22) j. i. Unretired Accountable Imprest K151,736

Paragraph 22 (22) j. ii. Irregular Payment of Subsistence Allowance – Northern Western Region K9,100

Paragraph 22 (22) j. iii. Failure to produce activity reports K73,098

Paragraph 22 (22) j. iv. Irregular use of Accountable Imprest K21,850

Paragraph 22 (22) k. Committing Government to Debt K8,976,829

Paragraph 22 (22) l. Procurement Management – Delivery of food Rations to North Western Region Office instead of Prison Stations K310,310

Paragraph 9 (9) a. Failure to reconcile revenue K1,453,596

Paragraph 9 (9) b. Failure to Replace Stale Cheques K12,000

Paragraph 9 (9) c. Failure to Adopt N-ZIMS Computer Generated Receipts as Official Accountable Documents

Paragraph 9 (9) d. i Failure to Adopt ICT Frameworks

Paragraph 9 (9) d. ii. Failure to Capture Key Fields – New Zambia Immigration Management System (N-ZIMS)

Paragraph 9 (9) d. iii. Failure to Insure ICT Equipment

Paragraph 9 (9) d. iv. Lack of interface between N-ZIMS and Other Systems

Paragraph 9 (9) d. v. Failure to implement Electronic Payment Methods on N-ZIMS System

Paragraph 9 (9) d.vi Failure to Implement System Automated Reminders/Alerts on N-ZIMN

Paragraph 9 (9) d. vii. Lack of Control over Personal Identification Security

Paragraph 19 (19) a. Misapplication of Funds K77,822

Paragraph 19 (19) b. Issuance of National Identity Documents

Paragraph 19 (19) c. Failure to claim Compensation for insured Motor vehicles K1,141,000

Paragraph 19 (19) d. i. Failure to Obtain performance security

Paragraph 19 (19) d. ii. Failure to obtain Advance Guarantee K311,000

Paragraph 19 (19) d. iii. Failure to Deliver Generators K155,500

Ministry of Defence

Paragraph 43(43) a. Failure to Align the Procurement Plan to the Budget K98,221,548

Paragraph 43 (43) b. Failure to utilise funds K252,548

Paragraph 43 (43) c. Outstanding Arrears K3,27,253,334

Paragraph 43 (43)d. Supply and Delivery of Specialised Waterman Ship Equipment, Military Uniforms and General-Purpose Shelter Tents, I. Delayed Delivery of Materials

Paragraph 44 (44) a. Supply and Delivery of Mobile Kitchen Trailers, Field Ablutions and Various Containers

Paragraph 44 (44) b. Supply and Delivery of Mobile Kitchen Trailers, Field Ablutions and Various Containers

Paragraph 44(44) c. Supply and Delivery of Ultrasound and X-Ray Machine

Paragraph 44 (44) d. Supply and Delivery of Various Radio Communication Equipment

Ministry of Community Development Mother and Child Health

Paragraph 34(34) a. Inadequately Supported Payments K68,296

Paragraph 34(34) b. Unaccounted for Stores K48,567

Paragraph 34(34) c. Failure to Effect Recoveries for Tution Advances K192,000

Paragraph 34(34) d. Misapplication of Funds K536,323

Paragraph 34 (34) e. Failure to insure Motor Vehicles K195,000

Paragraph 34(34) f. Inadequate Details on Motor Vehicles Data base

Paragraph 34(34) g. Food Security Pack programme i. Wasteful Expenditure K53,519, ii. Partial Refund of Advances Payment K206,340

Paragraph 35 (35) a. Missing Payment Vouchers K240,103

Paragraph 35 (35) b. Unsupported Payments K345,969

Paragraph 35(35) c. Unapproved Payments K3,000

Paragraph 35(35) d. failure to correct errors on the Bank Statement K26,839

Paragraph 35(35) e. Questionable Encashment of Stale Cheques – Kasama DMO K21,940

