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PRESS RELEASE *For Immediate Release*

14th May 2019

To: The News Editor

STATEMENT ON THE RELEASE OF THE 2017 PARASTATAL AUDIT REPORT

The Report of the Auditor General on the Accounts of Parastatal Bodies and other Statutory Institutions for the financial year ended 31st December 2017 is out with a tone of poor financial and operational performance in most of the audited entities.

And the Report which is an exception report has also highlighted weaknesses in corporate governance; failure to produce financial statements; weaknesses in contract management and poor financial and operational performance as some of the irregularities raised.

The Report contains Sixteen (16) Parastatal Bodies and Other Statutory Institutions that were audited and had issues which were unresolved as at 31st December 2018.

It is worth noting that the Sixteen (16) institutions that appear in the Report either had their operations reviewed or accounts audited for periods longer than one financial year as in most cases, their books of accounts are primarily audited by appointed private audit firms in line with the enabling legislation.

However, it is necessary to point out that such accounts though audited by private audit firms are reviewed by the Auditor General and the results of such reviews are reported in accordance with the Republican Constitution, Public Finance Act and Public Audit Act.

In the report, failure to settle Statutory Obligations ranks high at K1.7 billion (K1, 739,263,975). The implication for this irregularity is that government is deprived of the much needed revenue in the case of non-remittances and for NAPSA and LASF contributions this may disadvantage employees of their benefits at the time of termination of service.

The second highest ranking audit finding is wasteful expenditure at K439 million (K 438,978,870) which is a loss to government as the audited entity disregarded due care in expending.

The other irregularities are Failure to recover loans at K54 million (K53,525,650) followed by Unsupported payments at K13 million (K13,164,165); Missing payment vouchers of K5 million (K5,546,688); Unaccounted for stores at K4 million (K4,760,991) and Unretired imprest of K781,004. Undelivered Stores also stood at K821, 700 while Irregular payments were at K293, 037.

The Report also includes findings as a result of interrogations into the Information Communication Technology (ICT) systems that the organisations have implemented in order to improve on the efficiency and effectiveness of service delivery. Notable observations in respect of ICT systems audits included the failure to comply with the international standards on information technology and failure to adopt IT policies which could guide the operations of the institutions among others.

The report was tabled on the floor of the House and is now a public document which can be accessed from the Office of the Auditor General headquarters in Long acres, Lusaka and on the website www.ago.gov.zm.

For more information or clarification, contact the undersigned.



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