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REPUBLIC OF ZAMBIA

OFFICE OF THE AUDITOR-GENERAL

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17th October, 2019

To: **The News Editor**

PRESS RELEASE

For Immediate Release

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE REPUBLIC IS OUT

The Report of the Auditor General on the Accounts of the Republic for the financial year ended 31st December 2018 is out with evident irregularities in some Ministries, Provinces and other Spending Agencies (MPSAs).

The Report which was tabled on floor of the house is now a public document and can be accessed from the Office of the Auditor General in Long acres and the Office website: www.ago.gov.zm.

The report has highlighted failure to collect revenue as the highest irregularity for the period under review at 418 million kwacha. The implication of this irregularity is that the total revenue collected by government is less thereby affecting the much needed development and delivery of services.

The second highest irregularity is unaccounted for stores at K134 million. This anomaly speaks to there being no evidence of how the missing stores items were received, utilized or disposed is becoming of great concern to the office as it could be a way of siphoning public resources. The amount in question shows huge jump from K6 million in 2017 to K134 million in 2018.

Other irregularities that have increased in the report are overpayments from 7 million kwacha in 2017 to 16 million kwacha 2018, Underdelivered materials from 1 million kwacha in 2017 to 9 million kwacha 2018 and Misapplication of Funds from 61 million kwacha 2017 to 62 million kwacha in 2018.

Although Misapplication of Funds shows a minimal increase of about 1 million kwacha it continues to be an area of high concern for the Office as it entails that institutions applied funds budgeted for a specific programme on unrelated programmes without the authority from Secretary to the

Treasury thereby depriving the beneficiaries of the much needed benefits from the said programmes.

Under the Farmer Input Support Programme (FISP) the report highlights unacquited inputs amounting to 24 million kwacha.

The report has however also seen some reductions in Unaccounted for funds from 31 million kwacha in 2017 to 26 thousand kwacha, Irregular payments from 22 million kwacha in 2017 to 13 million kwacha in 2018, Unretired accountable imprest from 4 million kwacha in 2017 to 668 thousand kwacha and wasteful expenditure from 8 million kwacha to 223 thousand kwacha among others. These improvements need to be sustained so that they are not cancelled by the huge irregularities on the other hand.

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.

The audit of 2018 covered areas that cut across all the five (5) Developmental Strategic Areas of the Seventh National Development Plan and during the audit the Office interacted and communicated with Controlling Officers so as to provide an opportunity for the Controlling Officers to clarify and take corrective action on the findings of the audits by so doing demonstrate the value and benefits of the Supreme Audit Institution (SAI).

In addition, the Report contains recommendations aimed at addressing the weaknesses observed during the audit process. The Report calls on Controlling Officers to exercise the duty of care to ensure that assets and records of their respective public bodies are protected and that these records should be promptly disclosed to the Auditor General on request and they must ensure that revenue collection and expenditure is appropriately planned and controlled as provided for under Public Finance Management (PFM) Act.

Among other recommendations is that 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 PFM Act as a failure to do so will amount to financial misconduct.

The nation can take comfort in the fact that the audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) which are the standards relevant for the audit of Public Sector entities and are issued by the International Organisation for Supreme Audit Institutions (INTOSAI) to which the Office of the Auditor General is a member.

For more information, contact the undersigned.

Issued by: Ellen Chikale (Ms.)

Head of Public Relations

FOR/AUDITOR GENERAL