Paragraph 35(35) f. Unretired Accountable Imprest K1,113,056

Paragraph 35(35) g. Questionable Retirement of Imprest K279,466

Paragraph 35 (35) i. Irregular Payments i. Subsistence Allowance on First Appointment K113,651

Paragraph 35(35) i. ii. Payment of Meal Allowances within the Station K123,153

Paragraph 35(35) i. iii. Payment of Out of Pocket Allowance – Solwezi DCMO K23,659

Paragraph 35(35) i.vi. Payment of Subsistence Allowance for Working within the District K479,200

Paragraph 35 (35) i.v. Use of Imprest to Procure Goods and Service K187,990

Paragraph 35(35) i.vi. Over payment of Subsistence Allowances – Lundazi DCMO K22,800

Paragraph 35(35) j. Unauthorised Retention of Standing Imprest K75,729

Paragraph 35(35) Failure to follow procurement K26,652

Paragraph 35(35) L. Workshops held outside government meeting facilities without Authority K204,942

Paragraph 35(35) m. Failure to Refund Accountable Imprest K138,000

Paragraph 35(35) n. Questionable Servicing of Motor Vehicles – Katete DCMO K14,140

Paragraph 35(35) o. Failure to produce activity reports K212,478

Paragraph 35(35) p. Misapplication of Funds

Paragraph 35 (35) q. Failure to produce Expenditure Returns K433,743

Paragraph 35 (35) r. Failure to Report Road Traffic Accident to Standing Accidents Board

Paragraph 35 (35) s. Failure to Inscribe Government Assets K422,768

Paragraph 35 (35) t. Failure to Deduct tax – Kabwe DCMO K144,472

Paragraph 35(35) u. Failure to insure Motor Vehicles

Paragraph 35(35) v. Unlicensed Motorcycles operators

Paragraph 35 (35) w. Failure to Register Motorcycles

Paragraph 35 (35) x. Wasteful Expenditure

Paragraph 35 (35) y. Unacquitted Allowances K23,272

Paragraph 35 (35) z. Outstanding Bills K5,824,915

Paragraph 35 (35) a. a. Questionable Engagement of Contractor for Maintenance Services – Mansa DCMO K32,600

Paragraph 35 (35) bb. i unaccounted for Stores and Fuel

Paragraph 35(35) bb. ii. Fuel drawn by Vehicles not belonging to DCMO K40,398

Paragraph 35 (35) bb. iii. Fuel drawn by unknown vehicles – Chama DCMOK1,974

Paragraph 35 (35) bb. Iv. Unaccounted for Spare Parts – Kapiri Mposhi DCMO K287,558

Paragraph 35(35) bb. v. Unaccounted for drugs and Medical Supplies

Paragraph 35 (35) cc. Infrastructure Development i. Misapplication of Funds - Kaputa DCMO K222,039

Paragraph 35(35) cc. ii. Construction of a Wall Fence and a Drainage with a Soak Away – Chelstone Health Centre – Lusaka DCMO K38,393

Paragraph 35 (35) cc. iii. Rehabilitation of the Maternal Child Health and Outpatient Department – Kanyama 1st Level Hospital

Paragraph 36 (36) a. Employee on payroll (PMEC) but not at their Stations K272,460

Paragraph 36 (36) b. Failure to take Disciplinary Action K91,137

Paragraph 36(36) c. Payment of Salaries to Unknown Officers K147,226

Paragraph 36 (36) d. Introduction on Payroll without Authority K1,109,506

Paragraph 36 (36) e. Irregular Payment of Salaries to Officers Attending Studies without Leave K1,640, 604

Paragraph 36 (36) f. ii Irregular payment of Allowances, i. Irregular payment of housing Allowances K2,197,903

Paragraph 36 (36) f. iii. Irregular payment of Health Personnel Shift Deferral K384,048

Paragraph 36 (36) f. iv. Irregular Payment of Allowances K63,658

Paragraph 36 (36) f. v. Irregular payment of Rural and Remote Hardship Allowance K1,271,550

Paragraph 36 (36) f.vi. Irregular payment of remote instead of Rural Hardship Allowance K86,635

