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To the News Editor

PRESS RELEASE *For Immediate Release*

INTERIM AUDIT REPORT ON THE UTILISATION OF THE COVID-19 RESOURCES FOR THE PERIOD 1ST FEBRUARY 2020 TO 31ST JULY 2020

The Auditor General, Dr. Dick Chellah Sichembe has issued the first Interim Audit Report on the utilisation of COVID-19 resources which has revealed financial and other irregularities.

The Report has been produced in accordance with *Section 5 (1) of the Public Audit Act No. 13 of 1994* which states that, “Whenever the Auditor General has reason to believe that delay in reporting serious irregularities in the expenditure of the public funds through his annual report may occasion financial loss to the Government or prejudice effective financial control, he shall forthwith prepare such special, interim or other audit report relating to audit investigation into such serious irregularities as he considers necessary to prevent or reduce any financial loss to the Government.”

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.

During the audit process, the Office interacted and communicated with Controlling Officers at the Ministry of Health (MoH), Disaster Management and Mitigation Unit (DMMU) and Ministry of Finance (MoF) so as to provide an opportunity for them to clarify and take corrective action on the findings of the audits. The Report therefore, contains issues that were not resolved during the audit process.

The Interim Report has highlighted financial irregularities in the utilisation of COVID-19 resources with the highest being over commitment of K652 million. Over commitment in this regard, entails that the procurements made for various Medical Supplies were not adequately supported by an approved budget and exceeded the entire budget for the Multi-sectoral Contingent Plan for a period of three (3) years.

The report also highlighted questionable awarding of contracts amounting to K384 million as the second highest irregularity. Under this irregularity, some suppliers supplied medical supplies before signing the contract. This was followed by procurement contracts awarded without competition in amounts totalling K194 million.

The Ministry of Health also engaged in uncompetitive procurement through cover bidding in respect of four (4) contracts amounting to K10 million. Cover bidding occurs when a competitor submits bids that are intended to be unsuccessful so that another conspirator can win the contract thereby giving an unfair advantage to a specific supplier.

The audit also revealed Irregular transfer of GRZ funds to commercial bank in amounts totalling K60 million and Irregular withdrawal of Cash amounting to K3 million.

On procurements done in emergency situation as was the case, the Auditor General took cognisance of the time in which the procurements were done, but was quick to mention that, even in this situation, institutions were supposed to follow basic procurement regulations which are designed for this purpose.

The report further highlighted non-financial weaknesses which included failure to operationalise the National Disaster Relief Trust Fund; the lack of Highly Infectious Disease Isolation Hospital; Delayed Preparation of the Multi Sectoral Contingency and Response Plan and Failure to provide adequate incentives for Front Line Personnel among others.

Dr. Sichembe recommends among others that the National Disaster Relief Trust Fund should be immediately operationalised to ensure funds for emergencies/disasters are readily available and that a dedicated Highly Infectious Disease Isolation Hospital should be constructed to handle infectious diseases such as COVID -19.

The Auditor General has stated that the audit of the utilisation of COVID-19 resources is a real time continuous audit and the essence of him issuing an interim COVID-19 audit report is to prevent or reduce any financial loss to the Government and for remedial action to be taken on the issues raised.

He has urged all stakeholders that are involved in the receipt and utilisation of COVID-19 resources to exercise maximum prudence in the management of public resources and hopes that remedial action will be taken on the issues raised in the report.

For further details, the Interim Audit report can be accessed on the Office website www.ago.gov.zm.



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