Paragraph 36(36) g. Failure to deduct Statutory Contributions

Paragraph 36(36) h. Delay to Remove Officers from payroll K349,127

Judiciary

Paragraph 10 (10) a. variances between revenue returns and receipted revenue K485,986

Paragraph 10 (10) b. Unaccounted for Revenue K7,338

Paragraph 10 (10) c. Delayed Banking of Revenue K568,937

Paragraph 10 (10) d. Missing Receipt Page – Choma Subordinate Court

Paragraph 10 (10) e. Lack of Safe – Monze Urban Local Court

Ministry of Gender and Child Development

Paragraph 15 (15) a. Unretired Accountable Imprest K9,280

Paragraph 15 (15) b. Misapplication of Funds K311,800

Paragraph 15 (15) c. Irregular payment of Subsistence Allowances K132,767

Paragraph 15 (15) d. Unaccounted for Stores K206,518

Paragraph 15 (15) e. Outstanding Debt on Insurance Premiums for Motor Vehicles K375,978

Paragraph 15 (15) f. Six (6) Missing payment vouchers K126,966

Paragraph 15 (15) g. Failure to Adhere to Procurement Procedures

Paragraph 15 (15) h. Unexplained Debit Entry K10,464

Paragraph 15(15) i. Non Submission of Expenditure Returns K750,833

Ministry of Tourism and Arts

Paragraph 12 (12) a. Unaccounted for Revenue K6,435

Paragraph 12 (12) b. Delayed Banking K816,709

Paragraph 12 (12) c. Lack of a Safe

Paragraph 12 (12) d. Failure to Collect Hotel and Tourism Enterprise Annual Licence Fees for 2015 K687,560

Ministry of Youth and Sports

Paragraph 42(42) a. Unsupported Payments K185,017

Paragraph 42(42) b. Failure to Avail Details of Recoveries of Loans and Advances K35,765,772

Paragraph 42(42) c. Failure to effect Recoveries of Loans and Advances K121,000

Paragraph 42 (42) d. Unaccounted for Stores K32,725

Office of the President- Western Province

Paragraph 73(73) a. Unsupported payment vouchers 7,440

Paragraph 73(73) b. Management of imprest i. Unretired Accountable Imprest K107,501

Paragraph 73(73) b.ii. Over Payment of fuel Imprest

Paragraph 73(73) b.iii Over Payment of Subsistence Allowance K4,500

Paragraph 73 (73) b. iv. Questionable Retirement of Imprest

Paragraph 73 (73) b.v. Use of Accountable Imprest to procure Goods and Services

Paragraph 73 (73) c. Irregular Payments, i. Payments of Subsistence Allowance- Limulunga District Administration K2,840

Paragraph 73 (73) d. Payment of Over time Allowances Outside Payroll K22,306

Paragraph 73 (73) e. Questionable Payments I, Purchase of Meals for Registry Officers at PSMD K8,225

Paragraph 73(73) e.ii. Payment of Refund – Mongu District Commissioner K2,685

Paragraph 73(73) e.iii. Payment of Refund – Nalolo District Administration K3,580

Paragraph 73 (73) f. Irregular Payment of Water Bills K27,955

Paragraph 73(73) h. Management of Guest Houses i. Failure to Collect Revenue from Government Officers – Senanga Guest House K56,600

Paragraph 73(73) h.ii Unaccounted for Revenue - Senanga Guest House K1,745

Paragraph 73 (73) h.iii. Delayed Banking – Senanga Guest House. K46,770

Paragraph 74(74) a.

Paragraph 74 (74) a. Delays in Deleting Officers from the Payroll i. Separated Officers K180,308

Paragraph 74 (74) a. ii. Officers transferred out of the Province K957,012

Paragraph 74 (74) a.iii. Officer Retired from the Civil Service (Still Drawing a Salary) K327,896

Paragraph 74 (74) b. Payment of Salaries to Employees not on their Duty Station K1,719,641

Paragraph 74 (74) c. Irregular Payment of Rural Hardship Allowances K11,920

Paragraph 74(74) d. Irregular Payment of Housing Allowances K120,474

Paragraph 74 (74) e. Irregular Payment of Double Class Allowance K3,500

Paragraph 74 (74) f. Irregular Payment of Responsibility Allowance K1,400

Paragraph 74 (74) g. Irregularities in the Appointment of Former Sesheke District Commissioner K122,440

Paragraph 74 (74) h. Questionable introductions on the Payroll K478,179

Paragraph 74 (74)i. Irregular Payment of Salary to an Employee K222,882

Paragraph 74 (74) j. Revolving Account i. Failure to recover Salary and Tuition Advances K98,734

Paragraph 74 (74) j.ii. Salary Advances paid to Officers with Net Pay less than 40 Percent of Basic Pay

Paragraph 75 (75) a. Misapplication of Funds K163,362

Paragraph 75 (75) b. Unretired Accountable Imprest K57,451

Paragraph 75 (75) c. Irregular payment, i. Subsistence Allowances K1,220

Paragraph 75 (75) c.ii. Payment of Overtime Allowances K3,331

Paragraph 75 (75) d. Questionable Payment of Accountable imprest for Sensitisation on Salary Advances K41,865

Paragraph 75 (75) e. Questionable Payment for Repair of Damaged Vehicle GRZ 536 CL K28,850

Paragraph 75 (75) f. Unaccounted for Stores K18,622

Paragraph 75 (75) g. Questionable Payment of Imprest K6,863

Paragraph 75 (75) h. Survey of 1,500 Plots in Sikongo District

Paragraph 75 (75) i. Construction of Chiefs' Palaces – Ministry of Chiefs and Traditional Affairs

Paragraph 75 (75) i. Construction of the Chief's Palace at Namayuka Lukulu District

Paragraph 76 (76) a. Misapplication of Funds K689,458

Paragraph 76 (76) b. Unretired Accountable Imprest K69,156

Paragraph 76 (76) c. Questionable Payment and Retirement of Imprest K20,144

Paragraph 76 (76) d. Construction of a Crossing Point at Lunyati Dam, i. Undelivered Building Materials, fifty pockets of Cement K4,500

Paragraph 76 (76) d. ii Stalled Works

Paragraph 76 (76) e. Construction and Rehabilitation of Boreholes – Water Affairs

Paragraph 76 (76) f. Rehabilitation of the Assistant Secretary's Residence

Paragraph 76 (76) g. Rehabilitation of the Deputy Permanent Secretary's Residence

Office of the President – Southern Province

Paragraph 85 (85) a. Misapplication of Funds K148,123

Paragraph 85 (85) b. Failure to Remit Tax K158,058

Paragraph 85 (85) c. Unaccounted for Funds K110,090

Paragraph 85 (85) d. Unretired Accountable Imprest K12,000

Paragraph 85 (85) e. Irregular Payment of Overtime Allowances K47,917

Paragraph 86 (86) a. Misapplication of Funds K191,671

Paragraph 86 (86) b. Failure to Remit Tax to ZRA K46,890

Paragraph 86 (86) c. unretired Accountable Imprest K76,833

Paragraph 86 (86) d. Construction of Culverts at Mulila Mponde - Chief Macha's Area

Paragraph 86 (86) e. iii. Lack of Expenditure Details K831,725

Paragraph 86 (86) f. Construction of Chief Chona's Palace, i. Failure to Provide a Contract Document for the Supply of Buildings Materials

Paragraph 86(86) f. ii. Physical Inspection

Paragraph 86 (86) g. Construction of Chief Choongo's Palace

Paragraph 86 (86) h. Construction of Chieftainess Mwenda's Palace

Paragraph 86 (86) i. Failure to Provide a Contract Document for the Supply of Building Materials

Paragraph 86 (86) h. ii. Physical Inspection

Paragraph 87 (87) a. Employees on the Payroll (PMEC) but not at the Station K366,834

Paragraph 87 (87) b. Failure to Update Payroll

Paragraph 87 (87) c. Failure to remove retired or deceased officer from payroll K332,907

Paragraph 87 (87) d. Officers with Duplicate National Registration Card on Payslips K204,335

Paragraph 87 (87) e. Non-Recovery of Salary Advances

Paragraph 88 (88) a. i. Misapplication of Funds K321,683

Paragraph 88 (88) a. ii. Misapplication of Funds K588,522

Paragraph 88 (88) b. Rehabilitation of a Community Hall that was not Budgeted for i. Irregular charge of VAT

Paragraph 88 (88) i. Physical Inspection

Paragraph 88 (88) a. Misapplication of Funds K262,483

Paragraph 88 (88) b. Failure to Remit Tax to ZRA K61,869

Paragraph 88 (88) c. Questionable Procurement of Turbo Charger k13,100

Office of the President – Northern Province

Paragraph 69 (69) a. Failure to correct errors on the Banks Statements K35,862

Paragraph 69(69) b. (5) Missing payment vouchers K39,166

Paragraph 69 (69) c. Unretired Accountable Imprest K95,269

Paragraph 69 (69) d. Failure to Insure Assets

Paragraph 69 (69) e. Failure to Report Accident – GRZ 883 CH

Paragraph 70 (70) a. Irregular payment of Salaries K1,887,930

Paragraph 70 (70) b. Misplacement of Payroll Area K430,416

Paragraph 70 (70) c. Irregular payment of Rural and Remote Hardship Allowance K195,315

Paragraph 70 (70) d. Failure to recover Tuition and Salary Advances K63,,24

Paragraph 70 (70) e. Issuance of Concurrent Salary Advances K145,060

Paragraph 71 (71) a. Failure to Correct Errors on the Bank Statement K12,972

Paragraph 71 (71) b. Unaccounted for Fuel K129,096

Paragraph 72 (72) a. Misapplication of Funds - Construction of Mbala Youth Skills Training Centre K26,097

Paragraph 72 (72) b. Failure to insure Building - Mwela Rocks Cultural Village K293,403

Paragraph 72 (72) c. Construction of Mpulungu Youth Training Workshop Block – Mpulungu District K35,000

Paragraph 72 (72) d. Failure to Reimburse Borrowed Funds K540,497

Office of the President – Muchinga Province

Paragraph 49 (49) a. Construction of a Six Storey Office Block for the Provincial Administration Chinsali K33,468,792

Paragraph 49 (49) b. Construction of a four Storey Office Block for Provincial Administration in Chinsali K16563,290

Paragraph 49 (49) c. Construction of Thirty Medium Cost Houses in Chinsali K10,774,303

Paragraph 49 (49) d. Construction of a Two Storey Office Block for Office of the President, (Special Division) K10,333,170

Paragraph 49 (49) e. Construction of Twenty Low Cost Houses, Ten Medium Cost Houses and Ten High Cost Houses K24,693,704

Paragraph 49 (49) f. Construction of One (1) Minister's House and One (1) Permanent Secretary's House in Chinsali

Paragraph 49 (49) g. Construction of Three (3) Storey Civic Centre for Chinsali Municipal Council K18,089,434

Paragraph 49 (49) h. Construction of a Post Office Block in Shiwangandu K852,648

Paragraph 49 (49) i. Construction of an Office Block for Shiwanganu District Administration K7,542,636

Paragraph 49 (49) j. Construction of Ten (10) Medium Cost Houses in Shiwangandu District K5,029,633

Paragraph 49 (49) k. Construction of a Post Office Block in Mafinga K2,490,825

Paragraph 49 (49) L. Construction of Ten (10) Medium Cost Houses in Mafinga District K6,335,839

Paragraph 49 (49) p. Failure to Renew performance Security Bonds K11,102,614

Paragraph 49 (49) q. Use of Incorrect Rates in the Payment of Subsistence Allowances K24,820

Paragraph 49 (49) r. Inadequately Supported payments K2,683

Paragraph 50 (50) a. Misapplication of Funds K111,323

Paragraph 50 (50) b. (6) Missing Payment vouchers K13,025

Paragraph 50 (50)c. Inadequately Supported Payments 6,350

Paragraph 50 (50) d. Unretire Accountable Imprest Shiwangandu District Administration K2,975

Paragraph 50 (50) e. Unaccounted for Stores K6,860

Paragraph 50 (50) f. Weaknesses in Management of Fuel i. Unaccounted for Fuel K84,322

Paragraph 50 (50) f.ii. Fuel not recorded in the log Books – Chinsali District Administration

Paragraph 50 (50) f.iii. Irregular Drawing of Fuel – Chinsali District Administration

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Paragraph 51 (51) b.i. Irregular Drawing of Fuel K3,005

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Paragraph 51 (51) e . Irregular use of Accountable imprest to procure Goods K20,140

Paragraph 51 (51)f. Failure to produce an Activity Report K29,023

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Paragraph 51 (51) i. Over Expenditure on Other Emoluments K232,718

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Paragraph 52 (52) a. Excess Employees K6,219,881

Paragraph 52 (52 b. Employees on the Payroll for the Provincial Administration but not working in Muchinga Province K66,591

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Office of the President – Luapula Province

Paragraph 79 (79) a. Failure to Settle Insurance Premius K296,008

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Paragraph 80 (80) b. Chieftainess Kanyembo's Palace – Nchelenge District

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Office of the President Lusaka Province

Paragraph 58 (58) a. Unsupported payments K337,362

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Paragraph 59 (59) a. Failure to Produce Activity Reports K206,753

Paragraph 59 (59) b. Failure to Reimburse Funds

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Paragraph 60(60) a. Payroll Irregularity Officer on Secondment but still drawing salary K67,695

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Office of the President – Copperbel Province

Paragraph 62 (62) a. Unaccounted for Stores K66,369

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Paragraph 62 (62) e. Failure to Avail Accounting Records for Audit K192,304

Paragraph 62 (62) f. Unaccounted for Revenue Provincial Buildings Office K157,870

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Paragraph 65 (65) a. Inadequately Supported Payments K181,129

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Paragraph 65 (65) f. Unretired Accountable Impres K42,280

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Office of the President Eastern Province

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Office of the President – North Western Province

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Paragraph 82 (82) c. Irregular Payment of Acting Allowance K415,905

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Paragraph 84 (84) c. Questionable Air Travel K18,347

Paragraph 84 (84) d. Construction of kasempa Meterological Office

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Ministry of Health

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Paragraph 37(37) d. Undelivered Medical Equipment K23,122,641

Paragraph 37 (37) e. Outstanding Suppliers Bills K505,343,095

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Paragraph 39 (39) c. Weaknesses in the Management of imprest

Paragraph 39 (39) i. Unretired Accountable imprest K400,290

Paragraph 39 (39) c.ii. Irregular use of Accountable imprest to procure goods and services K68,596

Paragraph 39 (39) c. iii. Questionable Retirement of Imprest – PHO-Western Province K8,940

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Paragraph 39(39) c.v. Failure to produce Activity Reports K153,197

Paragraph 39 (39) d. Failure to produce Expenditure Returns – PMO (Copperbelt Province) K2,400

Paragraph 39 (39) e. Irregular Payment of Allowances, i. Subsistence K199,169

Paragraph 39 (39) e.ii. Night Coverage Allowance – Solwezi General Hospital (North-Western Province) K43,800

Paragraph 39 (39) e.iii. Responsibility Allowance – Mukinge School of Nursing (N/Western Province) K6,500

Paragraph 39 (39) f. Failure to Recover Loans and Advances K162,167

Paragraph 39 (39) g. Questionable Refunds-Kabwe PMO K13,414

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Paragraph 39 (39) i. Irregular Procurement of Graduation Attire – Mukinge School of Nursing (N/Western Province) K15,000

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Paragraph 39 (39) k. Failure to Mark GRZ Property K472.259

Paragraph 39 (39) l. Failure to insure Government Properties

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Paragraph 39 (39) o. ii. Delayed completion of projects and poor workmanship, Eastern Province Vubwi- Construction of District Hospital Phase I,Vubwi Pharmacy BlockChadiza Districe, Nzadzu Health Post

Paragraph 39 (39) o.ii. Construction of Lundazi District Hospital Phase III Southern Province, Namwala District Hospital Phase III, Gwembe District hospital- Phase II

Paragraph 39 (39) o.ii. Southern Province, Kazungula District Hospital, Phase I

Paragraph 39 (39) o.ii. Western Province, Mongu District Hospital – Phase III, Lukulu District Hospital – Phase II

Paragraph 39 (39) o.ii. North-Western Province , Ikelenge

*Paragraph 39 (39) o.ii. Northern Province, Chilubi District Hospital - Phase II
Mungwi District Hospital – Phase I*

Paragraph 39 (39) o. ii. Central Province , Kabwe completion of Chililalila Health Post, Kabwe, Construction of Staff house and VIP at Muunga Health Post. Chibombo, Construction of Staff House at Chibombo Health Centre

Paragraph 39(39) o.ii Central Province, Chibombo – Construction of staff house and 3 No. VIPs at Namakolongo Health Post. Chitambo- Construction of Staff House and VIP at Katikulula Health Post, Serenje-Construction of Serenje District Hospital Phase III, Mkushi – Construction of Mkushi District Hospital Phase III

Paragraph 39 (39) o.ii. Central Province, Chibombo- Construction of staff house and 3 No. VIPs at Namakolongo Health Post, Chitambo – Construction of Staff House and VIP at Katikulula Health Post., Serenje- Construction of Serenje District Hospital Phase III

Paragraph 39 (39) o.ii Central Province, Serenje Construction of Staff house and VIP at Muzamni Health Post, Mkushi- Construction of Mkushi District Hospital Phase II, Mkushi- Construction of Mkushi District Hospital Phase III

Paragraph 39 (39) o.ii Central Province, Kapiri Mposhi- Construction of Kashitu Health Post, Kapiri Mposhi Construction of Kakulu Health Post.

Paragraph 39 (39) o.ii. Muching Province, Mpika Urban Clinic – Staff House

Ministry of Works and Supply

Paragraph 40 (40) Unaccounted for Stores K120,000

Paragraph 40 (40) b.i. Partial Delivery of Equipment and Passenger Vessels

Paragraph 40 (40) b.ii. Partial Delivery of Equipment and Passenger Vessels

Paragraph 40 (40) c. Failure to Commission Commercial Web Offset Printing Press

Paragraph 41 (41) a. Payments for Works Not Done K225,110

Paragraph 41 (41) b. Irregular Payments K5,223,126

Paragraph 41 (41) c. Abandoned Contracts K5,438,098

Paragraph 41 (41) d. Non-Preparation of Recovery Certificates K24,023,667

Ministry of Chiefs and Traditional Affairs

Paragraph 17 (17) a. Failure to Settle Insurance Premiums K1,144,000

Paragraph 17 (17) b. Irregular Payments of Loans K88,000

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 above the authorised budget amounts without the authorisation of Parliament.
Failure to Follow Procurement Procedures	Non-Compliance with the Zambia Public Procurement 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 laws, regulations or rules.
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.
Overpayments	Payments made above the correct price or rate.

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 cash found on hand.
Unvouched Expenditure	Payment vouchers not availed for audit because they are either missing or inadequately supported.
Unretired Imprest	Imprest not accounted for.
Unauthorised expenditure	Funds spent without approval by a responsible officer.
Unacquitted payments	Payments made without evidence of having been received by the intended beneficiaries.
Unaccounted For Stores	Missing stores items without evidence of how they were received and utilised.
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	Missing funds without expenditure records.
Wasteful expenditure	Expenditure incurred without benefits derived.
Reconciliation	The process of ensuring that two (2) or more sets of records agree.



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